

The Shermanator

Issue 2

Winter 2009

A Newsletter from Mark Sherman, Certified Public Accountant



Hello and Happy New Year!

We hope 2008 was a great one for you and that 2009 will be even better.

There are some signs that the economy has reached its bottom. Nationally, SUV and large car sales picked up substantially in December. Locally, the Review Journal reported in January that home sales were running double what they were in August 2007.

Even in the best of times, it takes a lot of hard work to grow a company and set aside funds for retirement. When the economy is slow, it requires far greater expertise. But in good times or bad, you can prosper, and we are here to provide the guidance you need to meet your own financial goals.

Mark Sherman, CPA

Surviving a Downturn

This past year has certainly been a roller coaster ride. Oil peaked at nearly \$150 a barrel, before falling by more than half. In October, the Congressional Budget Office announced that workplace retirement plans had lost \$2 trillion dollars in total value over a 15 month period. Washington Post staff writer Anthony Faiola declared October 10th that, “The worst financial crisis since the Great Depression is claiming another casualty: American-style capitalism.” On January 6th, then-president-elect Barack Obama stated that “potentially we’ve got trillion dollar deficits for years to come, even with the economic recovery that we are working on at this point.”

But is the economy in as bad of shape as is being portrayed on television, radio and the newspapers? Or is it, as University of Chicago economics professor Casey B. Mulligan stated in a New York Times article published the same day as Faiola’s piece, that “...the economy doesn’t really need saving. It’s stronger than we think.” And, more importantly, what can you do to ensure your own financial future, no matter what happens in the broader markets?

A Longer View

There is no doubt that we are in an economic downturn. But we are down only slightly following an unprecedented, multi-decade stretch of economic growth and stability.

“Since 1982, the United States has been in recession for a mere 16 months, the present slowdown

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Worried about the markets?

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notwithstanding,” wrote Dr. W. Michael Cox and Richard Alm of the Federal Reserve Bank of Dallas in *The American Magazine* this summer. “Over that period, the country more than doubled its inflation-adjusted output of goods and services and created jobs for an additional 50 million workers.”

This growth occurred despite a number of economic shocks during that time period. In October 1987, for example, the Dow lost 22.6% of its value in a single day. In the early 90s housing prices plummeted in parts of the country. The NASDAQ started declining in March 2000, eventually losing ¾ of its value before starting a slow, partial recovery.

Surviving a Downturn

Now we are in the process of cleaning up the mess caused by over-priced houses being sold to unqualified borrowers. As mortgage holders defaulted on these high payments, this impacted the financial institutions and investors who held the loans.

At this point it is too early to say exactly how this will all end. Credit will continue to be tight. The stock market remains unpredictable in the short term. But, the fundamentals of the economy remain strong. Productivity continues to rise. Inflation and unemployment have risen a bit, but are still half what they were in the late 70s. As Cox and Alm put it, the current economic problems “will turn out to be mere footnotes in a longer-term march of progress.”

Getting Personal

There isn't much an individual can do to affect the broad state of the economy, but what matters most is your own personal economic condition.

While President Obama, Congress and Wall Street try to figure out a plan for the national economy, you should take some time to review your own business and financial plans.

It starts by establishing your own goals, having a clear, up-to-date view of your operations and finances, and then working out a plan to pursue each of those goals. Since broad economic conditions are out of your control, be sure to include contingency plans to address external factors.

After that comes the job of doggedly sticking to that plan and carrying it through to fruition. The economy will go up and down - it always has - but you can achieve prosperity no matter what is happening in the world outside.



Give us a call. We'll put your mind at ease.

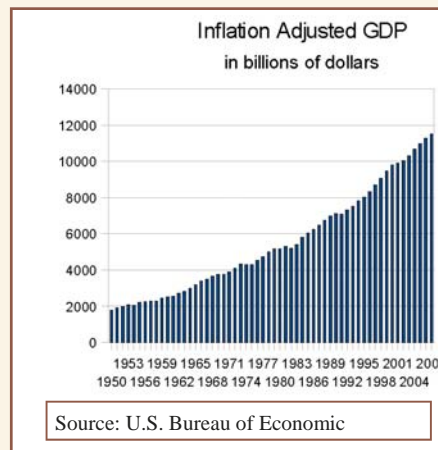
Dow Jones or GDP?

