

# PENUMBRA

FOR SELLERS AND BUYERS OF SMALL ADULT CARE, FAMILY CARE FACILITIES, CRCFs, AND HOME CARE AGENCIES



## Exit Plan for Caregivers

### Installment Sale Reporting for Sale of Business Property

Business owners may structure the sale of business property so that a portion of the proceeds are received in one or more years after the sale. Unless an election to "Elect out of the Installment Method" is made, the Installment Method must be used unless the transaction is one where the installment method is not allowed (i.e., sale of inventory, dealer sales, or sale of stock or securities). The benefit of this method is that it matches the cash proceeds received with the resultant tax payment required. You cannot use the installment method on transactions that result in a loss. *(cont'd)*

## Financing

### The Economy: Inflation Eases Again

USA Today reports that inflation eased substantially for the third month in December 2022 as tumbling gas prices and a moderation in rising grocery bills offset another surge in rent. Consumer prices increased 6.5% from a year earlier, down from 7.1% in November 2022, and down from a 40-year high of 9.1% last June according to the U.S. Department of Labor. For the first time since May 2020, the month-to-month change in consumer prices fell. It fell only 0.1%, but this is a welcomed sign by consumer and owners. The good news could not come at a better time. This is the last consumer inflation report before the Federal Reserve meets next month to determine if they will increase interest rates. *(cont'd)*

## et cetera

- In December, NFIB Research Center's Chief Economist Bill Dunkelberg stated "[t]he negative impact of the dramatic increase in interest rates has not been fully felt, and more rate hikes are almost certain in the year. ... Overall owners are not optimistic about 2023, sales and business conditions are expected to deteriorate..." Coleman Report.
- RedeApp (redeapp.com) shared 5 strategies to improve employee retention in the home health care industry: 1. create 2-way communication to show your staff your commitment to listening to *(cont'd)*

## Market Watch

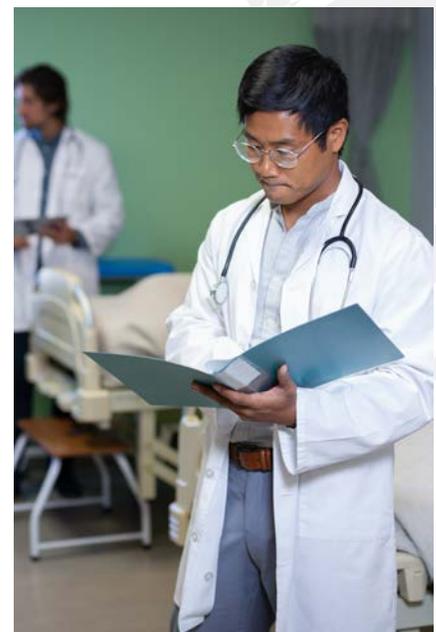
### Florence and Rock Hill outperform other SC HCA markets

In a 4Q2022 market study, Crimson Cardinal Healthcare Intermediary Research found that Florence and Rock Hill agencies outperformed all other SC HCA agencies on a revenue per agent basis. The study found that the median revenue per employee reached \$95,500 and \$68,400, respectively for 2022. Their performance far exceeded median revenue per employee in the larger metropolitan areas of South Carolina. Charleston and North Charleston, the first and third largest population centers in the state, had a median revenue per employee of \$44,000, less than half the rate in Florence. Columbia, the state capital performed worse with a median rate of \$33,600. *(cont'd)*

## Regulatory Watch

### SC creates Statewide Food Pantry Map

South Carolina Department of Health and Environmental Control (DHEC), in partnership with Clemson University College of Behavioral, Social and Health Sciences, (CBSHS) created a statewide map showing food pantries for every county to aid families and citizens facing food insecurity. Feeding America, a non-profit organization, reports that nearly 490,000 people in South Carolina face hunger and food insecurity. Food insecurity means a lack of access to enough food to live a healthy lifestyle. Project leaders hope this resource will decrease this statistic. The Food Access Map makes the process of finding reliable information on food resource easier for people in need across the state. Dean of CBSHS Leslie Hossfeld stated that, "a crisis such as the COVID-19 pandemic only makes clearer the need for *(cont'd)*



### Installment Sales cont'd

Business owners should consult with their tax advisors before deciding on any installment sales elections. Any gain realized on an installment sale will be taxed under preferable capital gains rates ranging from 0%, 10%, 15%, and 20%.

