



7 Most Frequently Asked Questions by Entrepreneurs and Business Owners

A practical conversation about financial operations, tax decisions, and business growth.

macpas.com

Introductions



David Blain, CPA, CVA
Partner
Director of Entrepreneurial
Accounting Solutions (EAS)



Lindsay Young
Partner
Leader in Entrepreneurial
Accounting Solutions (EAS)



Zach McLaren, CPA, MBA, CES
Senior Manager
Tax Services Group

Firm Overview

Helping You Thrive! **McKonly & Asbury**

M&A is a team of CPAs and Business Advisors serving clients from our offices in Camp Hill, Lancaster, Bloomsburg, and Philadelphia.



BEST PLACES
to work in **PA** 2025

Services Provided

- Advisory & Business Consulting
- Audit & Assurance
- Tax
- Entrepreneurial Support & Outsourced Accounting
- SOC & Technology Consulting

Industries Served

- Affordable Housing
- Architecture, Engineering, and Construction (AEC)
- Entrepreneurial
- Family-owned Business
- Franchises
- Healthcare
- Manufacturing & Distribution
- Nonprofit
- Public Companies

Subscribe for M&A Insights



**Pick your perfect
thought leadership mix
from 15 newsletters!**



A guided discussion

NARRATE

Dave frames the business-owner question.

RESPOND

Lindsay and Zach explore tradeoffs, requirements, and common missteps.

LAND

Dave closes each topic with one practical takeaway.

QUESTION 1

Should I pay down debt or invest my cash?

DAVE ASKS

“When cash is available, how should an owner decide where it goes?”

1

Compare the after-tax cost of debt with the expected return.

2

Stress-test timing, uncertainty, and liquidity.

3

Keep enough working capital for payroll, taxes, and surprises.

BOTTOM LINE

A strong return is not enough if the decision leaves the business short on cash.

QUESTION 2

Partnership vs. S corporation vs. SMLLC?

DAVE ASKS

“How does entity type change the way owners get paid?”

1

Partnership owners receive K-1 allocations, distributions, and/or guaranteed payments.

2

Working S corporation owners generally receive reasonable W-2 compensation before non-wage distributions.

3

Consider basis, governing documents, and available cash before distributing.

BOTTOM LINE

An entity’s structure determines how income is taxed and how owners are compensated.

QUESTION 3

W-2 employee or 1099 contractor?

DAVE ASKS

“Can we choose the form, or do the facts choose it for us?”

1

Behavioral control: who directs the work and how it is done?

2

Financial control: who bears costs, supplies tools, and has profit or loss opportunity?

3

Relationship: contracts, benefits, continuity, and the importance of the work.

BOTTOM LINE

Classification follows the full relationship, not the label on an agreement.

QUESTION 4

Why do audit AJEs keep appearing?

DAVE ASKS

“We often see audit adjustments involving A/R, A/P and cash. Why is their data entry important?”

1

Use customer invoices and receipts so A/R detail supports the general ledger.

2

Use vendor bills and payments so A/P detail supports the general ledger.

3

Reconcile bank activity and resolve timing or coding differences before close.

BOTTOM LINE

Choose the transaction workflow that keeps the subledger and GL together.

QUESTION 5

Why is book income different from taxable income?

DAVE ASKS

“My financial statements show one number, but my tax return shows another. Why?”

1

Cash accounting follows payment timing; accrual accounting follows when activity is earned or incurred.

2

Separate temporary timing differences from permanent tax differences.

3

Use a clear accrual-to-cash bridge so owners can follow the movement.

BOTTOM LINE

Different numbers can both be correct when their purpose, rules, and timing differ.

QUESTION 6

Which retirement plan fits the business?

DAVE ASKS

“Does entity type determine the plan, or is there more to consider?”

1

Consider SEP IRA, SIMPLE IRA, 401(k), profit-sharing, and defined benefit options.

2

Balance owner goals with employee eligibility, contributions, and administration.

3

Confirm contribution calculations and current limits before acting.

BOTTOM LINE

Choose the plan around entity type, people, profit, and goals, then verify the details.

QUESTION 7

Should I pay estimated taxes?

DAVE ASKS

“Why pay before the return is filed, and what does safe harbor protect?”

1

Income tax is pay-as-you-go through withholding and/or estimated payments.

2

Safe-harbor rules can help address underpayment penalty exposure.

3

Refresh projections after meaningful changes, midyear, and before year-end.

BOTTOM LINE

Safe harbor addresses penalty exposure; a projection addresses the actual cash need.



Questions?

Plan early. Keep the books clean. Ask before you act.

Most decisions impact both tax and operational. Starting the conversation earlier creates more opportunity and aligns tax and operational goals.



Contact Information



David Blain, CPA, CVA
Partner

dblain@macpas.com

717-972-5722



Lindsay Young
Partner

lyoung@macpas.com

717-761-7910



Zach McLaren, CPA, MBA, CES
Senior Manager

zmclaren@macpas.com

717-735-3275



Upcoming Events



October 22 Webinar



Reading Between the Lines: Questions Every Nonprofit Leader Should Ask About Financial Reporting and Form 990

[REGISTER NOW](#)

November 5 Seminar



**Fall Affordable
Housing Seminar**

[REGISTER NOW](#)