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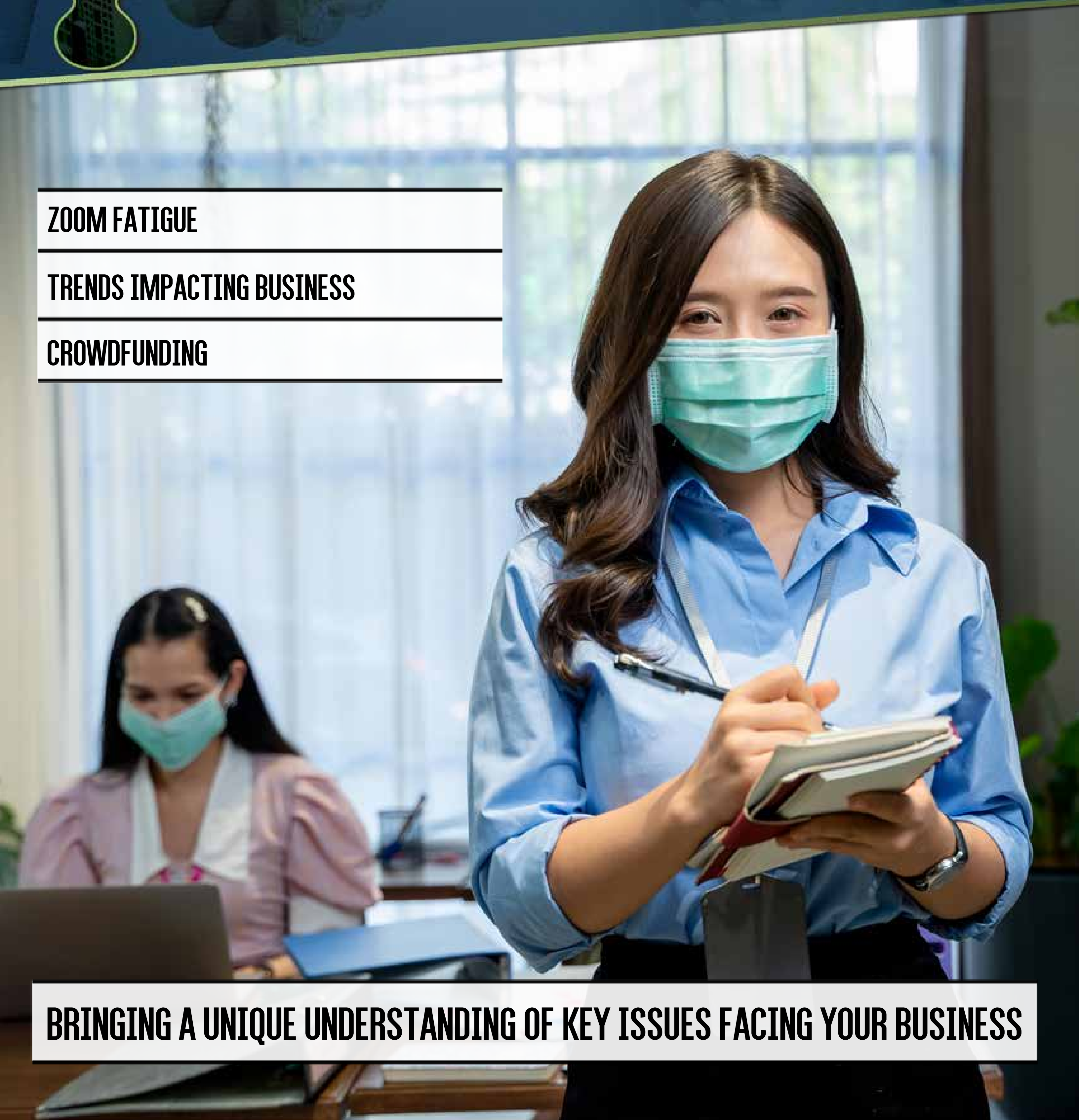
PRESENTS

