

SMALL BUSINESS NEWS



CENTER *for* RURAL AFFAIRS

WINTER 2023



SPECIAL TAX ISSUE

3

Big announcement: Loans from \$50,000 to \$5 million available to independent meat processors.

4-5

On the cover: María Dávila helps others do their taxes, after getting helped out with Center loans and one-on-one counseling.

6-7

Your upcoming tax appointment: What documents do you need? What expenses can you claim for your business?



HOUSING LOANS AVAILABLE

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The Center for Rural Affairs believes in building sustainable communities. To serve more diverse community members, we are often more flexible than traditional lenders.



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- Term: Up to 15 years and will be amortized over up to 30 years
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- Use of funds: Purchase of home, owner occupied rehabilitation or renovation, emergency repair to a property.

For more information, visit cfra.org/homeloans, call 402.687.2100, or email loans@cfra.org.



CENTER *for* RURAL AFFAIRS

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On the cover: María Dávila, owner of Servicios En General, LLC | Photo by Kylie Kai



Loans between \$50,000 and \$5 million are now available to Nebraska independent meat processors. | Photo by Kylie Kai

Center launches multi-million dollar initiative to support small meat processing

By Rhea Landholm, Communications Manager

Nebraska independent meat processors now have access to \$10 million in loan capital through the Center for Rural Affairs.

The new initiative comes at a time when small lockers across the state have seen an increase in use. When packing plants were suffering from COVID-19 worker health challenges and the national meat supply chain faltered, these small businesses kept serving local customers.

This boost to Nebraska's rural economy is made possible with a U.S. Department of Agriculture Rural Development Meat and Poultry Intermediary Lending Program grant.

"Small meat lockers—independent businesses by definition—help anchor small town main streets," said Brian Depew, executive director of the Center. "They provide jobs and a retail outlet for affordable and quality local food. Independent livestock farmers rely on them to process their animals into marketable products. And, as the pandemic illustrated, they're a critical pillar of a resilient food system in times of crisis."

For more than 30 years, the Center has offered loans, one-on-one business

counseling, and other support to small businesses in Nebraska. Expanding these services for independent meat processors and in turn, supporting local farmers, was the next step, according to Brian.

These loans can be used for expansion of existing processors, start-up of new processors, real estate purchase, facilities update or expansion, equipment purchase, energy efficiency upgrades to facilities and equipment, sale of an existing business in cases where the sale will avert closure, or working capital.

Both primary and secondary meat processing facilities are eligible.

"Our local meat lockers need and deserve our support and assistance," Brian said. "We will continue to bring policy change, technical assistance, and lending support to the sector because we understand that local food processing infrastructure is a cornerstone of a vibrant and sustainable rural future."

More information is available at cfra.org/meatprocessingloans. Interested borrowers can contact Wyatt Fraas at 402.254.6893 or wyattf@cfra.org. 📧



María Dávila helps others while realizing her dream of owning a business, Servicios En General in Columbus, Nebraska. María turned to the Center for two loans and receives one-on-one counseling from staff, including Veronica Spindola, loan specialist, pictured above. | Photo by Kylie Kai

Columbus woman's passion for problem solving leads to successful business

By Liz Stewart

During tax season, some people find themselves overwhelmed about knowing which forms to use, how to calculate things correctly, and the best way to get more back on their refunds.

If you live near Columbus, Nebraska, María Dávila can help.

As someone who enjoys working with numbers and problem solving, María wanted to share her passions and to help others. She found a way to do that, while also realizing her dream of owning her own business.

María opened Servicios En General, LLC, in Columbus in 2001. She strives to offer reliable assistance and security in her clients' tax preparation and create a welcoming environment for all.

"I enjoy helping people," said María. "I know how hard it can be when you

don't really know much about a service you are receiving. Our goal here at Servicios En General is to always answer and inform all of our clients' questions so that they understand their taxes better."

As with most businesses, upgrades and repairs become necessary after some time. When María found herself in that situation, she turned to the Center for Rural Affairs. She received a loan in 2010 to replace the air conditioner unit on her building, and another loan in 2020 to replace the roof.

Center Latino Loan Specialist Veronica Spindola helped María through the process of getting her second loan, and has watched her tax business thrive.

"María is very proactive and has grown her business exponentially," said Veronica. "During tax season her office

is always full of clients and she works late hours. She's also had to increase her staff and create more office spaces for personnel."

María is a very disciplined client, and has attended several of the Center's training sessions.

"She is a very interesting client to work with—María is smart, creative, and eager to constantly learn things that improve her business," Veronica said. "Besides running her business, María is a very active member of the community. She often volunteers her time and is an example to follow as a business person, community member, and empowered woman."

María says the one-on-one business counseling and training she received through the Center has helped her run her business more efficiently.

"I had someone sit down with me and go over all my questions regarding QuickBooks," she said. "I take part in the workshops the Center offers every chance that I get."

