

Client Tell

Blackburn, Childers, and Steagall, PLC
Certified Public Accountants and Consultants

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The Computer Guys



By Jon Phillippe

WIRELESS HOT SPOT **DANGERS**

Hot Spot: A public location that offers wireless Internet access to customers.

for businesses with the unstoppable demand of people working from laptops or Smartphones in what is known as “The Consumerization of IT.” Security is no easy task with the wide availability of “Hot Spots”, increased usage of Smartphones, and data theft becoming more prevalent. Here is some valuable information for business and home users alike.

First let’s get a clear picture of what we are looking at. Security experts say that employees are increasingly exposing personal and professional information unknowingly as they log in at a Wi-Fi hot spot. “Hot spots are great for the coffee shops but people conducting business have to understand it’s their responsibility to protect themselves. They might as well be putting it on a billboard and run down the street,” says Marc Noble, director of government affairs at (ISC)2, an organization that educates and certifies information security professionals. This is the problem with Hot Spots. You are on a network that you do not control, making privacy very difficult to secure.

A 2009 study of breaches at 45 organizations shows the average organizational cost of a data breach was \$6.75 million or \$204

per compromised record. Only 24% of the cases involved malicious or criminal attacks and 42% of the cases were from third-party mistakes by people. That means that people have a much larger role to play in security than commonly perceived.

Businesses have been forced to take a much more proactive approach to securing their equipment. 67% use training and awareness classes so people understand their role in security. 74% have some type of encryption strategy so that in the event of a theft no client data will be recoverable. If you are using mobile devices for business purposes, I strongly recommend using encryption and avoid “Hot Spots” even though the convenience is tempting.

Here are some tips to help you make your computer more secure:

- *Make sure your computer has the latest Microsoft security updates using automatic updates or going to www.WindowsUpdate.com.*
- *Make sure your antivirus and firewall programs are updating daily and configured properly.*
- *Encrypt all business specific Internet communication using a virtual private network (VPN) or Citrix Server.*
- *If you must connect to a wireless Hot Spot, only connect to locations secured with a password.*



Jeff Blackburn
Honored as
Servant Leader by
Milligan College

Congratulations to Jeff who was one of nine individuals honored during a ceremony at Milligan College on April 6th.

Recipients were initially nominated by community members and ultimately chosen based on service and leadership in their profession, church and community.

Milligan started this particular event because they wanted to hold up to their students examples of individuals who have been servant leaders, not only in their professional work, but in other aspects of their lives.

HEAD IN THE CLOUDS

How Online Computer Storage and Software Access Can Help Your Business ... and Your Bottom Line



By Tommy Greer

Cloud Computing is one the hottest technology trends on the market right now, and experts predict by 2012, over 50% of businesses will be using cloud computing to manage all or part of their software/storage needs.

What is cloud computing? Cloud computing is the delivery of hosted services over the internet where the user is given online access to software and/or storage. Sound too far out there for you? Well if you've done online banking, paid any bills online, bought anything from Amazon or have an internet e-mail account you have already used a form of cloud computing.

There are three major aspects to cloud computing that makes it appealing and promising: **SCALABILITY, ACCESSIBILITY, AND PROFICIENCY.**

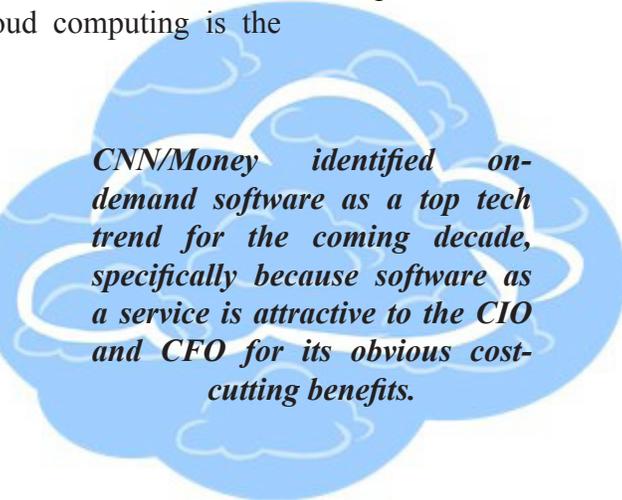
Cloud computing is scalable because you pay for what you use. With cloud computing, you don't have to make the capital investment in additional hardware or software, you pay based on number of users in the case of software

purchasing and size requirements in the case of storage.