BOTTOM LINE

VOL. 24
FALL 2021



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BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING YOUR BUSINESS

FROM THE EDITOR - EDWARD McWILLIAMS, CPA

Looking through the articles for this edition of the Bottom Line one thing that jumps out at me is both the continual frontiers we are crossing and yet how familiar much of these topics can feel now, even though they are emerging issues still. The *"oldest"* article we have on tap relates to Crowdfunding, which commonly refers the practice of raising small amounts of money from a large number of sources, typically enabled by technology. While the ideas behind Crowdfunding can be traced back several centuries, it is really only within the past 5-7 years that it has become as ubiquitous as any other source for many businesses.

The idea of video calls being used regularly was always somewhat of a *"future"* concept, thinking back to The Jetsons or Back to the Future Part II. The technology itself has been around since the earliest days of the internet, but for various reasons it never quite had widespread traction until the start of the COVID-19 pandemic. With the increased use over the past 18 months, we have found that many are now suffering from *"Zoom Fatigue"* as a result. Learning about why many feel this way and learning how to manage and prevent this among employees and other stakeholders is crucial.

Finally, we take a look at some broad macro-trends that are still impacting businesses as a result of the COVID-19 Pandemic. Some trends that may have it first felt temporary (*such as telework*) are now likely longer-term items, and others that predate the pandemic (*such as sustainability*) are now seeing a renewed focus.

Fatigue…burnout….exhaustion. When we speak to business owners recently these are the words that are continually coming up. For many of us, it feels like we have been on one long sprint since March 2020. Hopefully we will all start to feel some relief in the near future.

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ZOOM FATIGUE

WHAT IS ZOOM FATIGUE?

With COVID-19 forcing many businesses to work remotely, there has been a dramatic increase in the use of Zoom, Skype, Facetime, and other video call applications. While these video calls allow people to safely connect, there are also several drawbacks. A big issue affecting millions of people is Zoom, or virtual, Fatigue. No matter which video call application you are using, video calls may make you fatigued. **Zoom Fatigue is *"tiredness, worry, or burnout associated with the overuse of virtual platforms of communication, particularly videoconferencing."*** Workplace burnout has always been prevalent; however, Zoom Fatigue contributes to overall burnout. It is important to be able to recognize, manage, and prevent Zoom Fatigue.

WHY DO I FEEL FATIGUED?

Zoom Fatigue may be caused due to several reasons. Many employees are used to working in an office and having face-to-face meetings and are not used to having these virtual meetings. If employees are not used to being on video for meetings, they may be anxious about how they look, how they are acting, or how messy they think their home is, which can be draining on a person's mental health. With remote work it is important to be able to keep in touch with your fellow colleagues; however, this may lead to several back-to-back calls. Employees may have been able to move around during regular office meetings, but most cameras have a set field of view making the person stay in the same spot for multiple hours, severely limiting their mobility. If employees did much of their work in a typical office setting, they may not have an ideal or suitable home office where they can take their calls in private, especially if their significant other and children are also working from home. This can lead to your home life showing up during calls. From animals barking, children running through the background, and outside traffic noise, it can be very overwhelming and taxing to try and get through a call with all these distractions. Lastly, technical issues such as poor internet or not knowing how to use the platform can make meetings drag on longer than the anticipated time. It can be frustrating having to repeat yourself since you or another employee was muted or did not have their audio turned on. Being dropped from calls, having meetings *"freeze,"* having to constantly reconnect, and having audio issues can easily make a quick ten-minute meeting into a thirty-minute meeting or longer.

HOW TO RECOGNIZE ZOOM FATIGUE

Zoom Fatigue can show up in several ways. Common symptoms are sore eyes; headaches and migraines; and blurriness and double vision. While these issues have already been prevalent for people who work on computers all day, there are newer symptoms that are specifically being caused by frequent Zoom calls. These symptoms include tiredness between calls, anxiety of turning on your camera, and lack of focus.

