

BRAVERMAN CPA PC

● Financial Management For the Talented & Gifted ●

Ideas for Arts and Entertainment Clients

Our Firm specializes in individuals and companies in the arts, entertainment and related fields. One of our slogans is 'Financial Management for the Talented and Gifted'. I have reprinted our mission statement below our little 'interview'.

1. When prepping for tax season, are there any special considerations performing artists should keep in mind?

First of all, the right time to start prepping for tax season is the beginning of the year that the tax return represents. It is important that everyone, especially people who are more 'right-brained', such as artists and designers, maintain at least some kind of budget framework so that they can navigate their finances in a relatively orderly fashion.

The laws of financial gravity dictate that whatever \$\$ comes in, goes right back out...and then some. The best way to avoid this is to set up a system where either through a fixed monthly or weekly amount, or if that's not possible, then a fixed percentage is put away to cover the following:

- A. Business expenses, including anticipated purchases, portion of rent if applicable, etc;
- B. Living expenses. Preferably you will have put together separate budgets in order to always know why you're ever short....spending too much personally or if the business isn't generating enough net revenues;
- C. Short term savings for estimated tax payments, sales tax, if applicable, which should be separated at time of any taxable sales, IRA or SEP or Uni-K pension plans;
- D. Longer term savings such as for vacation fund, education, anticipated property purchase, investing, etc.

Within this system you should dedicate different accounts and credit cards to business and to personal. If this is done, then you're on your way. We can help set you up with QuickBooks so that you have access to your financial information throughout the year. However, if you use a different system we can evaluate

to make sure it's usable for all necessary functions. Also, certain expenses need to be detailed and/or documented in addition to running your books in this fashion, as follows:

- A. Travel. Aside from showing payment, you need to provide evidence of the business purpose of any trip. If your trip is mostly personal and you go to a couple of galleries or concerts, it's probably not deductible. However, if you have correspondence with some galleries and have sent them your work and set up meetings and have an itinerary with contacts and purposes or if you're writing an article on an area of France and have tried to sell it or have sold it or if you're going shopping at specific markets for materials and/or samples for your new line or for properties for your film development Co., etc. and have evidence, then it's most likely going to be deductible. A journal, correspondences, itineraries, reviews, ads, etc. all work, and should be organized into separate folders for each trip.
- B. Items paid for in cash. For items paid for in cash such as magazines, cabs, food, gifts, mostly under \$25 each, you need to keep a log showing Who, What, When, Where, Why and of course, how much.
- C. Auto. Keep a log of your business as well as personal mileage. For business, you need the aforementioned 5 W's and of course, how much. By keeping the logs, you might be able to write off your actual business expenses or, if owned, you may be able to use a mileage allowance, which is better, especially for hybrids and motorcycles or scooters.

If it's now the end of the year and you were not privy to the above advice, then try to go back and put it all together ASAP. The year is not over yet and there is still time for year-end tax planning if we can set up and populate the books at this time and once they're set up, you'll reap the benefits throughout the following years!

2. How can an accountant help you grow your business?

An accountant can help you grow your business in many ways. One essential element of any successful business is a budget framework to help guide you to your financial goals. This must be built upon a solid bookkeeping and accounting foundation from which timely information is available throughout the course of the year. The right accountant or the right CPA firm, well versed in the type of business you're operating, should be able to set this up with you so that the financial compliance and planning of your enterprise will represent a positive experience for you. You work hard and most of you have great talent,

so it's important to be able to focus on what you do best and not have to feel "burdened" by your compliance requirements and the financing of your operations. This way you can concentrate on your core product, growing your business, and hopefully, having some fun!

In addition to these basic accounting functions, if you're working with the right firm, it should feel like you're working with your trusted advisors and sometimes even your financial partners. They should be able to help guide you, through discussion, based on his or her experience with your industry, as well as through developing business models for starting new ventures, expansion, including internal as well as partnering with new capital and/or management, marketing or design sources, improving management efficiencies, succession planning and other areas of growing your business.

If you have the right CPAs they should also be keeping their eyes on the welfare of not only the owners but also of the key employees of your business with help and coordination of savings plans, tax planning, compliance, retirement planning and all aspects of the financial wellbeing of your whole team. Because it usually takes a team to run a successful business.

Our Mission Statement:

Smart advice for brilliant clients.

Our mission is to provide high quality professional services, in an intelligent and supportive atmosphere. Many of our clients have been with us for over thirty years, while others are dynamic young professionals launching brand new businesses and enterprises. Luckily, most of our clients, no matter their age, are vibrant, forward thinking, talented and extremely lovely characters benefiting from our prompt, creative, and individualized attention to their tax and accounting requirements as well as their business, tax planning and financial management needs.

A special service we offer is the development of business models for small to medium size businesses which allows entrepreneurs to review and assess challenges inherent in starting new ventures or planning out work-outs, expansions or successions before committing substantial time and resources. In addition, in response to requests from our clients over the years, we have been providing off site controller and business management services. This allows our clients to spend more of their energy on the talents and gifts that brought them to us in the first place while leaving the accounting to us. Of course, we apply our own philosophy of transparency and client

participation, making it as accessible and enjoyable as possible. We take our responsibilities and our commitment to our clients very seriously, but work is hard so we try to also make it fun!