**How Does It Work?** First determine the gross selling price. Second, determined the adjusted basis of the property sold along with any selling expenses incurred. Third, calculate the Gain (i.e., sales proceeds less selling expenses less adjusted basis). If the property is subject to depreciation recapture, the Gain is reduced by the depreciation recapture. Fourth, calculate the gross profit percentage - that is the Gain divided by the selling price. You will apply this percentage to cash payments received in the first and future years. The cash payments do not include any interest received as part of the installment agreement. Interest income will be reported separately each year of the installment agreement.

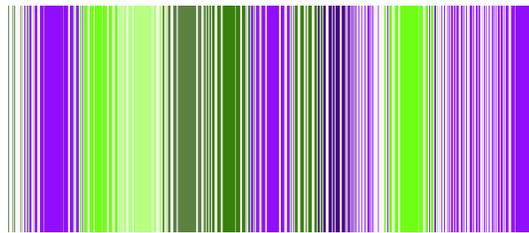
The Installment Sale Method could be an advantageous tax option, but it is very complex. This article is meant to only provide a snapshot of the potential benefits. Do not attempt this method without the advise and counsel of a tax advisor. Mr. Rudolph H. Clark, Jr., CPA, provided the text to this article. You can reach him at RHCCPA1979@gmail.com or call him (336) 579-0333.

### Regulatory Watch (cont'd)

good, reliable information on what type of help is available and where to find it. This map has been put in place to serve as a repository for that information." Brooke Brittain, associate director of food and nutrition security for CBSHS Clemson Rural Health, also envisions that health care providers, who screen for socioeconomic difficulties during patient appointments, could use the map to help their patients find food. To access the map, go to this URL: <https://www.arcgis.com/apps/webappviewer/index.html?id=67040ade1263477eb9159ef0d86fcfee>

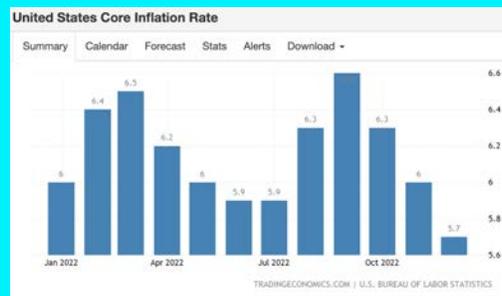
### Market Watch cont'd

See the results by major city below:



### Financing cont'd

Core inflation, which excludes volatile items such as food and energy, went up only 5.7% year over year in December.



The good news did not surprise Professor Emeritus at the University of Pennsylvania's Wharton School Emeritus Jeremy Siegel. Dr. Siegel has opined for months that the core components of inflation had eased and that the Federal Reserve should begin reversing its position on interest rate policy. See Dr. Siegel's YouTube interview at <https://youtu.be/zf51mDQqkIQ>



### et cetera (cont'd)

their needs. 2. Provide opportunities for their professional development. Include training, education, and career development. 3. Recognize and reward employees for their contributions. Use regular feedback and appreciation as well as formal recognition. 4. Foster a positive work environment. Be supportive, work collaboratively, and promptly address issues and concerns staff have. 5. Encourage employee involvement. Welcome ideas for work improvement.

- The US Labor Department reports that vegetable prices saw a 38% monthly jump in November. Year over year, vegetable prices are up 80%.
- NBC News reports that travel nurses who took high-paying jobs during Covid are finding their pay slashed, sometimes in half. Many travel nurse contract contain "at will" contract provisions that may leave the nurses vulnerable to steep rate reductions.

