

You've probably heard the saying that "cash is king," and that truth applies whether you own a business or not. Most discussions of business and personal "financial planning" involve tomorrow's goals, but those goals may not be realized without attention to cash flow, today.

Management of available cash flow is a key in any kind of financial strategy.

Ignore it, and you may inadvertently sabotage your efforts to grow your company or even build personal wealth.

Cash flow statements (CFS) are important for any business. They can reveal so much to the owner(s) and/or CFO, because as they track inflows and outflows, they bring expenditures to light. They denote your sources and uses of cash, per month and per year. Income statements and P&L statements may provide inadequate clues about that, even though they help you forecast cash flow trends.

Cash flow statements can tell you what P&L statements won't. Are you profitable, but cash poor? If your company is growing by leaps and bounds, that can happen. Are you personally taking too much cash out of the business? That may inadvertently transform your growth company into a lifestyle company. Are your receivables getting out of hand? Is inventory growth a concern? If you've arranged a loan, how much is your principal payment each month and to what degree is that eating up cash in your business? How much money are you spending on capital equipment?

A good CFS tracks your operating, investing, and financing activities. Hopefully, the sum of these activities results in a positive number at the bottom of the CFS. If not, the business may need to change.

In what ways can a small business improve cash flow management? There are some fairly simple ways to do it, and your CFS can typically identify the factors that may be sapping your cash flow. You may find that your suppliers or vendors are too costly; maybe you can negotiate (or even barter) with them. Like many companies, you may find your cash flow surges during some quarters or seasons of the year and wanes during others. Maybe you could take steps to improve it outside of the peak season or quarter.

What kind of recurring, predictable sales can your business generate? You might want to work on the art of continuity sales – turning your customers into something like subscribers to your services. Perhaps price points need adjusting. As for lingering receivables, swiftly preparing and delivering invoices tends to speed up cash collection.

Another way to get clients to pay faster: offering a slight discount if they pay up, say, within a week (and/or a slight penalty to those who don't). Before you go to work for a client or customer, think about asking for some cash up front (if you don't do this already).

Relatively few small business owners look to home equity as a source of a business loan or a line of credit. Only 7%, in fact, according to the Federal Reserve. Meanwhile, only 6% explore a mortgage refinancing. But why are there so few? It could be that the repayment terms might be intimidating as well as the inherent risk of placing your home on the line. That said, it may be a suitable option for some seeking to start a small business.¹

Be that as it may, there is a temptation for an owner of a new venture to get a high-limit business credit card. It might be better to shop for one with cash back possibilities or business rewards in mind. If your business somehow isn't set up to receive credit card payments, think about how the potential for added cash flow could render the processing fees utterly trivial.¹

How can a household better its cash flow? One quick way to do it is to lessen or reduce your fixed expenses, specifically loan and rent payments. Another step is to impose a ceiling on your variable expenses (ranging from food to entertainment), and you may also save some money in separating some or all those expenses from credit card use. Refinancing – if you can do it – and downsizing can certainly help. There are many free cash flow statement tools online where you can track family inflows and outflows. (Your outflows may include items like long-term service contracts and installment payment plans.) Selling things you don't want could make you money in the short term; converting a hobby into an income source or business venture might help in the long term.

Better cash flow boosts your potential to reach your financial goals. A positive cash flow can contribute to investment, compounding, savings – all the good things that tend to happen when you pay yourself first.



QUOTE OF THE WEEK

The banner features a background image of a fountain pen nib and a pen cap. The text 'QUOTE OF THE WEEK' is written in a serif font on the left side.

“Brave men rejoice in adversity, just as brave soldiers triumph in war.”

- Lucius Annaeus Seneca



RECIPE OF THE WEEK

The banner features a background image of a fork and a knife. The text 'RECIPE OF THE WEEK' is written in a serif font on the right side.

WWII “Soldier Kisses” Cookies



These super simple cookies date back to WWII and are just as delicious today.

[24 servings]

Ingredients:

- 2 egg whites
- 1 cup of brown sugar
- 2 cups of walnuts, finely chopped

Directions:

1. Preheat the oven to 350° F.
2. Beat the egg whites until light and frothy.
3. Beat in the sugar slowly until combined.
4. Continue to mix until the mixture is thick and shiny.
5. Lightly fold in the walnuts.
6. Scoop teaspoon-sized cookies onto the cookie sheet and bake for 40 minutes.

