

# INSIGHT

NEWSLETTER FOR BUSINESS CLIENTS

September 2011

Whalen & Company  
CPAs & Company  
and consultants

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## Information for Growth

### Measure Your Financial Well Being With Key Performance Indicators

Key performance indicators (KPIs) are commonly used by an organization to evaluate its success or the success of a particular activity in which it is engaged.



Steve Wenzlick

KPIs can be quantifiable ratios and calculations or more subjective qualitative measurements. Regardless of the type of KPI, they are intended to give you valuable insight into the financial health of your business enabling you to plan more effectively.

Too often KPI analysts will measure and report on the easiest and most obvious performance metrics. We encourage business owners to first identify critical issues within their business and then to use that information to design and implement the most appropriate KPIs to analyze business operations.

KPIs should be primarily designed to empower employees and provide them with relevant information, improving decision making and leading to improved performance.

Nearly anything can be measured in some manner, but you must remain aware that you can't design perfect indicators that will measure everything exactly the way you desire. The goal is to use KPIs to more easily interpret the complex operations of your business which will help reduce uncertainty and give you information which helps you make well informed decisions.

A critical component of KPIs is  
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### Good Recordkeeping Is Essential for Business Success

Most business owners understand the need for good recordkeeping, but many aren't clear about what documents they should save and for how long.

Audit Manager Jeff Zaye believes that keeping good records and having a retention policy are not only essential for tax reporting purposes but also for the success of a company.

How long to keep records is generally a combination of judgment and state and federal statutes of limitations, says Zaye. The federal statute of limitation is three years from the date the tax return is filed or two years from the date the tax is paid, whichever date is later.

But there are exceptions. If the IRS has reason to believe your income was understated by 25 percent or more, the statute of limitations for an audit increases to six years, Zaye points out. If there is suspicion of fraud or you don't file a tax return at all, there is no time limit for the IRS.

For a small business owner, the main reason to retain information is for IRS purposes, but there are other key reasons to keep documents and a few for not retaining them. (See box.)

"Contradictory information should be resolved and eliminated whenever possible," Zaye advises. "In the case of storage, you have to determine what's better – to have stuff or have space."

Zaye indicates that there are some records that should be kept permanently. In many cases these relate to financial statements and personal investment records. (See box on next page.)

More detailed support documents for tax purposes or related to financial statements should be retained for at least seven years. The most problematic among these documents for business owners are paid invoices and invoices

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#### Zaye's Top Five Reasons for Retaining Information

- IRS Audit
- Financial Statement Audit
- Legal Proceedings
- Insurance Purposes
- Convenience

#### Reasons for NOT Retaining Information

- Legal Proceedings
- Storage Limitations
- Organizational Challenges



Want to learn more about KPIs? Join us for a special workshop on

### Implementing Key Performance Indicators in Your Business

Director Bruce Berry and Accounting Department Staff Manager Steve Wenzlick will present this workshop on key performance indicators. (See related story to left.) The session will:

- Identify and explain common key performance indicators.
- Identify and explain common financial ratios.
- Help attendees gain an understanding of what drives their business.
- Use a mock client to show how tools can help a business measure its ratios and key performance indicators.

Tuesday, September 20

Whalen & Company Office 250 W. Old Wilson Bridge Rd.  
9 a.m.-10:15 a.m. (Morning Starters at 8:30 a.m.)

Registration Deadline: Friday, September 16 (Limited to 15)

Contact: Tracy Ceritelli, 396-4200 or by email,  
tracy.ceritelli@whalencpa.com



## Key Performance Indicators—continued

to set upper and lower limits of the KPI in reference to the market and how the competition is performing, thereby setting your expectations. This means that an understanding of benchmarks is essential to make KPIs useful as they put the level of current performance in context.

Benchmarks also help identify issues that other successful businesses see as crucial in building and maintaining competitive advantage, as they are central to any type of competitive analysis. In addition to benchmarking, you should identify targets for each KPI to establish defined goals for you and your employees.

We can help you choose, define and design appropriate KPIs to track your progress and help you gain relevant insights to manage and improve your business operations and employee performance.

*Steve Wenzlick is staff manager of the firm's accounting department and has 11 years of experience in the public accounting industry. He uses his extensive experience in taxation and business valuations to advise clients in a wide variety of taxation and business consulting matters. He is a Certified Public Accountant and is also a Certified Valuation Analyst.*

## Deadline for Filing Unclaimed Funds is Nov. 1

Ohio law requires businesses annually to file an unclaimed funds report. The deadline for the 2011 submission is Tuesday, November 1.

