Choose Accounting Services Carefully

Now is a good time of the year for small business owners to evaluate their accounting practices and experience. If you are starting a business, will you be doing the accounting? Are you qualified? Do you like that detail work? Are you good at it? Do you have the time for it? If you are going to need help on this task, how will you choose the best service for you? Your accounting is such a vital part of your businesses success, you cannot afford to make a bad decision here.

As you launch or expand a business, keeping track of the money, preparing tax returns and performing other financial tasks can quickly become a burden. If you need more time to do other things, it might make sense to turn over tax related services, accounting and other financial chores to outside specialists.

Choosing the right type of tax, accounting, bookkeeping or other financial help is an important decision. An outside accountant can be one of your most trusted business advisors and a key to your success. Although many business owners work with big national firms, most prefer to work with small independent firms or solo accounting professionals.

Accounting services differ from bookkeeping services, however. An accounting firm prepares financial statements and tax returns based on the numbers that you give them via your own in-house books. Bookkeeping services, if offered, will be extra. If you plan to hire your own bookkeeper, make sure the person you choose is qualified.

Before selecting a certified public accountant (CPA) or other financial pro, list the services you think you need, such as tax preparation, financial reports, balance sheets, invoicing, payroll services, general bookkeeping or someone to set up your books. Some firms may handle it all, or you may need to split the tasks.

And don’t forget about Enrolled Agents. EAs are licensed by the Federal government to prepare tax returns. They have either worked for the IRS or have passed a rigorous IRS exam. They are savvy tax experts, but generally don’t have the degrees of CPAs and tend to charge less.

Fees vary greatly among accountants, from $50 per hour to $300 or more. Some firms will provide a specified list of services for a flat monthly fee, and may provide less costly help for bookkeeping and other tasks that don’t require CPA-level training. If you are considering a larger accounting firm, find out which people you will be working with directly. Also try to match your general philosophy with a
firm that is as conservative — or aggressive — as you are on tax matters.

To learn more about advice on financial issues for your small business, contact a business mentor at SCORE, "Counselors to America’s Small Businesses." These volunteer counselors provide free, confidential business counseling as well as training workshops to small business owners. For example, next Tuesday night SCORE’s business workshop will be on the topic of “Planning for Business Accounting and Taxes” and will be taught by local CPA, Diane Lund.

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