



"The Dealer's Road to Success!"

Wayne Reaves

Dealer Software & Websites

Designed by a Dealer for Independent Car Dealers

Special Year-End Informational handout & reference

***** SPECIAL YEAR-END EDITION *****

In this Handout:

- **Resources and links**
- **Minimum system requirements**
 - **Year End Reporting**
 - **Warnings**
- **Final Thoughts & Notes**
- **Next Year Preparation**
- **Technology Checkup**
- **Equipment & Assets Inventory**

**REAVES SOFTWARE
DECEMBER 2019**

The advice given herein is presented to be informational, and is not intended to be qualified legal or financial advice. Any business owner or manager should always seek full advice or needed clarification of any of these concepts from the appropriate licensed professionals.

It is the Dealer's legal responsibility to be familiar with relevant laws and requirements.

Links and Other Resources

www.waynereaves.com

Download the DotNet Full Demo today:

www.waynereaves.com/dealer-management-software-demo

Email Support questions:

Support@waynereaves.com

Training Videos:

www.waynereaves.com/videos/

Kevin Scott's Blog:

www.flautodealerinfo.com

NIADA: www.niada.com

GIADA: www.giada.org

GA Dealer Tax Info: dor.georgia.gov

FIADA www.fiada.com

FL Dealer Tax Info: Dor.myflorida.com

CIADA www.theciada.com

SC TAX: dor.sc.gov

NC TAX: ncdot.gov

AL AIDA: www.alabamaaida.org

AL TAX: ador.alabama.gov

MSIADA: www.msiada.org

MS TAX: www.dor.ms.gov

SYSTEM REQUIREMENTS FOR WRCS INSTALLED PROGRAMS 2020 REV

If you have any questions, please call Technical Support @ 888.477.9707
Calls from technicians, computer stores, and other IT professionals are welcome.

SUPPORTED OPERATING SYSTEMS:

WINDOWS 8.1 & 10 – PROFESSIONAL OR ULTIMATE (32/64)

-- “Starter” & “Basic” Editions are not supported. “Home” Versions not recommended.

- Windows XP, VISTA, 7, 8.0, Apple OS, Linux, and other operating systems are not supported.
- Windows10S will have to be taken out of S Mode.
- While it is possible to install Windows on a Mac in Parallels, this is not supported.

The program requires a minimum screen resolution of 1280x1024.

PRINTER: Business-class Duplex Laser Printer with PCL5/6.

Inkjet printers are not supported.

Automatic Duplex printing is **required**. Wireless printers are not supported.

If the Hardware maker does not specifically support your device on your version of Windows, we also cannot provide support for the device.

Your printer must be installed and tested within Windows before setup in the program.

CPU SPEED: 3 GHz Dual/Quad core x86/x64 -- "ARM" Processors may not work.

HARD DRIVE: 500 Gigabytes (GB) Minimum, 250 GB free space
Free space should never be less than 25% of total.

SYSTEM MEMORY (RAM): 4-8 GB

NETWORKING & COMMUNICATIONS:

WIRED ETHERNET LAN WITH HUB/SWITCH (100/1000 Mbps)

Internet Speed for DotNet is a Minimum of 6 Mbps Down and 1 Mbps up for each computer.

Ping Rate should not exceed 100 ms. Satellite ISPs will not work with the program.

WIRELESS Networks are not supported for any installed programs. They may also represent a serious information security risk and potentially violate the FTC Privacy Act.

Your Internet Browser should be Edge, Chrome, Firefox, or other Chromium based, and must be kept updated for security reasons.

We do recommend that initial setup and configuration of your computer network be done by a certified technician familiar with Windows Networking and Internet Security. This technician should also configure anti-virus or firewall programs. Please have the tech call us while on site if there are any questions about our program.

When buying computers for the business, always avoid the low-end bargain computers. They are designed for light home use, and typically very underpowered for business use.

NOTE: No computer more than three years old should be used in a business environment, unless you have a dedicated technical staff to support the systems.

IF YOU EXPERIENCE PROGRAM OR PRINTER PROBLEMS DUE TO INCOMPATIBILITY WITH THE UNSUPPORTED CONFIGURATIONS OR OPERATING SYSTEMS, AND ANY PART OF OUR SOFTWARE, WE MAY NOT BE ABLE TO ASSIST YOU BEYOND RECOMMENDING THAT YOU UPGRADE TO A NEWER COMPUTER AND/OR PRINTER.