Recipe adapted from All Recipes²



You're Not Alone: The Many IRS Resources Available

The thought of filing taxes might be overwhelming to some, but the IRS has [many resources](#) available to help make it easier. These include their Frequently Asked

Questions page, some basic tools about PTIN requirements, contact information, disaster relief resources, and more. In addition, they also make it easy to access some of their most-popular publications, including:

- [Publication 5307](#), Tax Reform Basics for Individuals and Families
- [Circular 230](#), Regulations Governing Practice Before the Internal Revenue Service
- [Publication 4557](#), Safeguarding Taxpayer Data
- [Publication 5293](#), Data Security Resource Guide for Tax Professionals

If you have questions before, during, or after filing your tax return, the IRS is happy to help. You can also reach out to enrolled agents and find out more information about what EAs are and how you can become one.

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov³



Play Smarter, Not Harder

If you're trapped inside this fall and still want to work on your game, focus on strategy and think about those "dumb mistakes" you always seem to make. Chances are, with a little troubleshooting, you can avoid these mistakes next time you're out on the green. Here are some common problem areas and how to fix them:

- Instead of aiming for the pin on the green, aim for the flat part of the green. Most greens are designed with trouble spots right around the hole, so if you aim right for the flag and miss it, you'll be stuck with a tricky short game.
- Imagine your target as the bullseye on a dartboard, not the whole dartboard. There's a reason why the pros are often quoted saying "aim small, miss small."
- This one is kind of obvious, but know the course you're playing. This includes knowing what's in play, any potential hazards, and more.

You can get better at your game without even hitting the course by simply thinking about your strategy.

Tip adapted from Golf Tips Magazine⁴



Get Your Daily Dose of Vitamin D, Even in the Winter

Vitamin D is the vitamin we produce when our skin is exposed to UV rays from the sun as well as certain dietary sources, and many people are actually vitamin D deficient (even if they live in a sunny part of the country). As winter approaches, it might seem hard to get your daily dose of vitamin D, but luckily, there are plenty of ways to get this important nutrient.

Eating vitamin D-rich foods is the best way to get the nutrient during the winter months. These foods include fatty fish (like salmon), mushrooms, eggs, and milk (and milk alternatives, such as soymilk) fortified with vitamin D. Just 4 ounces of salmon have 265% of the dietary reference intake (DRI) of vitamin D, which means that just 2.5 servings of salmon a week would get you all the vitamin D you need. If you don't like fish, milk and eggs are another great option.

If you're concerned that you might have a vitamin D deficiency, call your doctor and talk to them about how to get checked for one. They can provide you with more information and alternate methods to increase your blood levels of vitamin D, if needed.

Tip adapted from Intermountain Healthcare⁵



Plastic-Free Shampoo and Conditioner

Shampoo, conditioner, and body wash often come in large, bulky plastic bottles. In fact, 80 billion bottles from shampoo and conditioner are used around the world every year. What happens to these bottles when you're done with them? Too often, they end up in landfills or are sent to be recycled, which takes a lot of energy and multiple processes in order to repurpose the raw materials.

Instead, many people are switching to plastic-free shampoo and conditioner bottles.

Some new options include:

- Buying shampoo and conditioner from bulk stores and refilling your bottles.
- Using a bar shampoo and conditioner, such as [these ones](#) by Ethique. Ethique even offers bar shampoo and conditioner for different hair types as well as corresponding body wash.
- Buying refillable shampoo and conditioner bottles, usually made out of glass.

Tip adapted from Treading My Own Path⁶

Share the Wealth of Knowledge!

Please share this educational update with family, friends, or colleagues.

We love being introduced!

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¹ entrepreneur.com/article/336037

² <https://www.allrecipes.com/recipe/216331/soldiers-kisses>

³ <https://www.irs.gov/newsroom/irsqgov-has-many-resources-for-tax-preparers>

⁴ <https://www.golftipsmag.com/instruction/strategy-troubleshooting/play-smarter-golf-right-now/>

⁵ <https://intermountainhealthcare.org/blogs/topics/heart/2013/01/getting-vitamin-d-during-the-dead-of-winter/>

⁶ <https://treadingmyownpath.com/2017/07/27/plastic-free-shampoo-conditioner/>