HOW TO MANAGE AND PREVENT ZOOM FATIGUE

Back-lit screens, small text, and screen glare, strain our eyes, making them feel dry and tired. We often blink less when staring at a screen all day and it is a good idea to take frequent breaks throughout the day by implementing the 20-20-20 rule. The rule is to look at an object at least 20 feet away for 20 seconds every 20 minutes to refocus our eyes and help to alleviate some of the eye strain that is being caused. It is important to avoid multitasking during video meetings. It can be very tempting to try to get ahead and work on another screen or scroll on your phone during a call. However, this will only cut into your performance and you will miss information discussed during the call. This can lead to the speaker having to repeat themselves, thus making the meeting longer since you were not paying attention. Closing tabs, or any other programs that may distract you, can reduce the urge to multitask during a meeting. While many employees may not oversee scheduled meeting times, employers should do their best to avoid back-to-back calls to allow their employees a break between calls. Allowing a 10-to-20-minute break between calls will allow them to step outside for a moment, make coffee, or time to stretch or move their body. If possible, changing your location to either a different desk or a different room can help alleviate some fatigue. For instance, certain areas of the house may have better lighting or may be quieter. Lasty, it is important to set boundaries for yourself and others around the house. With most people having no, or little commute, it is easy to get wrapped up in work and log another hour or two to get ahead for the following days. This will only lead to faster burnout, so it is imperative to set a time to log off and stick with it.

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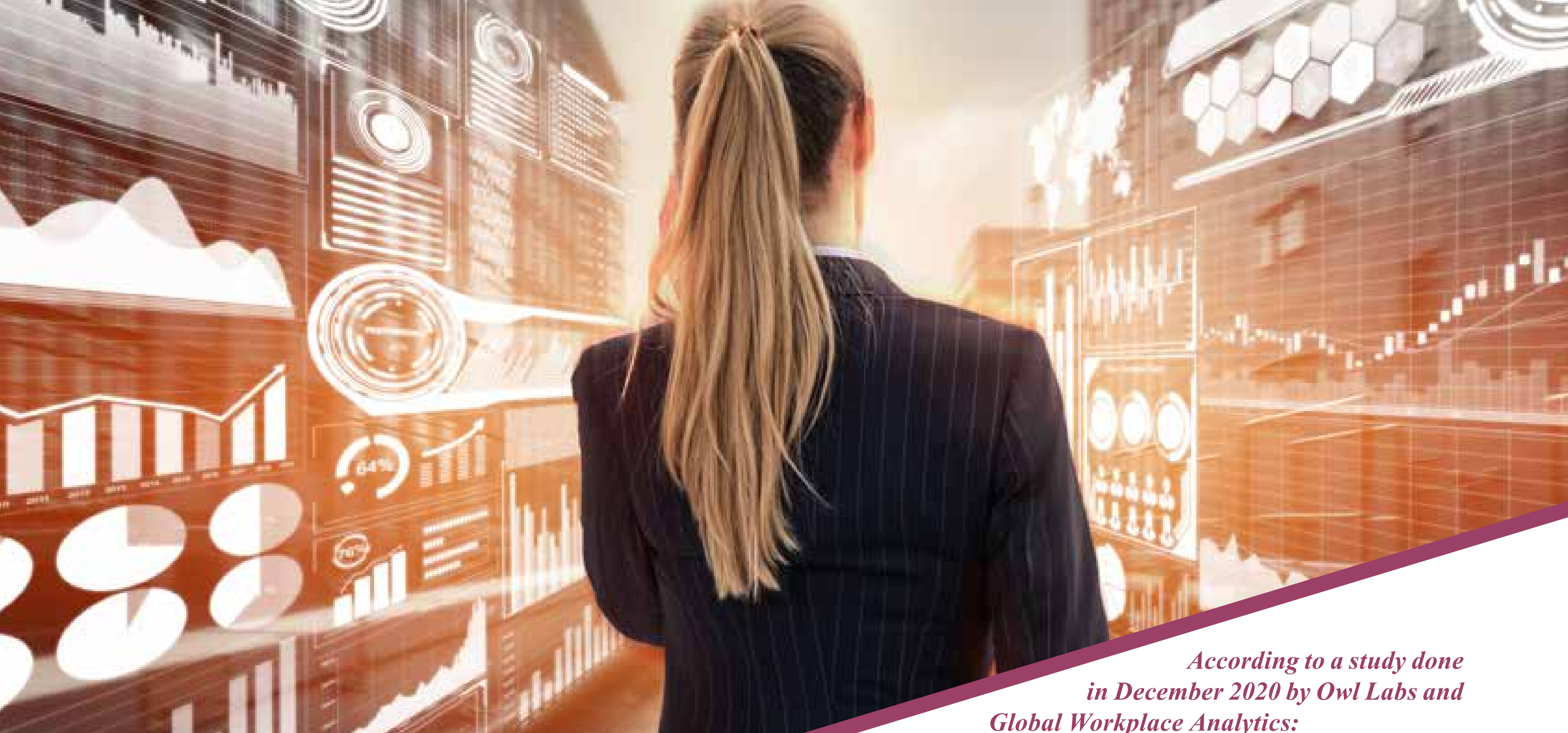