WAYNE REAVES SOFTWARE DOES NOT PROVIDE ANY SETUP ASSISTANCE OR SUPPORT FOR DOMAIN CONFIGURATIONS OR “APPLIANCE SERVERS.”

Period End Reporting (Year or Quarter)

All information and suggestions given are the personal opinions of Wayne Reaves employees. They should not be considered to be, nor take the place of, qualified legal, financial, or tax advice from a licensed professional.

Desktop Version users should make TWO program backups on the LAST business day of the period, after all daily transactions are posted, and store these in different places for security. At least one of these should be stored off the premises. If the other is left at the lot, it should be stored in a secured, fire-safe location. Neither copy should be on a floppy disk(s). Writable CD's are better, because flash memory can be easily erased or overwritten. Be sure to check and verify the backups on the media.

The following reports should be run, and printed, both to a printer and to PDF file. Those reports that have an Excel Option can have that output, as well. If you have an In-House Related Finance Company (RFC), or a separate corporation for handling Leases, these reports should be separated, even those reports that will handle all types, such as Cash Sheet.

All this assumes that you have completed your business for the period, and have made all necessary sales, adjustments, payment voids, balance credits, repossessions, write-offs, and inventory additions or deletions. Please see also the note about saving deals on the page four.

The references to "All Dates" assumes 01/01/2019– 12/31/2019 for Year-End Reporting.

For Quarter-end, use the date range needed.

AR Types are USUALLY 1 through 49. Check Company Setup to make sure before running reports. The "Detail" version of some reports are very long, such as the Cash Sheet and Sales Reports. When possible, save the Detail Version of the report to File, and Print the Summary Version.

CAR COMPANY

1. Customer Summary Run four separate reports:
 - a. A/R Active Types 1-45.
 - b. Writeoffs AR Type 46-46
 - c. Bankrupt AR Type 47-47
 - d. Repos AR Type 48-48
2. Wholesale AR By Dealer -- AR Types 1-99
3. Master Inventory -- Lots 1-3, and any other lots you have cars in.
4. Sales Report -- All Dates and AR Types
5. Wholesale Report -- All Dates and AR Types
6. Cash Sheet -- Car Lot -- All Dates and AR Types (Set option to Car Lot Only)
7. Standard Repossession Report – (Car Lot) -- All Dates and AR Types
8. Write-Off Repossession Report – Car Lot, All Dates and Types.
9. Adjustments Report (Car Lot) All Dates and AR Types
10. Car Company Loss on Sale (If they sell accounts) All Dates and types.
 - a. A copy of this will be put with the Finance Company reports.
11. Sales Tax Report -- All dates and AR Types
12. Charge Off Report – Car Lot -- All Dates and Charge Off Type Only
13. Sales Tax report for December, to estimate liability.

LEASE COMPANY

*AR Types are USUALLY 1 through 99. Check Company Setup to make sure before running reports.
(Utilities, Set Up Company, Lease Company Setup)*

1. Lease Customer Summary (Four separate reports)
 - a. All **Active** Lease AR Types
 - b. Bankrupt
 - c. Repo
 - d. Write Off/Charge Off
2. Lease Inventory Lots 1-99
3. Lease Report -- All Dates and AR Types
4. Cash Sheet -- Lease -- Set option to 5, Lease Only -- All Dates and AR Types
5. Sales Tax Report -- All dates and AR Types

FINANCE COMPANY

*AR Types are USUALLY 50 through 99. Check Company Setup to make sure before running reports.
(Utilities, Set Up Company, Finance Company Setup)*

1. Finance Company Customer Summary: Run four **separate** reports
 - a. (All **Active** FC AR Types)
 - b. Write offs
 - c. Bankrupt
 - d. REPOS
2. Cash Sheet (Printer output for Summary only, Detail Report save to file.)
 - * For Finance Company Only
 - * All Dates and AR Types
3. Adjustments Report
 - * For Finance Company
 - * All Dates and AR Types
4. Both the Standard AND Write-Off Repossession Reports
 - * For Finance Company
 - * All Dates and AR Types
5. Charge Off Report –Finance Company, All Dates.
6. Purchased Notes Report
 - * All Dates and AR Types
7. Car Company Loss on Sale For Accountant
 - * All Dates and AR Types.

Note:

These are the “typical” reports requested by accountants and tax professionals.

If your CPA requests the reports to be ran differently, run them however the CPA wants, AND using the parameters shown here .If you should change CPA’s later on, and the new CPA wants it done the typical way, you will still have this version available.

