



CLIENTTELL

60 YEARS and ACCOUNTING Vol. XXVII | No. 1 Spring 2021 | Blackburn, Childers & Steagall, PLC Quarterly Newsletter

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ELEVATION

BY TARA FENNER

I have to be honest. I was less than thrilled to write an article about myself for numerous reasons, but the primary being that my story can't possibly be that exciting. I mean seriously, I'm an accountant. Engaging our clients in a story about the steps that led me to a mountain in Boone, NC would be a challenge. Then again, I did just move my family to a new state and dive head first into a career path full of unknowns and opportunities—during a pandemic. I guess challenges are kind of my thing. As I spent time reflecting on the important events in my life, I realized that the challenges and how we respond to them are what make our lives interesting, make our faith stronger, and make the good times that much sweeter.

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Tara outside the newly renovated Appalachian Theatre in downtown Boone, NC.



a BUFFALO CULTURE

BY ANDY HATFIELD

I first became aware of the “Buffalo Culture” through curriculum that was shared and discussed in a business leadership program that I am part of called C12.

The origins of a Buffalo Culture are described by how bison, or the American Buffalo, react to storms while roaming on the open range in mid-America. Buffalo assemble and run headfirst into an approaching storm. They instinctively know that because they are running into the storm instead of with it, they will end up spending a shorter duration of time in the storm with less risk of peril.

Cattle, the other herd animal found on the central plains, do the opposite. Cattle scatter and run away from approaching danger. They can't outrun the quick-moving front, so they end up remaining in the peak of the storm for a longer period of time, risking injury, separation from the herd, exhaustion, and greater susceptibility to predators.

I think it's safe to say that many businesses and organizations have been faced with rough weather the past 12 months. We are not quite out of the COVID-19 storm, but we certainly now have hope for clearer skies. However, I think most leaders would agree that storms, both big and small, happen on a routine basis. As leaders, I would invite you to ask yourself, how do we deal with a looming storm, head on or run away? I think a great goal for 2021 is to strive to have a leadership style more like the Buffalo. ♦

KEY PRINCIPLES OF A BUFFALO CULTURE

WE FIND A WAY

We stay agile and find a way to make things happen regardless the circumstance. We fail forward, celebrate successes at milestones, while looking ahead to the next step for improvement.

WE HEAD INTO THE STORM

No challenge is too big or too small to address head-on before it becomes a bigger issue. We won't shy away from unexpected obstacles or changing circumstances. We lead and engage in necessary conversations, even if they might be uncomfortable, and always put the mission and results ahead of the near term or our personal comfort.

WE ENJOY A HERD MENTALITY

We win and lose as a team while encouraging and cheering each other on to go beyond perceived limitations. We empower the best ideas to rise to the top no matter who or where they come from.

WE PROTECT THE HERD

We value individual health and wholeness over task or project completion. We avoid assumptions or misaligned expectations by seeking to understand one another and we don't tolerate gossip, sabotage, politics, or whining.

WE'RE ALWAYS MOVING

We adapt when required for the sake of the mission. We are life-long learners and expect growth from our learning. We trust that each person will keep up with the rest of the group while also practicing rhythms of rest and retreat.



Do I Need an Audit Because of the CARES Act?

BY CHAD KISNER



In late March 2020 the Coronavirus Aid, Relief, and Economic Security (CARES) Act funded a

number of initiatives and programs. A very broad spectrum of businesses, non-profit organizations, and governmental entities ultimately were the recipients of funds from the federal government. A number of organizations received funds in this capacity that previously had little, if any, prior federal governmental assistance. The result is that there are now entities that may have audit requirements specifically due to the funds received and how they were handled and administered by the recipient organization.

To begin, let's look at the four largest new programs and if there are generally audit requirements applicable. First let me put many of you at ease, the largest and

possibly the most notable program, the Paycheck Protection Program (PPP), is not subject to single audit. However, the remaining three largest new programs, the Provider Relief Fund (PRF), Coronavirus Relief Fund (CRF) and Education Stabilization Fund (ESF), are all subject to single audit if certain thresholds are met.

A single audit, in general terms, is a federal grant compliance audit where the focus is on internal controls, compliance with requirements of administration of the funds and following the specified rules accepted by the organization when receiving the funds from the government. A single audit is required when a non-federal entity expends \$750,000 or more in federal grant funds in a fiscal year.

As a result of the CARES Act, it is anticipated that many more entities will need single audits in the upcoming year due to the overall availability of relief funding for organizations.

The outcome of such audit efforts can result in findings of noncompliance with federal awards or otherwise known as a breakdown of an entity's internal controls or worse yet, the identification that necessary internal controls were not present at all. As a result, it is critically important now for organizations to assess if you may be subject to a single audit based on the CARES Act and equally important is if you find that you are, have a conversation with your audit team about the additional steps that need to be

taken to be prepared for these additional audit procedures.

