



# NECOG Development Corporation

RLF Quarterly Newsletter

4<sup>th</sup> Quarter 2013

## NET WORTH

Do you know what you are worth? Do you know how to figure out your net worth? Simply put, your net worth is what would be left after paying everything that you owed.

Here's a little more detail on how to figure out one's net worth.

- 1. Make a list of your assets.** These are things that belong to you. They're the things you could sell if you had to. Examples: your car, appliances, house, savings, etc.
- 2. Write down how much each item is worth.** Use fair market value. For example, use the amount that someone would pay today (not what you paid for it) for this item used.
- 3. Make a list of liabilities.** These are the debts that you owe. They could include: loans for your car, college education, credit cards, etc. Do not leave anything out.
- 4. Add up each list.** Total the value of what belongs to you and do the same for your debts.
- 5. Subtract your liabilities (debt) from your assets.** This number reflects your net worth.

If you have a negative net worth (your liabilities are more than your accumulated assets) or are just not happy with what you see, make a plan to improve. By setting up a plan or goals for yourself, you can see how you are improving. Regular tracking of your net worth can be motivating.

If you have questions regarding your net worth, visit with your local banker, accountant, or other financial professional.



## FICTITIOUS BUSINESS NAMES

According to the SD Secretary of State's web page, "You are required to file a fictitious name statement if you operate a business as a proprietorship and do not include the last name of each owner in the business name. Corporate entities that are conducting business in South Dakota under any name other than their corporate name are also required to file (See [SDCL 37-11](#) and [2-14-2](#))".

There are two methods in which you can register a business name, online under the SD Secretary of State's web page or by paper. To file either way, additional information can be found on the web at: <http://sdsos.gov/content/viewcontent.aspx?cat=corporations&pg=/corporations/fictitiousbusiness.shtm>

The Secretary of State's online filing system has been designed to provide the general public with access to Business Name and Owner information that has been registered with the Secretary of State's Office or with any of the Register's of Deeds within the State on and after July 1, 2004. This information is available on a real-time basis. What does this mean for you? As a user of this site you will have access to business and owner information as soon as it has been filed with the Secretary of State's Office.

**Notice:** A registration is effective for five years. Registrations filed five years ago will start to expire shortly. The registration must be renewed before it expires.



NECOG Development Corporation is an Equal Opportunity Lender, Provider, and Employer.

## SBA's Start-Up Business Quiz

### 1) Do you have a good personal credit history?

Good personal credit history is considered one of the most important factors in identifying borrowers who are likely to repay their loan, so most loan programs will look closely at your personal credit history. However, blemishes on your record will not automatically disqualify you. If you have had credit problems in the past 10 years – bankruptcy, slow payments, collections, judgments, etc. – it may be more difficult or time-consuming to qualify. If that history can be explained by a particular incident, supply information on the situation and how you attempted to repair your credit problems. If you have persistent credit problems, you will need to “repair” or “rebuild” your credit history.

### 2) Have you filed your personal or business income taxes?

Lenders and government loan programs alike want to see that individuals and businesses have met their tax obligations for both filing and paying all taxes. The SBA requires IRS verification that tax returns have been accurately filed.

**3) Are your income taxes paid?** SBA and other lenders generally will not approve loans for individuals with unpaid taxes.

**4) Do you have any collateral to secure a business loan?** Although lenders and the SBA generally do not decline a loan solely for lack of collateral, the more collateral you have, the more favorably your application will be considered. Business assets purchased with the proceeds of a loan may be used as collateral. However, this may not be enough, because these assets often will be valued at less than face value. Lenders and the SBA will then look for a secondary source of repayment should the business default. Business and personal assets can be considered as collateral, depending on the type of asset.

**5) Are you willing to personally guarantee a loan?** Many lenders will require you to personally guarantee a loan. (The SBA requires all owners of

20 percent or more of the business to provide personal guarantees).

**6) Can you demonstrate that your business has the ability to repay a loan?** You will need a business plan which includes a statement of projected income and expenses. This statement details how you expect to repay your loan and any other debt(s). Start developing your projections by finding as much data as possible on similar businesses. Your local library can be of assistance. Also, SBA district offices, small business development centers (SBDCs), women’s business centers (WBCs), business information centers (BICs), and chapters of the Service Corps of Retired Executives (SCORE) provide information, workshops, and individual counseling to assist you in developing a business plan. If you are unable to locate a resource in your community, please contact the SBA for assistance.

**7) Do you have enough money of your own to put into the business?** All loan programs require the business owners to invest a significant amount of their own funds or assets in the business. This shows that the owners are committed to the business and also reduce the risk. The amount of owner investment depends on a number of factors including type of business, size of business, loan program, etc. While some loans may require an owner’s investment of as little as 10 percent of the total amount of financing needed, many will require from 20 to 30 percent.