Accessibility for cloud computing is as simple as connecting to the internet. All the user needs is a computer or smartphone and internet access. A cloud can be public or private based on the security established.

Cloud computing is extremely proficient because it is always running. Whenever you need to access a file you can anytime anywhere. In regard to software, you are always assured of using the latest version and typically the only possibility of downtime is if the internet crashes.

The potential of cloud computing, quite possibly, can change how businesses and technology work. Look at your expenses. How much are you spending on servers, software, hardware, utilities? Then look for cloud computing options in regard to software you are currently using. While you may not be ready to change just yet, this is something you should definitely continue to monitor individually and corporately going forward.



CNN/Money identified on-demand software as a top tech trend for the coming decade, specifically because software as a service is attractive to the CIO and CFO for its obvious cost-cutting benefits.

MeLissa Crockett Graduates from Chamber Leadership Program



Leadership Graduates

MeLissa Crockett pictured third from left on back row along with BCS's Jacqueline Shade first on right.

MeLissa Crockett, Office Manager of BCS, graduated from Leadership 2015 of The Johnson City Chamber of Commerce.

Leadership 2015 offers individuals an opportunity to develop leadership skills while learning more about Johnson City, Jonesborough, and Washington County.

Throughout the program one has the opportunity to examine community issues, meet with decision makers, make lifelong friendships and help build a better community.

Each participant in the program dedicates one day a month for seven months to attending organized class sessions. A graduation at the end of the program at a JC Chamber Breakfast.



By **Travis McMurray**

BUSINESS GPS

“If you don’t know where you are going, you will wind up somewhere else.” - Yogi Berra

Yogi Berra is one of the most quoted figures in the world... usually because of his nonsensical one-liners. However,

these misspoken statements can be very thought provoking. The reality is you will wind up somewhere. If you want to arrive at your planned destination, you better have good directions.

So, what does this look like for a business? Well, believe it or not, this is the purpose of a business plan. I know...you only do a business plan at inception because you have to obtain funding either through the bank or from investors. Once funding is obtained, the plan is put on the shelf never to be glanced at again. It is a necessary evil at that point. There is some truth to this, but the business plan is more; it is your roadmap. In Stephen Covey’s book, “The 7 Habits of Highly Effective People”, habit 2 is Begin with the End in Mind. Think of it as reverse engineering. Once you have your destination, then you can identify all the steps, people, and processes that are needed to get there. Sounds simple enough, but the reality is that as business owners we are constantly reacting to our surroundings - trying to merely survive. So this business plan that the bank forced you to put together can help you be more proactive about the direction of the business and less reactive.

Business plans can come in many different shapes and sizes; the key here is to have some strategy for your company and to be very deliberate about carrying that strategy out. Some

of the basic components of a business plan include:

COMPANY STRUCTURE

PRODUCTS & SERVICES

FACILITIES & LOCATIONS

MANAGEMENT TEAM/PERSONNEL

MARKET ANALYSIS

STRATEGY & IMPLEMENTATION

FINANCIAL PLAN

Each of these sections is very important, but this is by no means an all-inclusive list. And each section can cover a wide range. For example, Company Structure could cover the legal structure of the company, the ownership of the company including succession planning, or it could focus primarily on the cultural structure of the company.

When working on a business plan, keep the following in mind:

Make sure the goal/vision is clear.

All the objectives and strategies must support the goal/vision for the company.

Be sure to update it...things do change (bad economy, government regulation, loss of a key person, etc.) and they aren’t always things we can control.

One final note, the sooner you figure out where you going, the sooner you can get on the right path.

