



# SHIELDS UP



Russia's invasion of Ukraine could impact organizations both within and beyond the region, to include **malicious cyber activity** against the U.S. homeland, including as a response to the unprecedented economic costs imposed on Russia by the U.S. and our allies and partners. Evolving intelligence indicates that the Russian Government is exploring options for potential cyberattacks. **Every organization—large and small—must be prepared to respond to disruptive cyber incidents.**

## Cyberattacks can occur in many ways, including:

- **Accessing** your personal computers, mobile phones, gaming systems and other internet- and Bluetooth-connected devices.
  - **Damaging** your financial security, including identity theft.
  - **Blocking** your access or deleting your personal information and accounts.
  - **Complicating** your employment or business services.
- Impacting** transportation and the power grid.

## You can avoid cyber risks by taking steps in advance:

- **Limit the personal information you share online.** Change privacy settings and do not use location features.
- **Keep software applications and operating systems up-to-date.**
- **Create strong passwords** by using upper and lower case letters, numbers and special characters. Use a password manager and two methods of verification.
- **Watch for suspicious activity** that asks you to do something right away, offers something that sounds too good to be true or needs your personal infor-

mation. Think before you click. When in doubt, do NOT click.

- **Protect your home and/or business using a secure Internet connection** and Wi-Fi network, and change passwords regularly.
- **Don't share PINs or passwords.** Use devices that use biometric scans when possible (e.g. fingerprint scanner or facial recognition).
- **Check your account statements and credit reports regularly.**
- **Be cautious about sharing personal financial information**, such as your bank account number, social security number, or credit card number. Only share personal information on secure sites that begin with https://. Do not use sites with invalid certificates. Use a Virtual Private Network (VPN) that creates a more secure connection.
- **Use antivirus and anti-malware solutions, and firewalls to block threats.**
- **Back up your files regularly in an encrypted file or encrypted file storage device.**
- **Do not click on links in texts or emails** from people you don't know. Scammers can create fake links to websites.
- **Remember that the government will not call, text or contact you via social media** about owing money or receiving economic impact payments. Thank you to <https://www.cisa.gov/shields-up> for this information!

For the complete article, including what to do during a cyber attack and after, go to

**ACTSmartIT.com/shieldsup**

*From the desk of*

DAVID SNELL



Our good friends at **Dental Office Compliance** alerted us to a new Massachusetts program called **HIRENOW!** We've investigated it and registered for it ourselves and we recommend that every small business do the same!

The Commonwealth is providing eligible employers with funding to quickly hire and train new workers—enabling more people to get back to work and meeting workforce needs. How great is that!

**HireNow** 

We have more info and a link on the back page.

Every day, we worry about what the Russians will be sending our way. The news shows new atrocities that are unbelievable! Protect yourself, your business **AND** the United States by being extremely cautious! The SHIELD UP! article on the front page. It will give you practical ways you can avoid cyber security risks by taking those steps to heart.

As you may know, Lexi decided to stay local and took a job with another company. We miss her and, while we look for a marketing intern to help with daily tasks like our "WOWs" program, Pam will publishing this printed newsletter bi-monthly. She foresees this as only for an issue or two while she works on other projects to keep you informed.

On to some very happy news! Lexi is pregnant with TWINS! Although she is due in early September, she is tiny and twins don't usually go full term.

We recently had breakfast with her and she is doing GREAT!

You'll remember that Xander and Sarah were in the office every day pre-covid. They were SO HAPPY to see her and we can't wait to meet her baby boy and baby girl!

Stay Safe!

*David*



# 8 Things the Media LOVES

We all know. Press coverage generates visibility, credibility, authority, thought leadership positioning and, most importantly, new opportunity.

So, how do you give the press what they want? Read on.

## 1. DAGUS

As my friend and colleague Ed Perry, Ringmaster of WATD-FM and member of the Radio Hall of Fame, says, “We take the DAGUS approach. Does Anyone Give A S\_ \_ \_ ?”

Does your news include “news” that of interest to that media outlet’s audience? It is useful, interesting, timely, regional? Make sure you provide get a YES to the DAGUS test.