TRENDS IMPACTING BUSINESS

The COVID-19 pandemic continues to be a devastating event that is transforming the world in many ways. One of the most transformed areas, especially in the United States, is the business world. Every single sector that conducts business in the United States, no matter the size, has been forced to adapt to the regulations and restrictions that this destructive virus has created. These newly created rules have accelerated a variety of trends that have been percolating for the past several years.

The most obvious trend within the last calendar year has been the increase in telework. Some interesting facts regarding working from home:

- According to the United States Census, more than one-third of United States households reported working from home more frequently than before the pandemic.
- During the pandemic, 31 percent of establishments (*employing 68.6 million workers*) increased telework offered to employees (*U.S. Bureau of Labor Statistics*).
- 38.8% of employed persons between the ages of 25 and 54 worked as full-time remote workers in May of 2020 (*U.S. Bureau of Labor Statistics*).
- This is up from 3.2% of the entire U.S. workforce working remotely in 2018 (*Global Workplace Analytics*).

Now while this sharp increase in telework can be attributed to the uncertainty of workplace safety brought on by COVID-19, the trends are certainly pointing to a stabilized increase in remote work in the post-pandemic business world.

According to a study done in December 2020 by Owl Labs and Global Workplace Analytics:

- Of the 2,205 full-time workers between the ages of 21 and 65 surveyed, 92% expect to work from home at least once a week, and 80% expect to work from home at least 3 times a week on a go forward basis.
- 1 in 2 people surveyed will not return to jobs that do not offer remote work post-COVID-19.

This preference shown by employees for remote work is not a negative for those in management and ownership roles, as an increase in remote work creates less of a need for large office spaces, and overhead expenses such as building maintenance, security, furniture, and office supplies can be greatly reduced.

The trend that makes this increased use of teleworking possible is an increase in the use of integrated technology, automation, and digitization.

WORKFORCE TURNOVER

A major consequence of the COVID-19 pandemic has been the upward trend in quit rate (*individuals quitting their jobs vs. total employment*) observed in working adults since the beginning of 2021. According to the Bureau of Labor Statistics, more than 3.9 million people quit their jobs in April of 2021, which is the highest quit rate since the bureau began collecting data in 2000. The Bureau of Labor Statistics also reports that the number of nationwide job postings hit a record high in April of 2021, with 695,000 more open positions than currently unemployed workers. In addition to these individuals who have recently quit their jobs, more people are actively planning or contemplating doing the same. According to the Microsoft Work Trend Index, *"54% of Gen Z workers, who make up 41% of the global workforce, are considering resigning,"* and according to Prudential's Pulse of the American Worker Survey, nearly 26% of all workers surveyed (*2,000 full time working adults*), expect to change jobs when they feel as if the pandemic has completely subsided.