Treasury Department goes Green

In an effort to go green, the Treasury Department is implementing a three-part initiative to reduce paper transactions. They have stated the initiative will save more than \$400 million dollars and 12 million pounds of paper in the first five years alone.

Receipt of Benefits

For individuals receiving Social Security, Supplemental Security Income, Veterans, Railroad Retirement and Office of Personnel Management benefits – they will receive their benefits either by direct deposit into a bank account or via the Treasury’s Direct Express debit card. Effective for new enrollees beginning 3/1/2011 and to existing recipients beginning 3/1/2013.

Federal Tax Deposit Coupons

Elimination of Federal Tax Deposit Coupons (Form 8109b). Beginning in 2011, businesses will have to make deposits electronically, via EFTPS system. Exception is for businesses with \$2,500 or less in quarterly tax liabilities that pay with their quarterly reports.

Savings Bonds

Treasury will eliminate option to purchase paper savings bonds through payroll deductions for federal employees as of 9/30/2010 and for private sector by 1/1/2011. This is only for paper bonds through payroll – you will still be able to purchase paper bonds at financial institutions.



Established in 1867, King is a comprehensive Christian college modeled as a small university. King cultivates an environment of academic excellence where scholarship, stewardship and faith are integrated. Following our mission of building meaningful lives of achievement and cultural transformation in Christ, we lead students to participate in activities that help them pursue maturity on social, intellectual and spiritual levels. The result is a dynamic community with a broad worldview, sharpened professional acumen, and commitment to serving others.

Through sustained development of both traditional and Graduate & Professional Studies programs, King has achieved a milestone of 10 consecutive years of record growth. King College welcomed its largest ever student body for the fall semester of 2009, with a total of 1,804 students enrolled.

King offers more than 80 majors, minors, concentrations, and pre-professional programs. We also offer a Master of Business Administration, a Master of Science in Nursing, and a Master of Education. As our graduates and awards attest, King is particularly well-known for our undergraduate programs in health sciences, education, pre-law, business, economics, computer science, and ministry.



For the 20th consecutive year, the “U.S. News and World Report’s 2010 edition of America’s Best Colleges” lists King College among the Best Baccalaureate Colleges in the South. In addition, King has been designated one of the best colleges and universities in the Southeast by the “Princeton Review” for a sixth consecutive year.



King College has also been selected as a Military Friendly School by G.I. Jobs, the premier publication for transitioning military personnel. Published by a veteran-owned business headquartered in Pittsburgh, Pa., the 2010 list honors the top 15 percent of colleges, universities, and trade schools doing the most to embrace America’s veterans as students.

During 2009, King College was accepted to National Collegiate Athletic Association (NCAA) Division II (D-II) Provisional status. King is now participating as an independent member of NCAA D-II for the 2009-10 academic year. With the provisional status, King College will compete against other NCAA D-II members, as well as some NAIA institutions.

King College's 20 intercollegiate sports are baseball, men's and women's basketball, men's and women's cycling, men's and women's cross country, men's and women's golf, men's and women's soccer, softball, men's and women's tennis, men's and women's track, men's and women's volleyball, and men's and women's wrestling.

The King College educational experience is uniquely designed to help prepare students to make meaningful and significant contributions to their communities through their vocation after they complete their degree.

On average, 85 percent of King graduates seeking employment are hired within six months, and 85 percent of these are employed within their field of choice. While alumni can be found at some of the nation's most prominent employers including Northrop Grumman, Boeing, the Centers for Disease Control and Prevention, the Federal Bureau of Investigation, and others, alumni also often stay in the region and serve top employers such as Eastman Chemical Company, King Pharmaceuticals, Wellmont Health System, Bank of Tennessee, Bristol Motor Speedway, and Holston Medical Group, among others.

King recognizes the need in Northeast Tennessee and Southwest Virginia for college-level course offerings for working adults. King has more than a dozen instructional locations where baccalaureate and graduate level classes are offered.

