

Wyoming Lender Alert

Information for the Small Business Community

May 2008

Making a Difference for Small Business in Wyoming

Lisa and Jeff Rose, Madeline's Scents, Named Small Business Person of the Year 2008

The Wyoming District Office of the U.S. Small Business Administration has named Lisa and Jeff Rose of Madeline's Scents, Small Business Person of the Year 2008. This award will be presented to Lisa and Jeff on May 2, 2008 at the Cheyenne Chamber's Small Business Award Luncheon to be held at the Holiday Inn in Cheyenne. Steven Despain, District Director of the Wyoming Small Business Administration, will be presenting this prestigious award. Lisa and Jeff were nominated by Ms Cindy Mabie, Vice President/Commercial Lender of Jonah Bank of Wyoming.

This award is given to an individual who owns and operates or bears principal responsibility for operating a small business that demonstrates a substantiated history as an established business. Other evaluation criteria includes, growth in number of employees, increase in sales, innovative product or service, response to adversity and the contributions by the nominee to aid community oriented projects.



The President of the United States recognizes contributions of the small business community to the American economy and society by proclamation each year.

Since it's beginning over 13 years ago, Madeline's Scents has always had a goal of providing the highest quality product at the most economical price. In September 1994, Lisa started designing floral arrangements to sell through a local craft store. Two years later, Victorian Rose Heirlooms was created, floral and potpourris were the primary products made in the home. In 1997, candles were added to the product line made by Jeff's father in North Carolina. In 1999, Jeff went home for a refresher in the candle making process and the secret family recipe was passed on to him. In June 1999, the business had a name change to Madeline's Scents and moved from the home to its first downtown location on Lincolnway. This facility allowed for a retail store and an expansion of the wholesale program. In 2002, a fundraising program was created to enhance sales by selling through schools, organization, churches, and others groups. This program offered a no hassle, simple to use program with no up front cost. Best of all, the

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Calendar of Events

- May 1 -** Women's Roundtable Laramie
- May 6 -** Women's Roundtable Newcastle
- May 7 -** Women's Roundtable Casper
- May 15 -** Women's Roundtable Powell
- May 20 -** Women's Roundtable Cody
- May 22 -** Women's Roundtable Worland

YOU COULD QUALIFY FOR A \$10,000 ADVERTISING GRANT

Do you have an idea for a new business? Do you see yourself building a new and different life? Maybe all you need is someone to give you a hand. Maybe all you need is someone who believes you can do it. Maybe all you need is a mentor. That's what the Bresnan Business Incubator is all about. This company believes in the power of entrepreneurship. They know what it means to start small and move forward. They know the important contributions even the smallest of businesses can make to the life of a community. They know because they started that way themselves. Now they would like to help you do the same.

Working in partnership with Wyoming's regional economic development organizations and the WyomingEntrepreneur.Biz Small Business Development Center, Bresnan will provide grants and other financial incentives to help you turn that idea into a business. With their proven skills in communications, advertising and marketing, they will help you promote your fledgling business and provide a boost during its crucial early stage. They will share their knowledge and experience and add a big dose of encouragement along the way. Let the Bresnan Business Incubator transform your idea into a success story.

For further information visit the Bresnan Business incubator at <http://www.bresnanbusinessincubator.com>, or contact the Small Business Development Center, Cindy Unger, 307-235-6683, cindy@uwyo.edu.

(Lisa and Jeff Rose, Madeline's Scents, continued from page 1)

program offered a generous 50% profit for the organization. Madeline's is dedicated to helping support community projects and non-profit groups' financial goals. Also in April 2002, the business was moved to its current downtown location. The new location provided better visibility, enhancing retail sales. In October 2004, Jeff retired from the Air Force after 22 years and joined Lisa in the business. During this time, their production area was also moved to a warehouse located behind their current retail store. This additional area enabled them to expand their production (doubling and tripling daily production capability) and provided spacious storage capabilities. This also created additional space for future expansions of the retail storefront. In the fall of 2005, two wholesale programs for buyers were developed, the first was identified as a Home Distributor and the second was called a Home Party Consultant.