If your entity received CARES Act funds under one of the programs mentioned and you remain unsure if a single audit is needed, please contact BCS to assist you in determining if one is required. ♦

Stimulus Payments—What You Need to Know

BY JAKE HUTCHISON



Good news on all fronts regarding the stimulus packages thus far. The first and

second round of stimulus payments are not taxable income. If you received too much in the stimulus payment, there is no requirement to pay the difference back. If you received too little, you can claim the deficit on the 2020 tax return as a refundable credit.

The first round provided payments of \$1,200 to singles and \$2,400 to married filing joint (MFJ) with an additional \$500 for qualifying children under 17 years old. Phase out began on the first round at an adjusted gross income (AGI) of \$75,000 (\$150,000 MFJ) with ineligibility at an AGI of \$99,000 for

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So here's where I've been, where I'm at, and where I'm going. Funny enough, I was born in Charlotte, NC and moved to TN when I was ten. Up until a few years ago, I was certain that the Tri-Cities would always be home. Fresh out of high school, like most new adults, I had no clue what I wanted to be when I *really* grew up. But being the rule follower that I am, I started college at East Tennessee State University, because that was the next step on the life checklist. This meant a great deal to me because I was the first in my family to do so. I ended up in my accounting intro class only because a friend was taking it. The coursework came easy to me and I began looking into careers in accounting. While demanding, it was a stable, safe choice—much more promising than my job as a manager at Blockbuster. I was very fortunate to get an audit internship with BCS in 2006.

Things were going well. I had my bachelors degree, had been offered a full-time position at BCS, was working through a Master's program, and I was in love. I had my son, Ethan, in June of 2009 and had no idea how much more meaning my life would have after that.

Being a new mom was amazing, but it didn't make studying for the CPA exam any easier. After a lot of time and money, I passed the exam in 2012 and would never have to study again...except for continuing professional education...every year....for the rest of my career.



Tara, Ethan, and Viviana in the beautiful Western North Carolina mountains.

In 2014, I decided becoming a Certified Municipal Finance Officer sounded like a good time. I explored new volunteer opportunities, was honored for awards, obtained distinguished certifications, and worked toward promotions. Through the engagements at BCS, I became specialized in employee benefit plans, governmental accounting, and Medicare cost reporting. Obviously, I have issues with being an overachiever and I could detail out my accomplishments, but my actions and my heart are what make a difference.

In 2015 I had my daughter, Viviana, and quickly realized that two kids are a lot of work, but I was determined to be the best I could be in all areas of my life. That was shaken when we lost Ryan, my children's father, unexpectedly in 2017. That kind of loss will wreck you, but I was so lucky to have amazing friends and coworkers to lean on during that time. On the other side of that grief, I was different than before—more determined, more grounded, and more aware of what mattered.

I focused on growing my faith and ensuring my children had a relationship with God to build their lives upon. I did a lot of self-reflection, counted my many blessings, and

began to find my voice—who I am and what I want for myself, my children, and our future. BCS had been a constant throughout my adult life, which I deeply appreciated, but my personal growth had started to make me restless. I began to ask, "What's next?"

The answer to that question was our merger with Bryce Holder, although I didn't know it at the time.

Bryce had built a company with hard work, strong relationships, and faith-based values. He trusted BCS to carry that company to the next level. This partnership would help us go further together and accomplish more than either company could do alone.

As of January 1, 2020, BCS officially had an office in Boone, NC and needed a manager to run the office, learn the clients, and provide the link needed to maintain our BCS culture and processes a whole state away. In July 2020, much to my surprise, the idea of managing the Boone office was pitched to me. It would take a few trips over the mountain and a lot of prayer, but I accepted the challenge and haven't looked back. >>

>> The plans for relocating my family seemed to fall into place, which only helped solidify that this was the path I was supposed to be walking. I found a house in Boone on my first day looking, my house in TN sold two days after I listed it, and the timing of both transactions allowed me to move to Boone two months earlier than planned. This gave me time to meet the staff and get settled before jumping into tax season.

I'm 3.5 months into life in Boone and I'm loving it. The views are incredible, the people are genuine, and the adventures are countless. The change has been refreshing and I'm filled with excitement for what's to come.

I'm so proud to be part of our 60th anniversary this year. BCS is writing a new chapter through collaboration, dedication, and faith, and expanding all of our valuable services to the individuals and organizations in Western NC. We have a vision that is full of potential to build new relationships, provide opportunities for the community, and grow present and future staff. I'm thankful for the trust that the BCS Partners have placed in me to lead and work alongside such an awesome group of accountants. Boone has been so welcoming, and I'm looking forward to what we can do together. ♦



Meet Clay Hixson

CEO OF FIRST
COVENANT TRUST
& ADVISORS

I joined First Covenant Trust & Advisors in January as the Chief Executive Officer. Prior to joining Covenant, I was the Market President for the Tri-Cities and Commercial Team Lead at TruPoint Bank. Before moving to TruPoint, I worked throughout Northeast Tennessee at First Tennessee Bank.