## 2. LIGHTNING ROD TOPICS

Topics that draw immediate attention? Sex, money and health. Beyond those obvious draws you might try news about a round number anniversary (10, 25, 50), new service or product, key employee news (hired, trained, promoted), community involvement, awards or recognition, new location, strategic partnership, trends, new research, new innovations and human-interest phenomenon.

## 3. 5 W’s

Answer all the questions the audience might have. That is usually well covered with the 5 Ws – Who, What, Why, When and Where.

## 4. THE IN CROWD

It doesn’t matter whether you play squash with the News Director of the NBC outlet. Reach out to your

media friend with REAL news. Yes, you have easier access to a friend, but you don’t want to compromise the friendship or business relationship by pitching a non-story.

## 5. SILVER PLATTER

The press is overwhelmed and understaffed. Make it oh, so easy for them. Provide a great story angle, background information to borrow from and a variety of industry sources to interview and add flesh to your story.

## 6. PICTURE PERFECT

Often times the picture or video can SELL the story. Provide great visuals and you are helping illustrate the story. High res photos are best for the print media. The best possible production values are helpful for video.

## 7. TIMING. IT’S EVERYTHING

Deadline, deadline. The press lives and dies by them. So, when an editor is enticed you need to respond IMMEDIATELY or in the same day part. Otherwise, they move on to the next source.

## 8. AND IN CONCLUSION - BREVITY

According to Wikipedia, the results showed the average human attention span has fallen from **12 seconds** in 2000, or around the time the mobile revolution began, to **eight seconds**. Goldfish, meanwhile, are believed to have an attention span of nine seconds. Hint – keep it short and pithy.

*Steve Dubin is the president/founder of PR Works, a full service PR/Marketing firm based in America’s hometown Plymouth, MA. The company serves as an outsourced PR/Marketing department for many small and mid-sized business and helps navigate the overwhelming number of advertising options. He can be reached at [www.PRWorkZone.com](http://www.PRWorkZone.com)*





# Biggest Business-Building Myths

By Bernie Heine | Professional Business Coaches | [TheProfessionalBusinessCoaches.com](https://theprofessionalbusinesscoaches.com)

## As an Entrepreneur, You Have Only One Boss – Yourself.

Unfortunately, running a company doesn't mean you are your own boss. You will always answer to someone – first and foremost, your customers. They are the ones who will keep your business up and running, and they are the ones who hold the keys to success. Perhaps you are the number one person within your organization, but you will be fired if you don't do your job excellently. Customers are your boss. Lose them, and you lose your business.

## Business Success Equals Money.



Photo by Andrea Piacquadio: <https://www.pexels.com/#3823487>

If your business is a source of steady income to you and nothing more, it will show. If you behave like it is an entity that is here today but gone tomorrow, how do you expect to inspire loyalty in anyone? Your goal should be to build a solid and loyal customer base that will continue to grow and expand. Retain your customers, conquer new ones, and [keep your staff happy](https://theprofessionalbusinesscoaches.com/4-ways-happy-employees-impact-public-perception-of-your-brand/). [\(https://theprofessionalbusinesscoaches.com/4-ways-happy-employees-impact-public-perception-of-your-brand/\)](https://theprofessionalbusinesscoaches.com/4-ways-happy-employees-impact-public-perception-of-your-brand/) The financial stability will follow without you focusing on short-term cash

flow.

That is a tried-and-tested method of growing a business. As the leaders of [Zippy Shell DMV \(https://zippyshelldmv.com/\)](https://zippyshelldmv.com/) say, they didn't start their moving and storage company at this level of success. They started small and focused on providing exceptional service and invested the money they made in making their offer even better.

## Customers Value Low Prices the Most.

But the good news is that while customers value low prices, that is not the most important thing for them, although it is the most cited one. If you focus on offering [excellent customer service](#), providing a unique selling point, and finding solutions to customers' pain points, they won't mind paying a little more. You will retain customers, attract new ones, and grow your company.

## An Entrepreneur Should Do It All.



Photo by Andrea Piacquadio: <https://www.pexels.com/#3771129>

Even if you don't have a lot of money, you should recognize which tasks you can delegate or out-source. Consider which would be more constructive,

# You Need to Stop Believing

focusing your time on customer development or scheduling meetings? A simple example, but the point is there. Delegating some less important tasks will allow you to focus your attention on more critical aspects of your business. It will prove to be a massive return on investment.