In January 2007, Lisa and Jeff established goals. One goal was to have a nationally known account buying their product. By October 1st, the local Director of Special Events for the National Multiple Sclerosis Society, secured permission for Madeline's Scents to have the Multiple Sclerosis Society logo silk-screened onto a jar and choose a scent that was exclusive to them. This jar is currently being sold nation wide through the Multiple Sclerosis Society fundraising activities. The other goal is still being pursued, which is to have a national retail store selling their product.

IRS Launches Campaign to Help New Small Businesses

The Internal Revenue Service has launched a year-long campaign to help educate new self-employed small business owners about federal tax responsibilities and about filing [Schedule C](#), Profit or Loss from Business.

"One of the biggest challenges faced by people starting out in business is understanding and meeting their tax filing requirements," said Kathy Petronchak, commissioner of the IRS's Small Business/Self-Employed operating division. "It's a new, different and potentially overwhelming experience for them. We want new small business owners to know that the IRS has resources to help them learn about their federal tax responsibilities and avoid common pitfalls."

The campaign will provide new [Schedule C](#), Profit or Loss from Business, filers with improved and updated educational materials through a variety of channels, including IRS.gov, small business workshops and other outreach events.

Schedule C is filed by sole proprietors (one-owner businesses) as an attachment to their Form 1040 individual income tax return. Self-employed individuals with less complex situations – including business expenses of less than \$5,000, no net losses and no employees – may be able to file [Schedule C-EZ](#), Net Profit for Business.

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SBAExpress Loans Used for Energy Efficiency and Renewable Energy

Thomas at As a result of Section 1201 of the Energy Independence and Security Act of 2007, SBA is clarifying that SBAExpress loan proceeds may be used to finance the purchase of a renewable energy system or to carry out an energy efficient project that involves the installation or upgrading of equipment that results in a significant reduction in the borrower's energy usage (Section 7(a)(31) of the Small Business Act). As with other SBAExpress loans, these loan proceeds must be used for purposes related to the operation of the business.

The term "renewable energy system" means a system of energy derived from a wind, solar, biomass (including biodiesel) or geothermal source or hydrogen derived from biomass or water using an energy source such as wind, solar, biomass (including biodiesel) or geothermal source. Biomass means any organic material that is available on a renewable or recurring basis, including: agricultural crops; trees grown for energy production; wood waste and wood residues; plants (including aquatic plants and grasses); residues; fibers; animal wastes and other waste materials; fats; oils; and, greases (including recycled fats, oils, and greases). Biomass does not include paper that is commonly recycled or unsegregated solid waste.

Questions regarding this Notice may be forwarded to Charles charles.thomas@sba.gov or via telephone at (202) 205-6656.

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About one in seven federal income tax returns includes a Schedule C or Schedule C-EZ. Taxpayers filed over 21 million Schedules C for tax year 2006, reporting overall net profits from sole proprietorships totaling more than \$269 billion.

In this introductory phase of the campaign, IRS is offering some basic tips to avoid potential problems:

- Classify workers properly as employees or independent contractors as determined by law, not the choice of the worker or business owner;
- Deposit federal employment taxes, called trust fund taxes, according to the appropriate schedule;
- Start making quarterly estimated quarterly payments to cover your own income tax and social security self-employment tax liability;
- Keep good records to protect your personal and financial investment and to make tax filing easier;
- Consider a tax professional to help you with Schedule C;
- File and pay your taxes electronically; it's fast, easy, and secure;
- Protect financial and tax records to ensure business continuity in the event of a disaster; and
- Avoid abusive tax avoidance schemes such as the IRS's 2008 "Dirty Dozen."

The first event in the campaign is a free national phone forum (<http://www.irs.gov/businesses/small/article/0,,id=166814,00.html>), "Calling All First Time Schedule C Filers, on May 21. It will review common pitfalls for new small businesses to avoid.