I grew up in Murfreesboro and graduated from The University of Tennessee as a University Honors Scholar with a degree in Finance. I also later received my MBA from Milligan College. After working on the Finance and Treasury staff with Tennessee Valley Authority, I worked as a consultant in the Hedge Fund industry in New York for three years.

I currently serve on the Johnson City Regional Planning Commission. I have also served as a board member of Dawn of Hope, Rise Up!, Children's Advocacy Center and Junior Achievement. In 2016, I was the recipient of The Business Journal's 40 under Forty.

My wife, Kelly, and I along with our three daughters (Campbell-14, Piper-11 & Maeve-8) live in Johnson City and we love our community. Our family attends and serves at Grace Fellowship Church and we are also involved with Young Life of Upper East Tennessee.

As you can imagine, our family keeps us busy. When we are not watching a match, recital or competition, we like to travel, play outside and cheer on the Vols. ♦

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singles (\$198,000 MFJ). The second round provided payments of \$600 to singles (\$1,200 MFJ) with an additional \$600 for qualifying children under 17 years old. Phase out began on the second round at an annual gross income (AGI) of \$75,000 (\$150,000 MFJ). It is important to provide the amount of payments

you have received to your tax preparer, so we can ensure you will receive the correct credit amount.

The unprecedented year of 2020 has resulted in several tax changes. Be pro-active in speaking with your tax preparer early to take full advantage of all tax incentives for this filing season. ♦

COVID-19 Paid Sick & Family Leave for Employers

BY TERESA ADAMS



The Families First Coronavirus Response Act of 2020 (FFCRA) was enacted into law in April 2020. Part of

this Act included mandatory paid sick leave for employees required to stay home due to a COVID-19 related incident. The FFCRA mandated that employers with fewer than 500 employees, and certain governmental employers, provide “emergency paid sick leave” and “expanded paid family and medical leave” to eligible employees. This mandate expired on December 31st, 2020, but the related FFCRA payroll tax credits have been extended through March 31st, 2021.

FFCRA LEAVE REQUIREMENTS THAT EXPIRED ON DECEMBER 31, 2020

The FFCRA mandate provided up to 80 hours of emergency paid sick leave for eligible employees that were unable to work or due to needing “self-care” or to provide “dependent care” related to COVID-19—either being infected with the virus, having COVID-19 symptoms, being advised to quarantine, or caring for a child under the age of 18. The “self-care” was paid at the employee’s regular rate and “dependent care” was paid at 2/3 the regular rate, with the paid sick leave being capped at a maximum of \$511 and \$200 a day, respectively.

In addition, the expanded paid family and medical leave provided an additional 400 hours to eligible employees who were unable to work due to the continuing care of a child under the age of 18, whose child’s school or day care was closed as a result of COVID-19. The family and medical leave was paid at 2/3 the employee’s regular rate, capped at a maximum of \$200 a day.

In exchange for providing the FFCRA sick leave to employees, employers could claim a 100% refundable tax credit against their employment taxes to help offset the costs of providing qualified FFCRA paid sick leave and expanded family leave.

EMPLOYERS CAN TAKE FFCRA TAX CREDITS THROUGH MARCH 31, 2021

The FFCRA leave is no longer mandated, but the paid sick and family leave payroll tax credits have been extended through March 31, 2021 by the Consolidated Appropriations Act of 2021 (CAA).

With the CAA, eligible employers may voluntarily provide the qualified paid sick and family leave to their employees and continue to claim the FFCRA tax credits against their employment taxes for the first quarter of 2021. The original maximum per-employee daily wage amounts and total hours remain the same into 2021. Therefore, any sick and family leave paid in excess of the original limits will not be eligible for the FFCRA credits. Since employers were required to provide paid sick and family leave for most of 2020, some employees may have already exhausted these maximum amounts.

HOW DOES AN EMPLOYER CLAIM THESE FFCRA TAX CREDITS?

Employers may claim the FFCRA tax credits on their federal employment tax returns. For most employers, this will be on Form 941, the Employer’s Quarterly Federal Tax Return. Smaller employers will claim the credits on Form 944, the Employer’s Annual Federal Tax Return.