So, why is this? The pandemic was obviously a traumatic and overwhelming time for many Americans, *but why is it leading to so much turnover in the workforce?* According to Anthony Klotz, a professor of management at Texas A&M, it is corporate burnout, a newfound appreciation for one's free time, and bolstered savings accounts, all of which have been exacerbated by the pandemic.

- **Corporate burnout:** Many companies were forced to lay off employees to stay afloat financially, leading to an increased and more stressful workload for the retained employees, and in turn, burnout.
- **A newfound appreciation for one's free time:** While the pandemic created an incredible amount of loss, heartbreak, anxiety, and fear, many isolated Americans were forced to look at the way they spend their time. *Does my job make me feel emotionally fulfilled? When life can change so drastically, so quickly, do I want to spend my life working a job that makes me unhappy?* For many, this reflection led to resignation.
- **Bolstered savings accounts:** For the individuals who remained employed throughout the pandemic, it was a time of reduced expenses and financial stimulus, leading to a *"cushion"* of sorts that many are using to quit their job without another one lined up, or take another job that is more flexible, but provides less pay.

TECHNOLOGY & BUSINESS

The turbulence of 2020 caused businesses to adapt their technological processes on the fly, as in-person meetings and brick-and-mortar shopping became cloud-based video conferences and ecommerce. This trend has continued into 2021, and because of the benefits of teleworking mentioned prior, seems to only be accelerating.

Early signs of automation can be seen with self-checkout machines at retail and grocery stores, replacing what used to be human cashiers. Management sees these machines as a quicker, cheaper way to facilitate customers through the checkout line and out of the door, leading to a more satisfied customer experience and less overhead costs.

Improving supply-chain productivity through automation, solidifying data security, and increasing the use of advanced technology in operations (*Sneader, Singhal, 2021*), are three examples of common technological breakthroughs experienced by small and large-scale businesses since the beginning of 2020. A McKinsey survey published in October of 2020 also found that businesses are now three times more likely to conduct 80% or more of their customer-facing interactions digitally than they were pre-pandemic (*LaBerge, et. al*).

In a more global sense (All data according to DataReportal's "State of Digital: 2021"):

- 5.22 billion people use a mobile phone as of January 2021, equating to more than 85% of the world's population aged 13 and above. Unique mobile phone users also rose 1.8% between January 2020 and January 2021.
- 4.66 billion people worldwide use the internet as of January 2021, up by 7.3% since January 2020. 59.5% of the global population now has internet access globally.
- There are 4.20 billion social media users worldwide, and this figure has shown year-on-year growth of 13%. Roughly 15 ½ new users joined social media every second in 2020. More than 53% of the world's total population uses social media.

These figures show not only how widespread the use of mobile and internet devices are worldwide, but also a large reason for the digitization of business operations in 2020 and 2021. Individuals are on their mobile devices, social media, and the internet more than ever, *so what better way to reach the consumer?* Through targeted ads, ecommerce, and AI customer service bots, companies are turning to screens to send their message and sell their products and services.

SUSTAINABILITY

The relationship between business and sustainability is not a new one; for the most part, businesses have been aware of their impact on the environment since the Industrial Revolution. But during the last fifty years or so, efforts by environmental groups and the public have brought the possibility of an environmental crisis to the forefront. The COVID-19 pandemic indirectly shed light on this possibility as well, as companies observed how devastating the early months of the pandemic were for public safety and their bottom line. The climate crisis, many believe, could be even worse for both. **This is a major reason why green initiatives are as popular as they are in 2021:** businesses do not want to risk another pandemic-like catastrophe for themselves and others. BlackRock stated in its 2021 Global Outlook that it expects a shift to sustainability to *"help enhance returns"* and that *"the tectonic shift towards sustainable investing is accelerating,"* (*Sneader, Singhal, 2021*) and this opportunity to prevent another financial bloodbath while increasing opportunity for further equity and profit have created a perfect storm of sustainability in business. The answer, then, is to rethink and revise operations, practices, and the impact of products on the environment.