To get the latest information about other events and learn about new products and services as they become available, start a FREE subscription to e-News for Small Businesses; just go to IRS.gov at <http://www.irs.gov/businesses/small/content/0,,id=154826,00.html>, type in your e-mail address and submit.

G-845 Alien verification Requests with USCIS/INS

U.S. Citizenship and Immigration Services, USCIS (INS) provides the following information for processing alien verification requests.

1. **1-877-469-2563** – This is for status inquiries if processing of their Form G845, Verification Request (Non-SAVE agencies), has exceeded processing time of 10 business days. The 10 business days start at the date that USCIS receives the request not the date mailed. If you should include return (prepaid) FedEx envelopes, they will use them. Please do not call any other number for SAVE or USCIS as they will not be equipped to verify this information for you.

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Question and Answers

Q: I want to go into business with my son, but will not be active full time since I have other employment. Would we have a partnership?

A: You can look at various forms of business organization, including a partnership, corporation or Limited Liability Company. You should really look at the intent for your relationship. A partnership will require additional reporting, more complex income tax filling and may increase your financial liability beyond your desire. It is best to have a clear and open discussion and then assess both the positive and negative aspects of each form of business organization. If all you want to do is help out with the work once in a while and provide some financial support, perhaps offering a loan with liberal terms, formalized with a note, and giving your labor free, may be the easiest option with your son owning the business as a sole proprietorship. If you want to have some control and take on some of the risk, then a partnership or some other form of business operations may be appropriate.

Q: How do I pay myself? Do I write a check and deduct it from the company's profit during tax filing time?

A: First of all, we recommend that you have a separate business checking account. If your business is setup as a sole proprietorship, you would record your business income/expense on a Schedule C with your personal taxes. You should take a "draw" out of the business by writing a check from your business account and deposit the check into your personal account.

(G-845 Alien Verification from page 3)

It is important that you not resend (unless the 1-800 number indicates that they do not have the request and ask that you resend) duplicate G-845 for verification as this will only bog down the system.

2. **SAVE.Help@dhs.gov** -- For policy questions, please contact the SAVE office by this email address. This is not to be used for status inquiries.

There have been some lenders/CDCs whose verification requests have been returned. This should be corrected shortly. However, if it should happen, please notify your local district office. They may forward that information to A. B. McConnell, Jr., Chief, 504 Program Branch, OFA, Tel #(202)205-7238, FAX #(202)481-0219. Please provide the name of the lender/CDC and their address. If the lender is an approved SBA CDC or an SBA 7(a) lender with a SBA Form 750, Loan Guaranty Agreement, the information will be provided to USCIS so that their requests will be accepted.

SBA Sets 45-Day Extension to Effective Date of updated SOP

The U.S. Small Business Administration has agreed to a request from lenders that participate in the agency's small business loan programs for a 45-day extension to the effective date of its modernized Standard Operating Procedure for lender and development company loan programs.

The revised document, SOP 50 10, which has been cut in length from 1,000 pages to 400, was completely re-written with significant input by program participants, including lenders, Certified Development Companies and SBA employees. Although the revision incorporated substantial structural changes, SBA made only limited policy changes or clarifications in the document.

The new SOP was made available to the public on March 20, 2008, to permit lenders and certified development companies an opportunity to become familiar with and implement the revised SOP.

SBA staff from the Office of General Counsel and the Office of Financial Assistance met with lenders and CDCs in sessions across the country to discuss clarifications and changes to the SOP and to hear any concerns raised about specific issues.

Because of those meetings, SBA has identified certain technical changes to the SOP that should be made before the SOP takes effect. The lending community has requested an extension to the effective date of the SOP and, as a result, SBA is extending the effective date from May 1 to June 15, 2008. The provisions under SOP 50-10(5) will apply to all applications received **by SBA** on or after June 15, 2008, effective date.

Lenders, CDCs and other interested parties can email questions or comments regarding the new SOP to SBA at SOP50-10Modernization@sba.gov. The revised SOP may be found at <http://www.sba.gov/tools/resource/library/sops>.