Photo by Yan Krukov: <https://www.pexels.com/#7640830>

## Failure Is Strictly a Negative Thing.

Progress rarely comes without a few failures. That is how you learn and gain experience. The best way to perceive failure is as an opportunity to learn and grow. It is not a reflection of your skills or value,

and it is not a reflection of your inadequate leadership. Knowing how to handle failure is one of the critical skills for any leader, and it is necessary for business success.

## The Customer Is Always Right.

Customer satisfaction is crucial for business growth, so listening to them and resolving issues is necessary. However, the customer is not always right. Not all customers are the same, and it is impossible to satisfy all their needs and complaints. Focus on retaining those customers you deem the most valuable long term.

## Risk-Taking Is the Key to Success.

The truth is a successful entrepreneur takes calculated risks. They approach decision-making with caution, attack the issue from all sides, and minimize the risk. Big bets are good, as long as they won't destroy the company if they don't pan out. As some of the most successful CEOs of all time would say: "Make big bets without betting your company."

## Business-Building Myths Are Just That: Myths

Perhaps some of these business-building myths were true before. But the business climate is constantly changing, deeming these and many more outbursts of "conventional wisdom" to be outdated. Reevaluate all the ideas you have about running a business and question everything.

## Professional Business Coaches, Inc.



At PBC, we have helped build the capabilities of many customer service teams. Some of our programs are also listed on the Massachusetts Workforce Training Fund site, where Massachusetts employers receive a 50% grant from the State.

Go to: <https://workforcetrainingfund.org/programs/express-directory/> and search for **Professional Business Coaches** for more information or make an appointment



# The Tax Consequences

by CPA Site Solutions

Crowdfunding websites such as Kickstarter and GoFundMe have become an increasingly popular way for small business owners to stay afloat. The upside is that it's often possible to raise the cash you need; the downside is that the IRS considers that money taxable income. Let's take a closer look at how crowdfunding works and how it could affect your tax situation.

## What is Crowdfunding?



Crowdfunding is the practice of funding a project by gathering online contributions from a large group of backers. It was initially used by musicians, filmmakers, and other creative types to raise small sums of money for projects that were unlikely to turn a profit. More recently, it has been used to fund projects, events, and products and, in some cases, has become an alternative to venture capital. However, with the onset of coronavirus, many struggling business owners have turned to crowdfunding to raise cash to continue operating their businesses.

There are three types of crowdfunding: donation-based, reward-based, and equity-based. Donation-based crowdfunding is when people donate to a cause, project, or event. GoFundMe is the most well-

known example of donation-based crowdfunding, with pages typically set up by a friend or family member ("the agent") such as to help someone ("the beneficiary") pay for medical expenses, tuition, or natural disaster recovery.

Reward-based crowdfunding involves an exchange of goods and services for a monetary donation, whereas, in equity-based crowdfunding, donors receive equity for their contribution.

## Are Crowdfunding Donations Taxable?

This is where it can get tricky. As the agent or person who set up the crowdfunding account, the money goes directly to you; however, you may or may not be the beneficiary of the funds. If you are both the agent and the beneficiary, you would be responsible for reporting this income. Suppose you are acting as "the agent" and establish that you are indeed acting as an agent for a beneficiary who is not yourself. In that case, the funds will be taxable to the beneficiary when paid - not to you, the agent. An easy way to circumvent this issue is to make sure when you are setting up a crowdfunding account such as GoFundMe; you designate whether you are setting up the campaign for yourself or someone else.

Again, as noted above, as the beneficiary, all income you receive, regardless of the source, is considered taxable income in the eyes of the IRS - including crowdfunding dollars. However, money donated or pledged without receiving something in return may be considered a "gift." As such, the recipient does not pay any tax. Up to \$16,000 per year per recipient in 2022 (\$15,000 in 2021) may be given by the "gift giver."

Let's look at an example of reward-based crowdfunding. Say you develop a prototype for a product that looks promising. You run a Kickstarter campaign to raise additional funding, setting a goal of \$20,000, and offer a small gift in the form of a t-shirt, cup with a logo, or a bumper sticker to your donors. Your campaign is more successful than you anticipated it would be, and you raised \$35,000 - more than twice your goal.

