

# Client Tell

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

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Blackburn, Childers & Steagall, PLC Quarterly Newsletter

## Managing the Church's Money By Tommy Greer



What if you had the responsibility of managing God's money? If you really think about it, we all do individually, since everything we have comes from God.

Now, what if you were accountable to God and to others who have faithfully given back to God for how those resources were managed? Sound daunting? Welcome to management of church finances!

In managing resources, it is important to know the purpose of the organization. Since the purpose of the church is to love God, love others, spread the Gospel, grow as disciples and provide financially for our teachers/leaders, we must make sure every way we use resources helps the church achieve its purpose. *Continued on page 2*

**Interested in learning more about church finance? Our Church Finance Workshop is open to anyone. If you are not involved in church finance, please share with those at your church who are, such as your pastor, treasurer, or bookkeeper.**

## CHURCH FINANCE WORKSHOP

BCS will be presenting a two hour church finance workshop for anyone in the region involved in church finance. You will learn best practices related to: payroll and 1099s, housing allowance, designated gifts, finance committies, internal controls & budgeting. Cost is \$20 per person; meal is provided.

Bank of Tennessee Boardroom, Med Tech Pkwy, Johnson City  
Thursday, October 22  
Choose from: 11:30-1:30 pm or 6:00-8:00 pm

To register or obtain more information, please contact Kendra Hopson at 423.282.4511 or [KHopson@BCScpa.com](mailto:KHopson@BCScpa.com).



*Continued from front page.*

Besides some financial skill, the most important attributes needed to manage church resources well are integrity, trust and transparency. Below are some “best practices” to implement to be successful managing church finances.

1. A strong finance committee that is active and knowledgeable, leads budget process, assists with controls/oversight, helps with stewardship training and each member is personally a good steward.
2. Timely budget with input/approval from staff, finance, board and congregation and then monthly monitoring to assure desired results.
3. Budgeting operating reserves in annual operations is very important in managing cash flow fluctuations, unplanned events and potential opportunities that arise.
4. Benchmarking items such as individual salaries, overall compensation, facilities, outreach, debt etc. For example, personnel expenses on average are 40-50% of total expenses.
5. Complete accounting records maintained to support all financial transactions.
6. Sound internal controls including reconciliations and segregation of duties balanced with cost benefit of control.
7. Understanding payroll requirements and other such related issues as Social Security as it relates to ministers, housing allowances and proper reporting of all items.
8. Donor records are well maintained, donor intent is adhered to and all receipts/giving statements clearly state, “the taxpayer received no goods or services from the charitable organization.”
9. Continually invests in training and technology.
10. Transparency in financial reporting and communication of “all things” financial to staff and congregation.
11. Looking back and evaluating if are we achieving our purpose based on how our finances are being used.
12. Teaching/training on stewardship continually.

The responsibility of managing what others have faithfully given back to God is nothing to be taken lightly. Our goal is you would use this list to evaluate how you are doing at your church with what you have been entrusted with, and that we all ensure we are maximizing our resources to achieve great things!

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Want to learn more? Join Wade Farmer, Siena Rambo, Brenda Petersen and me for our Church Finance Workshop on October 22. See front cover for more details.



*America the Beautiful*  
**America, America**  
God shed *His* grace on thee  
And crown thy good with *brotherhood*  
**From sea to shining sea!**

*Happy Fourth of July!*

# Personal Lines



**Amanda Bowlin** Amanda is returning to the King-sport office as a manager in the Tax and Small Business Departments. She is a CPA and a 2002 graduate of ETSU with an Accounting degree.



**Gabe Hunigan** Gabe is a new intern in the Audit Department. He is working on his Accounting degree and plans to graduate from Milligan College in May 2016.



**James Grindstaff** James is a new intern in the Audit Department. He is working on his Accounting degree and plans to graduate from ETSU in May 2017.



**Tara Fenner** Tara recently completed all the requirements to become a Certified Municipal Finance Officer (CMFO). The CMFO designation is obtained by passing a series of 11 tests.



**Tara Fenner** Congrats to Tara and Ryan, who welcomed their daughter, Viviana Rose on March 20th. She weighed 6 lbs. 11 oz. and was 20 inches long.



**Oluchi Taylor** Congrats to Oluchi and Eric, who welcomed their daughter, Mila Elizabeth Rose on March 9th. She weighed 7 lbs. 3 oz. and was 21 inches long.



**Lauren Blair** Congrats to Lauren and Brandon, who welcomed their son, Elliot James on May 4th. He weighed 7 lbs. 13 oz. and was 22 inches long.



**Jacqueline Shade** Congrats to Jacqueline and Jason, who welcomed their daughter, Allison Janelle on May 25th. She weighed 9 lbs. 13 oz and was 22.5 inches long.