Year End Reporting (continued)

Run these reports at least to PDF in advance of year-end to gain some familiarity with them, and see if you have any questions about them. Please call or email us (Support@WayneReaves.com) before the last week of the year. We anticipate a very high volume of calls that week.

AUDITING: This is a good time to consider pre-auditing your business.

Some questions to ask as a Manager or Owner of the business:

Do my Transaction Reports match my Bank Deposits?

Is my bank account(s) ready to be reconciled?

Have I authorized all non-payment transactions?

- A. Voids
- B. Credits
- C. Other adjustments.

Can I account for the entire Inventory? *The IRS **requires** a physical inventory to be completed.*

- A. Does the Master Inv Report reconcile to the As of a Date Report?
- B. Units for Sale
- C. Units on Hold (Repairs, Demos, Repo Holds)
- D. ALL Titles in hand or accounted for?
- E. Valuation Audit. (See below)

Unit Valuations (ACV) -- RECHECK all valuations now! Use NADA Values.

- A. Does the DMS have the most accurate valuation?
- B. Are there any that seem suspiciously high or low?
- C. Re-state value and report to CPA.
- D. Have any units devalued significantly?
- E. Report these to CPA with original value and current value.
- F. Has the Car Lot paid the RFC for all Repos?

Are there any Sales that seem unusual?

IRS Compliance:

- A. Form 8300 Reports and Consumer Notifications.
- B. 1099-C and 1099-Misc
- C. Payroll ready for W2 forms? Fixed Cut-off date?
- D. Do we need updated W4 forms? (Yes, every year)
- E. I-9 Forms on file for every employee?

Do I have outstanding Receivables that need to be settled?

Do I have outstanding Payables to be settled?

Have I dealt with, or have a plan to deal with Property Taxes?

Are there any questions I would have for my CPA?

RFC: Have I maintained the proper relationship distance with the car lot?

Do I have a plan to operate for next year?

- A. Marketing Planning
- B. Sales Goals
- C. Financial Planning
- D. Staff Analysis
- E. Average unit cost to sell. (AUCS) – See discussion below)

Is it time to renew my State License?

Is my advertising fulfilling my needs?

Year End Reporting (continued)

Special Note about Saving Deals: Avoid Cross-Period Reporting Issues!

If you enter a deal in late December 2019, and save it as a Pending Sale, (or Lease), then re-open this deal after January 1, 2020, and save it as a Completed Deal, you will have a cross-period reporting issue.

The Sale will have a 2019 date, and the income from the down payment (or cash payment or lien holder check) will have a 2020 date. Depending on the Sales Tax method, this deal may be reported as 2019 (Accrual Method) or 2020 (Cash Method). For Income Tax purposes, this will be a 2019 sale. However, your receipts, (the actual income,) will be in 2020. The Account Receivable will have an opening date, and opening balance, show up in 2019, even though, for all practical purposes, this is a 2020 account.

To avoid this, on the last day of the year, re-open ALL Pending Sales, change the Deal, or Sale, Date to 1/1/2020. This will also prevent having to re-print and revise the reports you may have already turned over to your accountant.

Selling Accounts to the In-House Related Finance Company (RFC):

If your CPA advises that you do these for 2019, then make sure this is done before running these reports. Otherwise, both the Car lot and Finance Company Accounts Receivable reports will change. This also greatly affects both your Income and Sales Tax Reporting. Remember that in Cash Method States, all the remaining Sales Tax is due and payable upon sale of the account. This income, for both Income and Sales Tax purposes, will be reported as having been collected on the date of sale of the account to the RFC.

Cash Method Sales Tax States:

It is important to remember also that regardless of the amount the Car Lot collected for the account, even if the entire Principal was not collected from the RFC, all remaining Sales Taxes are now payable. The Taxable Principal amount shown on the Sales Tax report will be the remaining taxes divided by the tax percentage.

CPA Help:

If your CPA has any questions for us about your reports or the program itself, PLEASE have them call us before year-end. They will need to identify the dealership they are calling about. We do require the dealer to send an email to Support@waynereaves.com advising us of the CPA name/Firm and that we have your authorization to talk to them about your business.

DESKTOP USERS: NOW IS THE TIME TO UPGRADE!

Please go to waynereaves.com/upgrade to find out more. Remember that we do not usually perform upgrades during "Tax time" (January-March).