### Taxable sale.

Because you offered something (a gift or reward) in return for a payment pledge, it is considered a sale. As such, it may be subject to sales and use tax.

### Taxable income.

Since you raised \$35,000, that amount is considered taxable income. But even if you only raised \$20,000 and offered no gift, the \$20,000 is still considered taxable income and should be reported as such on your tax return even though you did not receive a Form 1099-K from a third-party payment processor (more about this on next page).



# of Crowdfunding

(cpasitesolutions.com)

Generally, crowdfunding revenues are included in income as long as they are not:

- Loans that must be repaid;
- Capital contributed to an entity in exchange for an equity interest in the entity; or
- Gifts made out of detached generosity and without any "quid pro quo." However, a voluntary transfer without a "quid pro quo" isn't necessarily a gift for federal income tax purposes.

## Income offset by business expenses.

You may not owe taxes however, if your crowdfunding campaign is deemed a trade or active business (and not a hobby) your business expenses may offset your tax liability.

Factors affecting which expenses could be deductible against crowdfunding income include whether the business is a startup and which accounting method (cash vs. accrual) you use for your funds. For example, suppose your business is a startup. In that case, you may qualify for additional tax benefits such as deducting startup costs or applying part or all of the research and development credit against payroll tax liability instead of income tax liability.

Timing of the crowdfunding campaign, receipt of funds, and when expenses are incurred also affect whether business expenses will offset taxable income in a given tax year. For instance, if your crowdfunding campaign ends in October but the project is delayed until January of the following year, it is likely that there will be few business expenses to offset the income received from the crowdfunding campaign since most expenses are incurred during or after project completion.

## How Do I Report Funds on My Tax Return?

Typically, companies that issue third-party payment transactions such as Amazon if you use Kickstarter, PayPal if you use Indiegogo, or WePay if you use GoFundMe) are required to report payments that exceed a threshold amount of \$600 in gross payments regardless of the number of transactions or donations. Prior to 2022, the threshold for a crowdfunding web-

site or payment processor to file and furnish a Form 1099-K, *Payment Card and Third Party Network Transactions*, was met if, during a calendar year, the total of all payments distributed to a person exceeded \$20,000 in gross payments resulting from more than 200 transactions or donations.

Form 1099-K includes the gross amount of all reportable payment transactions and is sent to the taxpayer by January 31 if payments were received in the prior calendar year. Include the amount found on your Form 1099-K when figuring your income on your tax return; generally, Schedule C, *Profit or Loss from Business* for most small business owners.

## Recordkeeping

The American Rescue Plan Act (ARPA) of 2021 clarified that the crowdfunding website or its payment processor is not required to file Form 1099-K with the IRS or furnish it to the person to whom the distributions are made if the contributors to the crowdfunding campaign do not receive goods or services for their contributions. As such, it is important to keep complete and accurate records of transactions relating to your crowdfunding campaign, including a screenshot of the crowdfunding campaign for at least three years (it could be several years before the IRS "catches up") as well as documentation of any money transfers.

## Seek Professional Tax Advice

If you're thinking of using crowdfunding to raise money for your small business, it may be prudent to consult a tax and accounting professional who will evaluate your tax situation and help you figure out a course of action to help your small business succeed.

If you want more info about Crowdfunding, go to:

CrowdFunding.com

It has excellent blog posts answering many

CrowdFunding questions. ~Pam



**If you have any questions about tax returns, please contact Glivinski & Associates Inc.**

**email: [books@capecpdcfo.com](mailto:books@capecpdcfo.com) or call (508) 396-9300**

## In This Issue

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Know a business who could use this type of information?

Send them to

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## GREAT NEWS FOR SMALL BUSINESSES!



# HireNow >>>

### Massachusetts' Hiring and Training Employer Grant Program

- The Commonwealth is providing eligible employers with funding to quickly hire and train new workers – enabling more people to get back to work and meeting workforce needs.

Employers and employees must meet certain criteria to be eligible for the program.

- **Eligible funding uses:**
- Reimburse new hire training costs
- Provide employee bonuses
- Offer tuition reimbursement

Find the HireNow Program Guidelines here:

<https://commcorp.org/hirenow/hire-now-guidelines/>