To meet the reporting requirements, companies must send notification of unclaimed funds to the owners or benefi-

ciaries of dormant accounts with a minimum balance of \$50. Businesses should allow a minimum of 30 days for the owner or beneficiary to respond before reporting their funds as unclaimed.

For reporting details, go to [www.com.ohio.gov/unfd](http://www.com.ohio.gov/unfd).

## Good Recordkeeping—continued

sent to customers. "Often these types of records get destroyed sooner than they ought to," Zaye stresses.

Documents that should be kept for a shorter term (three years) provide further detail and are less crucial, but still good to have on hand. Routine forms and correspondence are the types of documents that need to be kept for one year. Zaye believes that the retention of these documents usually makes things more convenient for those managing a business.

Requirements for records kept electronically are the same as for paper records.

For guidelines on retention periods (seven-, three- and one-year periods) for the most common business records, go to our Web site at [www.whalen.com/resources/recordretentionguidelines.pdf](http://www.whalen.com/resources/recordretentionguidelines.pdf). Contact Jeff Zaye if you'd like more information.

### KEEP PERMANENTLY

- Audit Reports
- Tax Returns, Revenue Agent's reports
- Capital stock/bond records
- Cash books
- Cancelled checks (taxes, purchases of property, special contracts, etc.)
- Chart of accounts
- Contracts/Leases
- Correspondence (legal & important matters only)
- Deeds/Mortgages
- General/private ledgers, year end trial balance
- Insurance records
- Journals
- Minute books
- Patents and related papers
- Property records
- Property appraisals by outside appraisers
- Retirement and pension records
- Depreciation schedules
- Trademark registrations and copyrights
- Training manuals
- Union Agreements
- Year-end financial statements

## Client & Firm Happenings

### Madonna Narog

has joined the firm's administrative staff. She will be supporting several areas of the firm, including the tax department, IT and marketing. As with all members of the administrative department, Madonna is cross-trained in all administrative duties to ensure the firm is providing Five-Star client service.



Madonna has four years of experience in medical coding and billing in the health insurance industry. She has worked at a large company and in a private medical practice. She describes herself as a life-long learner and relishes new learning opportunities. Her approach to work is to make sure she is well prepared for any task she is assigned.

**Old Trail Printing**, the Midwest's largest woman-owned commercial printing company, might have international customers, but when it comes to charitable efforts, the company's leaders focus on their community. Recently the company invited teachers and other educators to fill their vehicles with free paper. While Old Trail Printing has given paper to local schools and organizations sporadically throughout its 50 years in business, this is the first time the company concentrated its donations into a one-day event. More than 70,000 sheets, including craft paper and poster boards, were given away through the Paper Project, designed to support the arts in central Ohio. The donations would cost a total of about \$25,000 if bought at retail.

The company also pledged an additional \$250 to the class or group that submits images of the most creative way the paper was used. The gift is designated for the purchase of art supplies. Mike Held, principal at Old Trail Printing, says the company is committed to keeping its industry relevant and vibrant and believes educating children in the

arts will pay dividends down the road for the printing business.

Three members of the Whalen team are observing anniversaries during the month. They are: **Tracy Ceritelli**, director of first impressions, third; **Karen Griffin**, a member of the administrative staff, 13th; and **CPA Joanne VanDeLinder**, fifth. Joanne is an auditor with the firm and has more than 20 years of industry experience.



Michelle Kerr Abreu, chairman, president and founder of **Oxford Consulting Group, Inc.** has been appointed

to the National Advisory Board of Key4Women, a KeyBank program for women in business.

Eight members of the firm have formed a team from Whalen & Company to support the October 15 Light The Night Walk and fund-raising event of the Central Ohio Chapter of the Leukemia & Lymphoma Society (LLS). The family-oriented evening at the Fred Beekman Park on OSU Campus is a meaningful way to join the fight against blood cancers and support efforts to find cures. The team's goal is to raise \$2,500.

Team members are: **John Butterfield, Tracy Ceritelli, Richard Crabtree, Dawn Malone, Lisa Kuhn, Lisa Shuneson, Donna Steiner and Laura Wojciechowski**. Partner Richard Crabtree serves as treasurer of the local LLS chapter. One of the reasons the firm is actively involved in this event is because the disease has impacted family members and friends of the firm's employees and employees and family members of the firm's clients.

For more information about the LLS or to make a donation to the team, go to <http://pages.lightthenight.org/coh/CntlOhio11/WhalenCompanyCPA>.