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CROWDFUNDING

WHAT IS CROWDFUNDING?

Crowdfunding is the idea of funding projects or businesses from a crowd, rather than having a few investors contribute to the project or business idea.

Crowdfunding is typically used in a start-up business to bring a new product or service into the world or assist individuals who may have been impacted by natural disasters or infrequent tragic events.

Recently, the introduction of Patreon and Substack have motivated artists, podcasters, writers, and musicians to keep their creative careers alive from the funding made through crowdfunding. Audiences of crowdfunding have contributed to their favorite podcasters, artists, and musicians to maintain steady flows of income and allows them to keep their dreams alive.

FOUR TYPES OF CROWDFUNDING:

Rewards:

Money given in support of a crowdfunding business or project receive a reward in return for their donations. The incentive is to give varying sizes of rewards based on increased contributions.

Kickstarter, Indiegogo

Donation:

People give money in support of a business, campaign, or people.

GoFundMe

Debt:

Money that is pledged by supporters, finance a loan for a person or business in need of the financial support. Eventually the loan will have to be repaid with interest by a designated timeline. Typically, the debt-based donations are peer-to-peer lending, which means it connects people or businesses willing to loan money with people or businesses willing to borrow money.

LendingClub

Equity:

Allows small businesses to give portions of its business away in exchange for the funding. Participants would receive shares of the business based on how much money was contributed by the participant.

Crowdfunding allows businesses to attract a large number of funders that are convinced that the project or business idea is worth the investment/support. The use of social media has helped make crowdfunding popular, bringing investors together to fund businesses as they see fit. Crowdfunding allows people, who are potential investors, to select various projects that appeal to them and invest as little as $10 for funding of a business or project. Restrictions are also set in place to limit how much a person can contribute to a business through the platform. Due to crowdfunding, the opportunities to raise and fund ideas have given individuals funding to pursue projects and goals that may have never been possible without the help of such funding.

The SEC currently regulates the equity-based crowdfunding taking place in the United States to ensure portal operators conduct business funding appropriately and follow reporting requirements for the investors and issuers participating in the funding. Funding requirements have become more applicable under the SEC as it restricts the dollar amount individual investors can invest across all crowdfunding contributions over 12 months and oversee companies' crowdfunding raises to ensure they don't exceed maximum aggregate amounts within a 12 month period.

ADVANTAGES OF CROWDFUNDING

Individuals or start-up companies benefit from crowdfunding, which allows them to access a larger group of potential investors and funders to achieve a goal of some sort. The pairing of social media and crowdfunding has made it possible for audiences to contribute collectively and fund individuals in need of developing businesses or pursuing creative careers in podcasting, music, or art. There are crowdfunding projects that include rewards or gifts for contributing funds to projects or start-up businesses. The issuance of equity-based crowdfunding allows start-up companies to raise money without losing control of ownership to venture capital investors.

DISADVANTAGES OF CROWDFUNDING

A major disadvantage lies in the reputation that could be damaged if funded goals are not met. The funding goal that is not met will result in pledged money being returned to the investors, as the business or individuals requesting funds receives nothing.

SUMMARY

To summarize the effectiveness of crowdfunding: There is a greater range of audiences willing to invest or support with the simplicity of smart phones, the internet and technological access. By gaining more viewers, interactions, and shares, crowdfunding campaigns have taken major steps as a funding technique for people or businesses looking to explore opportunities that may be infeasible to fund by a single investor. Rather than pursuing an audience individually, crowdfunding allows all the information to be put out to your following and attract investors on a streamlined and centralized platform. The four types of crowdfunding allow for multiple opportunities through various funding techniques. Donation-based, Reward-based, Debt-based, and Equity-based crowdfunding present more opportunities for growth and new discoveries.

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