By  
Gina  
Lemons

Most new business owners are quickly overwhelmed with the different types of federal and state taxes they are required to apply for when establishing their new company. Over the next few newsletter issues, we are going to focus on the state taxes that most business owners are required to file/pay.

### What Is Use Tax?

Per the Tennessee Department of Revenue website, “Use Tax is applied when merchandise (tangible personal property) is purchased from outside the state of Tennessee and imported into the state for use or consumption.” This applies to individuals and businesses. Use Tax is also applied to merchandise purchased using a resale certificate but is not resold to the final consumer.

Most businesses that sell merchandise and/or food have a Use Tax account because the business applied for a Sales Tax account. What these business owners may not realize is that they can be liable for Use Tax. Business owners should ask themselves two very important questions:

1. Do I order products from out of state and import them into Tennessee?
2. Does my business give away product to its employees, charitable organizations, or as part of a promotion?

If the answer to either question is yes, then the business is subject to use tax.

# Do You Know Which State Taxes Your Business Should Be Registered For?



## PART 1: Use Tax - The Little Known Tax

### How Is Use Tax Calculated?

The USE TAX rate is the same as Sales Tax (9.5%) and is based on the purchase price of the product.

### When Is Use Tax Due & How Do You File It?

Use Tax can be filed and paid monthly, quarterly, semiannually, or annually. Tennessee Department of Revenue determines the frequency based on the registration information. Current Sales Tax account holders should file Use Tax when filing their sales tax returns.

It is the responsibility of the individual and/or business to report Use Tax. Tennessee Department of Revenue conducts random audits of business throughout the year. Unfortunately, this is how many business owners find out about Use Tax. Sometimes, Tennessee will waive the penalty for noncompliance if the auditor believes that the owner did not know about the tax. However, Tennessee never waives the interest due on past due Use Tax. So ask yourself, “Do you feel lucky?” If not, call us and we will help you become compliant.

# Business Owners: Review Your 401(k) Plans

By Nathan Goodwin



After decades of largely going unnoticed, the landscape of group retirement plans is changing. New disclosure requirements have helped employees to truly see what their 401(k) plans are costing them in the way of fund expenses and management fees...and they're taking action.

The U.S. Supreme Court made a decision in May that makes it easier to sue over 401(k) plans. In the case of *Tibble vs. Edison International*, 401(k) plan participants filed suit against their employer after they noticed that a cheaper share class was available for many of the funds in their plan, but yet this class was not being offered. The district court agreed with respect to three of the funds, but three additional claims were thrown out because the funds were added in 1999, outside of a six-year statute of limitations. A Federal appeals court affirmed the lower court's decision. The plaintiffs argued that the six year window should not begin when the funds were added, but rather at the last point that Edison failed to monitor their plan. The Supreme Court agreed with a unanimous ruling, noting that employers have an ongoing responsibility to monitor their plans.

In our practice, we're finding that many businesses have out of date plans that are much more costly and inefficient when compared to the current marketplace. This is why it's very important to benchmark your plan every few years. As business owners and managers, we understand that you don't always have the time to do this. You are busier than ever. At the same time, you are the plan fiduciaries and have an obligation to do what's in the best interest of your employees. The good news is that we can help. Contact us for a free benchmarking cost analysis and review. You may be surprised. Even a small reduction in fees can mean thousands saved in your employee's accounts, not to mention your own. If nothing less, it allows you to check the box that you have done your homework and benchmarked your plan.

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*Nathan Goodwin, JD, PFP, is a financial advisor for BCS Wealth Management in the Kingsport office. He is available for free 30-minute consultations with any BCS client, and he appreciates your referrals.*

## Mid-Year Financial Review

Don't wait until busy year-end to review your personal and/or business financial well-being. Use these checklists to monitor your financial health and plan for the rest of the year.

### Personal

1. Review your goals and progress, including charitable giving
2. Review tax info for withholding and estimated payments and update projections as needed
3. Review your investments/investment plan
4. Review your will and estate planning documents
5. Request a free credit report
6. Review insurance policies

### Business

1. Review your goals and progress
2. Review budget
3. Review financial standing last year versus this year
4. Review taxes paid and update projections as needed
5. Review capital expenses and plan Section 179 deductions
6. Review non-financial areas: customer satisfaction, sales, marketing, customer service, employee performance.



# Employee Handbooks: Why and How to Implement

By Melissa Crockett

Having a comprehensive readable employee handbook is a smart practice. Handbooks familiarize employees with the basic organizational policies and benefits of the company. An employee handbook should be unique to the employer and provide guidance about the company's history, mission, values, policies, procedures, benefits and a compilation of general employee relations expectations of the company to include acceptable and unacceptable behavior and disciplinary measures. The handbook can provide protection against employee claims of discrimination or unfair treatment.