**8) Do you have experience in running your own business?** For a new business especially, it is important for the business owner to demonstrate experience in the industry and/or entrepreneurial experience. If you have never owned or operated a small business, we strongly recommend you attend one of the SBA’s many entrepreneurial training classes. For information, please contact the SBA.

*(Source: Small Business Administration)*



## Tips to Improve Your Web Site From GovOffice

*GovOffice is a national leader in local government websites. With twelve years of experience and over 1,400 local government clients what they apply to their clients can also be applied to your business.*

- The level of organization of your navigation menu will make or break your web site. Limit the number of main sections on your menu to 12 or fewer, but do add related sub-sections where necessary. Example: create a main section named “Departments” and set up each of your departments with its own sub-section. Remember, the home page serves as the “front door” to your online home, so keeping it organized and professional-looking is essential.
- An effective home page does not act as a “bulletin board”, so resist posting too many notices there. Instead, create a “What’s New” or “Recent Announcements” section that organizes all of your notices on one page, then create a prominent link to it from your home page. Notices on the home page should be only those of an urgent nature. Tip: the goal is to be able to view all contents of the home page without having to scroll.
- Replace the free design template that you have been using with one that is customized for your community or organization. Research shows that many Internet users judge a web site based on its appearance alone, so make your web site stand out from your neighbors, and make the right first impression to potential new residents, businesses, and visitors with a customized web design.
- Limit the number and size of fonts that you use, preferably to one sans serif font for the entire web site. Also, refrain from colored text and do not use all caps (use bold or italics instead, but do use them sparingly). If you follow these guidelines, along with sensible spacing and occasional use of bullets, you will also not need to highlight text in order to make it stand out.
- Clip art generally does not add much value to a web site, but if you intend to use it, be very selective. Clip art, particularly what you find free on the Internet, typically is considered amateurish by professional web developers, and it may harm the credibility of your web site. Instead of clip art, dress up your site with photos of your community. Animated gif’s and hit counters should be avoided entirely.
- Avoid typos, dated content, and broken links, as they will harm your web site’s credibility. Regularly review your site, removing old content and updating information. Tip: use the “Last Edit Date” stamp only on pages that are updated regularly, such as the “Calendar” and “What’s New” sections.
- A calendar of events is among the most viewed areas of a community web site, so consider promoting your calendar on the home page. Contact information, online forms, jobs, and links to other public organizations also are in demand, so consider ways to make them more visible.
- Provide simple and short (yet complete) content, written and organized with the reader in mind. Communicate even more effectively with content by appealing to the “impatient” online reader – use language that is clear, concise, and void of jargon, if possible.
- Keep the number of large documents posted on your web site to a minimum. Remember that large files will take longer to download for those visitors using a dial-up connection. Ensure a streamlined web site by posting only the most relevant and up-to-date documents. For example, display only the last 12 months worth of agendas and minutes and the last few editions of your newsletter.



## Gift Certificates

Do you sell gift certificates at your business? Are they used to promote your business during the holiday seasons or throughout the year? Do you know the state regulations about income from gift certificates?

According to the South Dakota Department of Revenue, the sale of a gift certificate is not subject to sales tax at the time of purchase. When the gift certificate is redeemed for services or goods it is subject to sales tax. The sale of a gift certificate is included in gross receipts and then taken as a deduction under nontaxable sales. When the certificate is redeemed for products or services, the sale amount of the products or services is included in line 1 of the sales tax return.

To touch on this further, no sales tax should be charged when gift certificate are sold. Tax should be charged on items purchased with the gift certificate. If an individual has a gift certificate valued at \$50, and purchases \$55 worth of goods, sales tax is owed on the entire \$55. If the customer uses the \$50 gift certificate to purchase \$25 worth of goods and receives change, sales tax is owed on the \$25 purchase.

In 2011, the South Dakota Retailers Association authored and passed legislation which exempt gift cards and certificates from the state's unclaimed property law if they contained no

expiration date, and have no fees associated with them, such as dormancy fees.

Retailers scored a major victory in 2011 when legislation passed exempting gift card and certificates from the state's unclaimed property law.

To qualify for the exemption, the cards and certificates:

1. cannot have an expiration date, and
2. can't have any fees associated with them – such as dormancy fees.

Why this matters: in the past, any gift card or certificate that wasn't redeemed within five years was considered unclaimed property. The merchant was required by law to turn the money over to the Unclaimed Property Division of the State Treasurer's Office, which was supposed to find the rightful owner and give the money to them.

There were many problems with that system. For starters, retailer often don't know who has purchased a card or certificate, or who it was given to. Now gift cards and certificates that are unredeemed after five years are only considered unclaimed property if they have an expiration date, or if they have fees associated with them.



---

NECOG Development Corporation  
PO Box 1985  
Aberdeen, SD 57402-1985  
[www.necog.org](http://www.necog.org)  
Phone: (605) 626-2595  
Fax: (605) 626-2975