If you are an employer that has paid FFCRA sick and/or family leave wages to your employees in 2020 or 2021, but did not take advantage of claiming the 100% refundable tax credits, you can amend your federal employment returns to take advantage of the credits and get a refund of the wages and related taxes paid. ♦

60 YEARS and ACCOUNTING

Giving Back & Fun @ The Firm Updates

We kicked off our 60th celebration by doing what our founders set out to do—serving our region. Here are some highlights from this first quarter:

160 MEALS
to frontline
COVID-19
workers

19 PINTS
of blood to
Marsh Regional
Blood Center

600 VALENTINES
to skilled nursing facilities and
Niswonger children’s Hospital

\$430 & CANNED SOUPS
to local food shelters
and ministries

See photos and more at
bcscpa.com/about/sixty

PERSONAL LINES

NEWS FROM AROUND THE FIRM



WELCOME INTERNS!

LEFT TO RIGHT: Chase Breeding, Cameron VanDeKrol, Jake Osburn, Norma Tarukwasha, Parker Allred, Kristin Weaver, Sarah Lewis, Connor Whitson, Matthew Helms, Chris Jones

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The credit is capped at the lesser of \$511 per day or 100% of the "Average Daily Self-Employment Income" for points 1, 2, 3, and is capped at the lesser of \$200 per day or 67% of the "Average Daily Self-Employment Income" for points 4, 5, 6. "Average Daily Self-Employment Income" is net earnings from self-employment for the taxable year divided by 260.

In addition, a refundable tax credit is allowed for "Qualified Family Leave Equivalent" (QFLE) amounts incurred by self-employed persons during the taxable year. The QFLE is limited to the 50 days that the individual is unable to perform services in any trade or business for the following reasons:

- You were unable to perform services as a self-employed individual because of certain coronavirus-related care you provided to your child. This can be due to elementary and secondary school closures, child care provider closures/cancellations, and/or day care closures or cancellations. The child must be under the age of 18.

The credit is capped at the lesser of \$200 per day or 67% of the "Average Daily Self-Employment Income". The total credit claimed cannot exceed \$10,000 or 50 days.

SOCIAL SECURITY TAX DEFERRAL FOR SELF-EMPLOYED TAXPAYERS

The Coronavirus Aid Relief and Economic Security Act (CARES Act) allows self-employed individuals to defer the payment of 50 percent of the Social Security tax on net earnings from self-employment income for the period beginning March 27, 2020 and ending December 31, 2020. Self-employed individuals may use any reasonable method to allocate 50 percent of the Social Security portion of self-employment tax attributable to net earnings from self-employment earned during this period. The IRS will not assess a penalty for failure to timely pay taxes under this deferral arrangement. The deferred taxes are to be paid in two equal installments. Installments will be due on December 31, 2021 and the second due on December 31, 2022. The taxes can be paid back earlier if the taxpayer wishes to do so. ♦



TOWNES WILLIAMS

Andy Williams and his wife welcomed their baby boy on January 28.



FULL-TIME FAMILY

We are so excited to welcome five new full-time employees to our family!

LEFT TO RIGHT: Bri Jorgenson is our new Marketing Director. Kristen Bare is our new Marketing Associate. Heather Cloyd-Osborne is an administrative assistant in the JCMAS Department. Tom Boyle is an associate in the JC MAS Department. Cameron Burnette is an associate in the JC Audit Department.



CG®

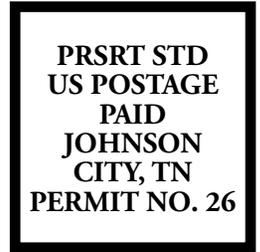
(CERTIFIED GIGI)

MeLissa Crockett and her husband welcomed their first grandchild, Millie!



**BLACKBURN, CHILDERS
& STEAGALL, CPAS**
60 YEARS AND ACCOUNTING

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COVID-19 Relief for Self-Employed Taxpayers

BY JEREMY WRIGHT



TAX CREDITS FOR QUALIFIED SICK LEAVE AND QUALIFIED FAMILY LEAVE FOR SELF-EMPLOYED TAXPAYERS

The Families First Coronavirus Response Act of 2020 (FFCRA) authorized a refundable tax credit for “Qualified Sick Leave Equivalent” (QSLE) amounts

incurred by self-employed persons during the taxable year. The QSLE is limited to the first 10 days, or 80 hours, the individual is unable to perform services in any trade or business for the following reasons:

1. You were subject to a federal, state, or local quarantine or isolation order related to COVID-19.
2. You were advised by a healthcare provider to self-quarantine due to concerns related to COVID-19.
3. You were experiencing symptoms of COVID-19 and seeking a medical diagnosis.
4. You were caring for an individual who was subject to a federal, state, or local quarantine or isolation order related to COVID-19.
5. You were caring for an individual who was advised by a health care provider to self-quarantine due to concerns related to COVID-19.
6. You were caring for your child because the school or place of care for that child was closed or the childcare provider for that child was unavailable due to COVID-19 precautions.

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