Poorly written handbooks can be a liability and can cause legal issues and employee turnover especially if misinterpreted or applied inconsistently. The handbook should be written for the company's culture and tailored to its specific objectives. The development of a handbook should be a collaborative effort from top management and reviewed periodically by an attorney specifically to ensure that it does not create any contractual obligations. The company may need to adjust the handbook if there are multiple entities, different geographical locations or multicultural workforces.

To develop an effective employee handbook, management of the company should review their current organizational policies and then create an outline of what policies and statements need to be included in the new handbook. The handbook needs to be written in layman's terms and document each updated policy.

Listed below are suggested topics to include when developing an employee handbook.

- Welcome letter from the president of the company
- Acknowledgment letter stating the employee has received the handbook and understands the policies included. This should be signed, dated by the employee and kept in their personnel file.
- An introduction to communicate the company's background
- Employment section covering initial employment period,

employee classifications, employment terms and policies, such as: employment at will, Immigration Reform and Control Act, Equal Employment Opportunity, anti-harassment policy, personal relationships policy, dating relationships, code of ethics, disability: reasonable accommodation, personnel files and records, reference checks, employee references

- Internal policies, such as: employee conduct and work rules, relations with fellow co-workers, scheduling, work assignments, contact with company, personal contact information, personal appearance, policy on breastfeeding breaks, office appearance, smoking policy, drugs and alcohol, supplies, computer equipment, electronic devices including cell phones, internet usage, social media, workplace monitoring
- Fringe benefits, such as: major medical and life insurance, disability insurance, Family Medical Leave Act – FMLA, retirement benefits, worker's compensation insurance
- Time policies, such as: time recording procedures and working hours, time reporting, regularity and punctuality, absences, overtime, travel time and expenses, jury duty, military duty, personal time to include child care and elder care, bereavement leave, leaves of absence, paid or not paid, holidays and vacation, method of compensation
- Instructions regarding resignations and dismissals from the company

The employee handbook should be in a format whereby internal HR can update easily and quickly. During new employee orientation or when policies are revised, management should make time to answer employee questions about the contents of the handbook. A well-written handbook should communicate to the employee that the company respects them and cares enough to communicate its policies and procedures to help make the work environment less stressful. The handbook should always be accessible to the employee in either hardcopy form or electronic format.

# Playground Construction for Rise Up! For Kids



## LastPass: Secure Online Password Manager

By Don Wallingford



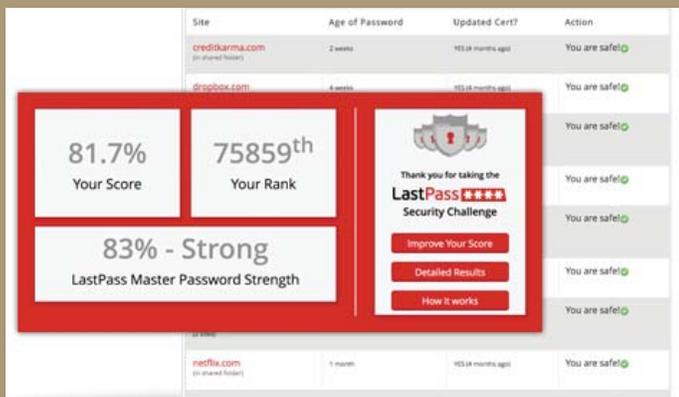
### LastPass \*\*\*\*

Whenever a conversation comes up about passwords, I will usually hear a variation of the words “I use the same password for everything.” As an IT professional, I always recommend using different passwords for any online service (Facebook, Twitter, banking sites, etc.); but as a normal person I admit I was guilty of the same mistake of using the same collection of passwords for my online accounts. However, in recent months I’ve come across a password manager called LastPass that helps to keep track of all of my different passwords.

LastPass is a free online password manager that is able to integrate with a wide variety of internet browsers available on Windows, Mac, and Linux PCs. They also have an app for iOS, Android, Windows Phone, and Blackberry mobile devices, but you need to pay for a premium subscription which is only \$12 a year to use Lastpass on a mobile device. Here are some of the many features of LastPass:



- Being able to organize logins for different websites by category (Personal/Work/etc.).
- Generate strong secure passwords to help make sure all of your login passwords are different.
- Perform a security challenge audit of all the passwords stored within your LastPass account.
- Second step authentication to provide an additional layer of protection when accessing LastPass from an unknown computer or mobile device.



Lastpass is not the only password manager out there, but overall it appears to be a solid and secure service for managing passwords. Regardless of whether or not you use a password manager; any IT professional will recommend not having the same password(s) for multiple website logins. Using LastPass has personally helped me to keep track of all of my passwords. If you would like to take LastPass for a spin, you can use this link to create an account and start securely managing your passwords: <https://lastpass.com/?11395966>

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*FIRST*  
COVENANT  
TRUST  
& ADVISORS 

## JDRF One Walk

Our team, Brenda's BCS Buddies, raised \$1,345 to help the Juvenile Diabetes Research Foundation with their goal to end type 1 diabetes.