When speaking of the economy, it is easy to concentrate on the day to day fluctuations of the stock market or the price of gasoline. These, however, make it appear that the economy is far more volatile than it actually is.

The stock market shows what people are willing to pay for a stock on a moment to moment basis, with the hope that they will be able to sell it to someone else at a higher price in the future. The Dow Industrial Average has

lost nearly a quarter of its value in a single day, and fluctuates broadly from year to year.

The Gross Domestic Product (GDP) on the other hand shows the combined value of what the country is producing and selling. As the chart to the right shows, the actual economy has been healthy, growing steadily since 1950 with only rare, minor dips, the last of which was a 2% drop in 1982.



Meet Sandie Sherman



Today, small business owners can buy QuickBooks to automate their bookkeeping. But it wasn't that long ago that even large firms were using paper-based processes. Sandie Sherman, our office manager, has experience in both worlds. She started out with handwritten payroll checks, helped a major bank automate its transactions, and can use her decades of experience to help you set up your own electronic record keeping.

"We do our very best to get you the highest quality accounting and bookkeeping in the shortest amount of time and we are always available to you if you have any questions."

Sandie started working in the accounting field in the 1970s. Living in Southern California at that time, she managed payroll for a movie theater chain, making sure hundreds of employees received their handwritten paychecks on time. After eight years there, she moved to California Federal Bank, since acquired by Citibank, where she learned programming.

"It was just at the beginning of the era where people were starting to have their own computers on their desks. It was a very exciting

time, because what was so hot and wonderful yesterday, was obsolete today."

Eventually she progressed to the point where she was performing the program maintenance on 21 different financial systems the bank used to manage its operations.

Though she was still only in her 40s, when her husband, Earl, retired in 1992, she decided to join him. They moved to Las Vegas, a place where they had enjoyed vacationing for years. But, like many entertainers who retire, only to reappear with a long term contract on The Strip, Sandie's retirement didn't last long.

"Accounting is a very absorbing field, it is logical, everything balances, and you are constantly learning something new."

As Mark started to grow his business, she began helping him out on a part-time basis. Then, as the business expanded, she came on board as the full time office manager. In addition to the usual functions of keeping the office running smoothly, she is also responsible for setting up the bookkeeping file and procedures on all new clients.

"Once everything is running smoothly, I write up detailed instructions and pass them on to a staff accountant. Then I continue to follow up and make sure all the client's needs are met."

She also acts as a counselor for clients when times look bleak.

"Sometimes a client will feel that the economy is bad and will entertain thoughts about selling their respective business. However, after talking it over, they see how to better manage their business through tough times, and continue to enjoy the same lifestyle."

When not working, Sandie likes to spend time with her friends and family, including her six grandchildren. She enjoys reading, needlepoint, crossword puzzles and going to the movies.



Grow Your Future

You've worked hard for your money.
Now let your money work hard for you.

Call our office to schedule a complimentary consultation
on planning the financial future
for you and your family.

702-645-6318

OOPS — THERE'S A TYPO!

We have hidden a typo in
our newsletter.

Be the first to find it and
email us at
msherman
@shermancpas.com

You will

WIN Four Movie Tickets

Congratulations to last issue's
winner, Nanette Langston !

What Our Clients are Saying

I own three businesses – CMS Facilities Maintenance, Legacy Environmental Concepts and Star Cleaning – which provide cleaning services for businesses and homeowners in Colorado and Nevada. With more than 800 employees and a multitude of clients, it takes a lot of work to keep all the billing, payroll and taxes in order.

A few years ago, a friend recommended that I start using Mark Sherman as my accountant. For one of my companies, he now manages all the payroll, in addition to doing the monthly profit and loss statement. He also takes care of my personal tax planning and has saved me tens of thousands of dollars in taxes.

I have been in business for more than 30 years and have used a number of accountants during that time. Mark is the best of them all. He is very meticulous and ensures all the details are taken care of. Most importantly, he is always available when I need him to provide sound guidance in making financial decisions.

Craig Heber

More Profits! More Free Time!

Are you spending
too much time
on accounting?

Call today to
schedule a meeting to see
how outsourcing your
accounting can help you
grow your business.

702-645-6318

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