Recent addition to these locations include Knoxville, the Morristown and Sevier County campuses of Walters State Community College, and the Kingsport Center for Higher Education (KCHE) in Kingsport.



King College is a Presbyterian-affiliated comprehensive college structured on a university model. For more information, contact the Office of Admissions at 800.362.0014 or admissions@king.edu or visit us on the Web at www.king.edu.



By placing quality programs in convenient locations, area professionals can gather to learn and still have time to dedicate to work and family. In turn, this initiative benefits the region's current employers and helps attract new businesses to our area, and we are glad to be providing the quality education experience so critical to Kingsport and the surrounding region.

King College continues to be a leader in education in the region with forward-thinking, proactive measures that provide for an exceptional education for students, engage the community, and improve economic development.



TAX BREAKS FOR SMALL BUSINESS OWNERS

Tax Credit for Providing Employee Health Insurance &

Payroll Tax Incentive and Income Tax Credit for Hiring Unemployed Workers



By Beth Lillycrop

It has been said "The difference between 'involvement' and 'commitment' is like a ham and eggs breakfast; the chicken was 'involved' - the pig was 'committed'."

As an employer, the small business owner is **committed** to looking out for the interests of their employees while still maintaining a viable business. Recent legislation has come to the employer's aid with tax breaks and credits that should be very beneficial in the coming years.

If you are a small employer that provides health insurance coverage for your employees, this new tax credit may be of great benefit in 2010. The IRS recently issued a new health care tax credit for small businesses that is worth up to 35% of the cost of premiums in 2010. This rate will increase to 50% in 2014. The credit is designed to encourage small employers to offer health insurance coverage for the first time or maintain coverage they already have. To be eligible, an employer must pay at least 50% of the cost of health care coverage for some of its workers and must have less than 25 full-time workers (or 50 part-time workers). The only other major requirement is the employer must pay wages averaging less than \$50,000 per employee per year. Both "for profit" and "not-for-profit", tax-exempt firms qualify for the credit. The IRS has sent postcards to millions of small

businesses encouraging owners to take advantage of the credit, if they qualify.

Other tax breaks recently issued give tax benefits to employers who hire workers that were previously unemployed or only working part time. By hiring unemployed workers, the employer may qualify for a 6.2% payroll tax incentive which is actually exempting the employer from paying the matching portion of social security taxes on wages paid. In addition, if the employee remains for at least a year, the business may claim an additional general tax credit, up to \$1,000 per worker, when filing the 2011 income tax return.

Although we are in financially trying times, economists believe it will be the efforts of the small businesses that will help bring us through. Our goal at Blackburn, Childers and Steagall, PLC is to assist the small business owner in getting through these times. We are ready to answer any questions you may have concerning new tax breaks and incentives. Please give us a call or visit our website at:

www.BCScpa.com.



Andy Hatfield and wife Jessica welcomed their new baby girl, Madilyn Claire Hatfield, on April 25th, weighing in at 8 lbs 5 oz, and 21.5 inches long. Their son, Abe, is excited to be a big brother and can finally start figuring out what all this pink in the house is all about.



Congratulations to Melissa and Brad Van Huss as they welcomed their new baby boy, Brady Allen, at 6:25 pm on Tuesday, May 4th. Baby Van Huss weighed 8 lbs 3 oz and was 20.5 inches long. Congrats to the new parents and best wishes for a well deserved good night sleep!

Alexander Greer joined the BCS team as a part-time intern in our audit department in June 2010. He currently attends The University of North Carolina Asheville and is expected to graduate in December, 2010 with a major in Financial Accounting with future plans to go on to Law School. Alexander earned a scholarship for the UNC Asheville Tennis Team during his freshman and sophomore years and has taught numerous clinics over the past five years.