Final Thoughts and Notes:

Go to IRS.gov and get updated W-4 and I-9 forms. If your state Department of Revenue requires a form similar to the W-4, they can usually be found on the state DOR website.

Ask your CPA if this is the year to consider a Related Finance Company. If it is, you may have some work to do with setting up the corporation, bank accounts, business licensing, and other setup work.

Average Unit Cost to Sell (AUCS): Take your total administrative costs for the year, and divide it by the number of cars sold. This number is the amount of money each unit costs you over and above **related costs**. It is good to keep this AUCS number in mind as you go into next year.

Related Costs are those things that can be attributed or tied to a specific unit, such as:

- Initial purchase or investment
- Floor plan costs
- Repairs
- Commission
- Tax & Title Fees.
- Casualty/Charge off losses.

Administrative Costs are general expenses that affect every car, such as:

- Rent/Mortgage on the property
- Business, Property, and Income taxes
- Utilities (Lights, Internet, Phones)
- Business Office Equipment (Computers, printers, fax machines, supplies)
- Software/Website costs.
- Office and general lot salaries.
- Advertising.
- Professional / Legal Fees (Association Memberships, CPA, Attorney, etc)

Your CPA can advise you on whether your admin costs are in line with your business model. You have to set your pricing on sales to include that AUCS, and set your profit targets accordingly.

This is a good time also to evaluate your cash flow position, and decide whether to adjust the business needs or practices accordingly.

If you do not have a web presence, please consider it. More than 80% of used-car buyers, even at the sub-prime level, researched their purchase on the internet before committing to the deal.

LEGAL COMPLIANCE:

This is also a good time to evaluate your compliance with the FTC's Red Flags and Privacy Acts Rules. Here's a hint: Just printing the forms is not all there is. Download the acts and see if you are fully in compliance. Get an attorney to assist, if you need it.

Final Thoughts and Notes:

TECHNOLOGY:

Check out your business machine inventory and see if you need to update anything. This is actually a great time of year to buy computers and technology. Remember to go for business-class equipment. Home-use printers and bargain basement computers do not belong in a business. When buying computers, look for those with the Professional Versions of Windows. If you are not sure about a particular model, please get the specific brand and model number, and call Support. We can look it up and advise if it meets the specs.

Your primary printer should be a business-class network black and white Laser printer with Automatic Duplex. Wireless is not recommended. Look for one with an "Ethernet" connection.

If you only have one computer, consider getting a second one to have on hand in case of emergency.

Check your backup plan. Desktop users still need to back up their data and ensure that it is secure. Online (DotNet) users do not need to back up the DMS data, but they do need to back up QuickBooks or Peachtree, documents, images, and other important programs on their computers. You should have TWO backup plans. We recommend physical backups (removable hard drives) as well as secure cloud-based backups.

OTHER EQUIPMENT & ASSETS:

Do you own what you think you own? In other words, look at the equipment in the shop, such as tire machines, balances, pressure washers, etc. Make an inventory of these things, and state a valuation of each item. Evaluate the usefulness of each asset and determine if it will need replacement or major repairs during the upcoming year. Be prepared for these kinds of expenses. Discuss the purchase plan with your CPA before committing to it.

If you own lot vehicles such as tow trucks or car hauling trailers, you need to value and evaluate these vehicles, also. If your shop is slow this time of the year, take the opportunity to bring these assets in for Preventative Maintenance work and inspections. Don't let a \$20 maintenance become a \$2000 major overhaul. Be prepared to evaluate your cost of ownership vs cost of replacement.

Supply Inventory: What do you have versus what do you NEED? Learning to do JIT (Just in Time) inventory management could save a lot of money. The concept is, by analyzing your usage of a supply, and considering order and delivery time, you should only maintain slightly more of a supply than you can restock. First, by controlling the availability of supplies, you can cut down on theft. By closer monitoring usage, you cut down on waste. JIT can also cut down on storage requirements.

Finally, the Owners, Managers, and Staff of Wayne Reaves Software and Websites wish you every success in the upcoming year, and we thank you most graciously for letting us fulfill your business needs.

If we are not already your vital business partner, please call us today!

DISCLAIMER:

All information and suggestions given are the personal opinions of Wayne Reaves employees. They should not be considered to be, nor take the place of, qualified legal, financial, or tax advice from a licensed professional with experience in the industry.

**We'd like to hear from you.
Please contact us and let us know how we are doing.**

Reaves Software and Websites

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