María and her three full-time and six part-time employees specialize in tax preparation and focus on personal tax returns. They also help clients get ITINs (Individual Tax ID Numbers).

"We at Servicios En General like to help our community as much as we can," said María. "If there is something we can't help them with we always like to point them in the right direction."

Not only does María offer her clients the best service she can, she has advice for potential business owners who might not know where to start.

"It can be scary starting a new business, but there are lots of resources out there that can help you," she said. "Get connected with others in the field. Always put yourself out there and volunteer

as much as you can to be a part of the community. Everyone starts somewhere and you will get there at your own pace. You will always be learning new things along the way. Don't give up, and remember, knowledge is power."

She adds that there will be people who may not want to help, though she has been pleasantly surprised at how many others are more than willing to guide entrepreneurs as they begin their journeys.

For María, this means having the support of family and friends.

"Everyone who has believed in me has helped me since day one in creating Servicios En General," she said. "None of this would have been possible without the support from my husband, children, mom, and everyone that has been a part of this journey."

María says having her own business is an obstacle within itself, but urges others to not give up and to keep pushing and pursuing their dreams. The Center for Rural Affairs has been there whenever she needed it, she said, and it can help others as well.

"I decided to work with the Center because they offered business training on how to start a new business," she said. "It has been a great experience working with the staff. Everyone is always so welcoming and willing to help in any way they can. I know the Center will guide you in the right direction, give you the tools needed to start your business, and coach you on how to make sure your business is successful."

Do you own a small business and need to make repairs on your building, like Maria? Contact your regional loan specialist. Find yours at cfra.org/lending-staff. 📍

Prepare for your tax appointment

By Kim Preston, Lending Services Director

As you set goals for your business, have you thought about access to capital and credit? Have you struggled year after year preparing for your tax appointment? Thinking about these items now will help you prepare for both the upcoming tax season and potential borrowing opportunities your business may need.

What should I bring to my tax preparation appointment?

Getting ready for your tax appointment can be stressful. Start early by collecting these items and making sure each is accessible.

- Last year's tax return
- Current financial statements and bookkeeping records (journal entries, profit and loss statement, balance sheet)
- Income records—1099, W-2s for yourself/household and those paid to employees and/or contractors
- Estimated tax payments—state and federal taxes paid during the year
- General ledger—detailing each expense category for tax deductions
- List of depreciable assets
- Record of any benefits offered to employees

What business expenses should I share with my tax preparer?

Keeping a good record of your business expenses in your accounting software/program or in spreadsheets will be helpful to your preparer. Documentation of these expenses should include receipts or invoices. Business expenses that may be eligible for a tax deduction include:

- Meals and travel
- Advertising
- Legal/accounting fees
- Business insurance
- Office supplies, internet, cell phone
- Business loan interest
- Rent for equipment or business space



Your tax preparer may help identify other expenses. If you are a home-based business, you may deduct home office expenses such as square footage of the home or office space, proportion of your utilities, and in some cases a fraction of the property taxes and/or mortgage/rent.

You may also find deductions if you use your personal vehicle for business purposes. Keep a detailed record of your mileage and itemized receipts for fuel, repair, insurance, and lease payments.

Have you purchased or sold any assets in the past calendar year?

Your tax preparer will want to see invoices or receipts for large asset purchases. These items can be depreciated and reduce your tax liability over time. When you sell large assets, your tax preparer will want to see proof of the sale and remove it from your depreciation schedule.

Thinking about a loan for your small business in the future?

Preparing yourself with these tips will help equip you for a new loan opportunity. The more you have organized, the more likely you will be able to see a quick turnaround on your application. Even if you aren't thinking about new loan capital now, it is better to be prepared for the potential emergency need for a cash injection or asset purchase.



Signs you are not ready for business credit

Lenders, like the Center for Rural Affairs and traditional banks, will struggle approving your application if:

- You have a business idea without a business plan—how can you turn your idea into a thriving business?
- You lack personal/business cash flow and/or struggle to make on-time payments.
- Your credit score is low or you don't have a credit history—are there opportunities to build your personal credit score? Are there derogatory items to address?
- Your business isn't registered or formally established—should you create an LLC, sole proprietorship, or incorporate?
- You do not separate business and personal banking accounts.

What will a lender look for?

- Business and personal tax returns
- Financial statements—balance sheet, profit and loss, income statement
- Bank statements (both personal and business)
- Business registration (state or federal employer identification number, or EIN)
- Business plan

The Center has created a checklist that may be useful as you prepare for your application. Check out cfra.org/prepare-your-loan-application.

Good habits to start in 2023

- Maintaining good records of your business income and expenses.
- Keeping business and personal finances separated—business transactions should come from the business checking account or credit card, and personal transactions should come from your personal bank account. Keeping these separate accounts will also help you see the big picture as to where your money is going and help you address cash flow issues quickly. Your lender and your tax preparer will appreciate the organization as well.
- Take time to plan your 2023 goals, and find someone to help hold you accountable.