Fair Value Measurement Myths

What FAS 157 *Really* Did



By Luke Gillis

It has been over two years since the Financial Accounting Standards Board began discussing the passage of a new accounting standard on Fair Value Measurements, FAS 157. This has now been codified as Accounting Standards Codification (ASC) 820. The standard was effective for periods beginning on or after November 15, 2007, which means that most organizations have prepared financial statements for at least one period that contained the disclosures required by the standard. The primary purpose of the standard was to improve transparency of financial statements and to help users understand risks related to the investments they are holding.

There are several myths about what FAS 157 really did.

These include the following:

- *FAS 157 increased the number of assets and liabilities measured at fair value.*
- *FAS 157 drastically changes the way in which the Fair Value of most assets and liabilities are measured.*
- *Categorization of an investment as Level 3 means that the investment is a bad investment.*

FAS 157 did not increase the number of assets and liabilities measured at fair value. FAS 157 instead had three components. *First*, it defined fair value as, “The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” It is focused on an

exit price notion based on the market of the instrument. *Second*, it used information from the valuation profession and previous accounting literature to help determine the fair value. These included things such as considering restrictions that are an attribute of the asset (not entity specific restrictions) and maximizing the use of observable inputs. These did not drastically change the way fair value was determined for most assets and liabilities. *Third*, the standard also required specific disclosures intended to help users of financial statements better understand risks related to specific financial instruments, specifically the tabular disclosure. The standard requires financial instruments to be categorized in one of three categories with Level 1 being the most transparent and Level 3 being the least.

Despite what many of us have heard on the news, all Level 3 assets are not bad and toxic assets. Categorization of a financial instrument in Level 3 simply represents a measure of the risk that the fair value of a financial instrument upon exit from the market might be substantially different from the fair value reported. This could also be affected by withdrawal restrictions.

There have been numerous amendments and clarifications to this standard since its issuance. It should be noted that this article is not intended to be and is not authoritative GAAP. Organizations should review the FASB’s website to help keep abreast of current changes. You can also contact BCS to help your organization with the provisions of Fair Value Measurements.

Personal Lines

Please welcome Julia Barber to our BCS Family. Julia is working as an intern in our Audit Department in the Kingsport office. She is an Accounting major at the University of South Carolina and plans to graduate in 2011. She enjoys dancing, helping with her church youth group and decorating cakes.



Photo by Christy Goodman

Congratulations to Esther Schultz Shelton and husband, Jason, who were married on March 13, 2010, at Heritage Baptist Church in Johnson City.

Jacqueline Ayers Shade and husband, Jason, were married on May 15, 2010, in Ocho Rios, Jamaica.

Jacqueline and Esther work in the Audit Department in our Johnson City office. We wish both true joy and God’s blessings in their marriage!



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BCS Financial, LLC WEALTH MANAGEMENT SERVICES

Personal Financial Planning Spotlight



THE BASICS OF BUDGETING

By Myra O'Dell

Budgeting lies at the foundation of every financial plan. Whether you are living paycheck to paycheck or making six digit figures, it is important to know where your money is going in order to maximize your financial success. A budget can help you plan and evaluate spending patterns.

Here are some basic steps to creating a budget:

1. Identify your goals and determine what is required to reach them.
2. Estimate income from all sources.
3. Estimate expenses and segregate them into fixed and variable expenses.
4. Compare income and expenses to determine if expected expenses are equal to or less than expected income.
5. If expenses are too high, identify potential sources of additional income or items where expenses may be reduced. If expenses are less than expected income, apply

the excess to categories that will bring you closer to your goals.



In addition to these five steps, the following guidelines will aid you in creating a budget that you can stick with:

- Limit the budget period to no more than one year in order to keep the time frame manageable.
- Keep it simple and short. Too much detail can make it confusing and hard to follow.
- Keep it flexible to allow for emergencies, opportunities, and difficulties that may arise.
- Make sure to keep your specific goals in mind in order to get the most out of your budget.

Sticking to a well created budget can help you improve control over household expenses or assist you in meeting savings goals such as education funding, retirement funding, debt reduction, vacation planning, or buying a new car. If you would like to become aware of wasteful or inefficient spending patterns that might keep you from fully reaching your financial goals, a budget is a great place to start.