



JS Morlu LLC, 2200 Opitz Blvd, Suite 200 Woodbridge, VA 22191. Tel: 703-594-4944 Email: info@jsmorlu.com

Small Businesses

Small businesses are the backbone of the U.S. economy, accounting for 75 percent of private sector jobs. Painfully, 75 percent of small businesses also fail within the first 5 years. A significant number of small businesses also remain small throughout their existence. Many small businesses fail or do not grow to become large businesses. The reason is simple. Many small businesses are more focused on providing reliable and quality services and products. This is a good thing because high quality service or products retain existing customers and bring in new ones.

However, it is a mistake for small business owners to forget that financial management is just as important for their short, medium and long term survival. Small businesses must manage their financial resources to remain in business, to grow and to be in compliance with regulatory requirements. A good CPA firm that forms a long term partnership with a small business is the best option for the small business to remain in the game and ahead of the curve.

Financial management includes accounting and financial reporting, budgeting, collecting accounts receivable, risk management, and insurance for a business. Further, the financial management system for a small business includes both how you finance it as well as how you manage the money in the business.

Your small business financial management system needs to address risk. Any good system should minimize the risks in your business. Consider implementing some of these risk management strategies in your business. Certainly, insurance needs to be considered not only for your property, office, equipment, and employees, but also for loss of critical employees. Even in businesses that have a well set up system, cash flow can be a problem. In the worst case you may have difficulties meeting all your debt obligations. Take a look at financial difficulties to learn more about ways to manage situations in which you have more debt than income.

Setting up an accounting system, collecting bills, paying employees, suppliers, and taxes correctly and on time are all part of running a small business, and it is often the bane of the small business owner. Setting up a system that does what you need with the minimum of maintenance can make running a small business not only more pleasant, but it can save you from problems down the road. It can help you avoid problems with tax authorities.

Accounting is the big picture of how your business runs -- income, expenses, assets, liabilities -- an organized system for keeping track of how the money flows through your business to where it is supposed to go. An accounting system defines the process of identifying, measuring, recording and communicating financial information about the business. So, in a sense, the bookkeeping function is a subset of the accounting system.

The basis for every accounting system is a good bookkeeping system. A good bookkeeping system keeps track of the nuts and bolts -- the actual transactions that take place. The bookkeeping system provides the numbers for the accounting system, as it is the daily operation of an accounting system, recording routine transactions within the appropriate accounts. A bookkeeper compiles the information that goes into the system. An accountant takes the data and analyzes it in ways that gives you useful information about your business.

An accountant can advise you on the systems needed for your particular business and prepare accurate reports certified by their credentials. While software packages are readily available to meet almost any accounting need, having an accountant at least review your records can lend credibility to your business, especially when dealing with lending institutions and government agencies.

In setting up a financial management system your first decision is who will manage your financial records. There are a number of alternative ways you can handle this. You can manage everything yourself; hire an employee who manages it for you; keep your records in-house, but have an accountant prepare specialized reporting such as tax returns; or have an external bookkeeping service that manages financial transactions and an accountant that handles formal reporting functions. Some accounting firms only handle accounting functions. At JS Morlu we handle both bookkeeping and accounting.

At JS Morlu we also have software packages available for handling bookkeeping and accounting. We realize that even if you only outsourced the accounting functions, you will need some type of Recordkeeping Systems to manage the day-to-day operations of your business. This in addition to a financial plan and a budget to make certain you have thought through where you are headed in your business finances. And, your accounting system should be producing Financial Statements. Learning to read them is an important skill to acquire.

Clearly, financial management encompasses a number of crucial areas of your business. Take time to set them up right. It will make a significant difference in your stress levels and in the bottom line for your business. It can save you from problems down the road from tax authorities and when you need additional financial resources from an equity firm, a loan from the bank or a government contract.

It is possible you may even be at a point where you want to sell the business or simply close it and liquidate assets. There are financial issues involved for these circumstances too. So, be certain that you know what steps you need to take in order to protect yourself financially in the long run.

Further, government contracting agencies and lending institutions also ask for audited financial statements when you want to obtain a contract or get a loan for your business. You will need a CPA firm registered in the state you operate to conduct the external audit.

There are times when a tax authority will challenge your tax returns because of lack of sufficient supporting documentation. Your best chance for a favorable outcome with the government contracting agencies, tax authorities and lending institutions is a solid financial management system that is designed and implemented at a reasonable cost.

Rely on us for the following services: Our team of experts have more than 20 years experience in small business accounting (U.S.GAAP), financial management, taxation and auditing (AICPA Standards). Our seasoned tax experts are all registered with the Internal Revenue Service.

Financial Management

- Bookkeeping
- Financial Statement Compilation
- Financial Statement Review
- Budgeting and Financial Plans
- Accounting System Evaluation and Design
- Chart of Account Setup
- Accounting Policy and Procedures Manual -- Implemented at a reasonable cost.
- Audit Readiness

Auditing and Assurance

- Financial Statement Audits

Tax Accounting

- Tax Returns
- Tax Planning
- Sales and Use Tax Compliance
- Local Tax Compliance
- 1099 Compliance
- Representation On Tax Matters

Accounting System Solutions

- Sage 50
- Quickbooks