Do you own a small business and want free one-on-one counseling before your tax appointment? Contact your regional loan specialist. Find yours on pages 10 and 11.



OUR LOAN PRODUCTS *Apply at cfra.org/loans*

✓ Small Business Loan

Up to \$250,000 for working capital, equipment, inventory, and real estate.

✓ Express Loan

For borrowers with credit needs less than \$20,000. Fewer documents and faster decision.

✓ Housing Loan

Mortgage loans between \$5,000 and \$100,000 are available for purchase of home, owner-occupied rehabilitation or renovation, or emergency repair to a property.

✓ Meat Processing Loan

Loans between \$50,000 and \$5 million are available for expansion of existing business, start-up of new business, real estate purchase, new construction, facilities update or expansion, equipment purchase, energy efficiency upgrades to facilities and equipment, purchase of an existing business, or working capital.



BUSINESS DEVELOPMENT SERVICES

Business counseling

Business development specialists are available for consultations on business troubleshooting, cash flow and budget, loan packaging, and more.

Loan specialists

We have a statewide network of loan specialists ready and willing to help you along your small business journey. Find your specialist on pages 10 and 11.

Start-up checklist

You have a great idea for a new small business. Congratulations! That's the first step. But, you need to do a few other things to turn that idea into a business. We offer an online checklist with actions to get you started. Visit cfra.org/business-start-checklist.

Events and networking

We host various workshops and networking opportunities focused on emergency preparedness, marketing, business plans, social media, specific industries, and more. To stay up to date, visit cfra.org/events.



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Business spotlight

Owner: Ciro Cortez

Business: The Yellow Taco Truck

Opened: December 2020

Location: Nebraska City, Nebraska

Industry: food services

Type of assistance: Business loan, one-on-one assistance, and trainings (including Restaurant Academy)



SPOTLIGHT



"I always had managers and bosses who pushed me to start my own business, especially for a taco truck, and I kept learning about that process."

"I am in love with the richness and variety of Mexican cuisine, probably because of my heritage, so I told myself in the future I want to have my own business, and I made it happen."

-Ciro

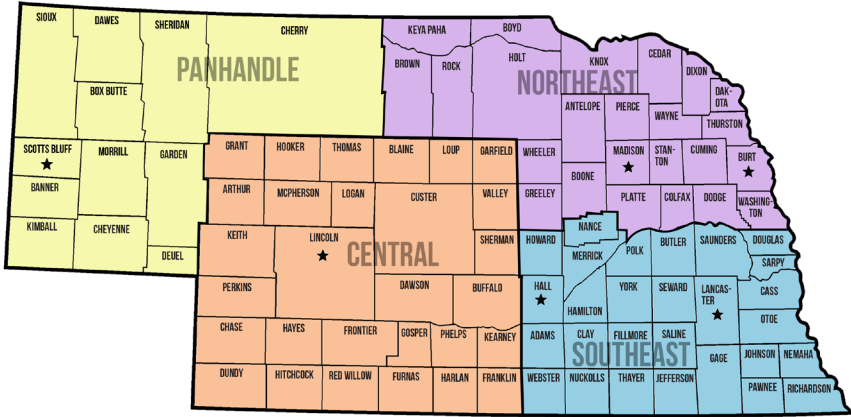
"My wife and I work together and attend Center classes together. My expertise is knowledge of the food and knowing how to prepare it, and my wife uses her expertise on the business paperwork. Working with the Center motivated us and created excitement about starting the business."

-Ciro



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Services provided in English



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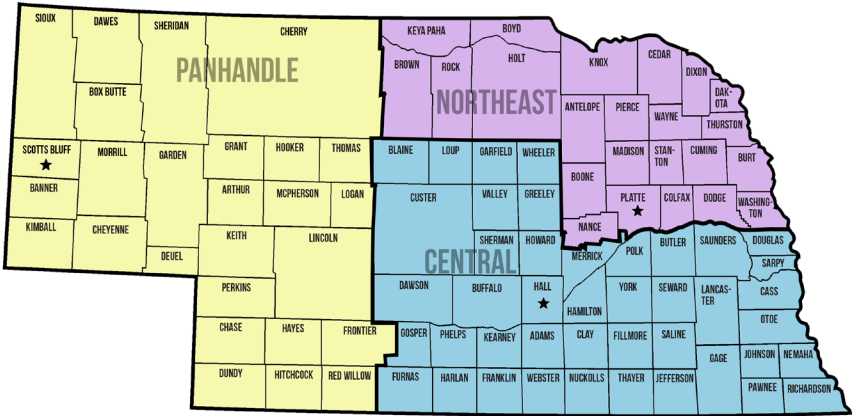


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SERVICE MAPS



Join in the conversation. Our loan specialists are now on Facebook.



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