FIVE THINGS BUSINESS OWNERS STRESS ABOUT AND HOW YOUR ACCOUNTANT CAN HELP MINIMIZE THAT STRESS

TAX REFORM’S EFFECT ON CREDIT UNION EXECUTIVE COMPENSATION

LIFE AFTER MAY 25: WHAT NOW?

TECHNOLOGY HERE, TECHNOLOGY THERE, TECHNOLOGY EVERYWHERE

BMSS NEWS

KEEPING YOU INFORMED
Let’s talk about your stress levels. Sit back and tell us about your problems. What keeps you up at night? What dominates your thoughts and threatens your peace of mind? For most people, this may conjure thoughts or worries concerning your children. But, for business owners, it may be something entirely different such as your bottom line, or decreasing sales, or succession planning. In an article written by Catherine Clifford, according to a report by Bank of America that surveyed 1,001 small businesses, 41% of respondents said that managing their business was their top personal stressor compared to 9% who chose raising children as their top stressor.

If, like the 41%, your business is your top stressor, who do you turn to for guidance and help in dealing with those stresses? Your accountant. If your accountant did not immediately come to mind, then continue reading. Below is a list of five common areas that we see business owners stress about and how we, as accounting professionals, can be so much more than just a tax preparer. We can become a trusted advisor to help minimize those stresses.

Business Owner: My sales seem to be decreasing when EVERYONE else seems to be booming.

BMSS: With the economy at full blast right now, if your sales are not booming, you may be doing something wrong or overlooking a critical component of your business. Your CPA can help analyze your Key Performance Indicators (KPIs) and help diagnose the problem with a fresh set of eyes. It is possible that foreign imports, online competition, regulations, automation and technology disruption could be sapping your sales potential.

Business Owner: Somebody is calling me every week about buying my company.

BMSS: Do you know what your company is worth? We do. We have the tools to provide you with a value for your company based on market research and proven business valuation methods.

In addition, we can help you determine if, and when, the time is right for selling your company. This entails determining your early retirement needs as well as the standard of living you wish to enjoy in retirement.

When BMSS began in 1991, it was with the idea that an accounting firm could be different, could stand out from other firms. The goal was to provide employees with a place where they could have a career and a life outside of work. A place where a person is not just viewed as billable hours but as a vital part of the team. This way of thinking is not just applied internally but externally to clients as well. We want to provide uncommon service to our clients and become a trusted advisor to your business, not just a number cruncher.

We recognize that no two clients are alike, which is precisely why our engagements are tailored to suit your particular needs. With BMSS, you won’t be under-serviced, over-billed, lost in the crowd or left with unmet expectations. We are large enough to offer specialized expertise, yet small enough to value personal relationships.

With our remarkable, talented team in your corner, success is on the horizon and peace of mind around the corner.

For more information, please visit our website at www.bmss.com.
Five Things... Continued
living you are looking to accomplish with the sale. (On a side note, the multiples have peaked and interest costs have gone up.) So, while you may have just missed a peak selling time, we can help you determine when the next peak may occur.

**Business Owner:** I have no intention of selling the company but my management group isn't ready to take over either.

**BMSS:** You may have thought you would be retired by now but feel stuck because your management group hasn't been developed to assume your role. We can help determine the needs for developing your management group as well as what tools they will need to succeed. At BMSS, our professionals can provide you with resources to build a safe transition plan to test your managers without taking big risks that could hurt your company.

**Business Owner:** I've heard talk of corporate retreats, but do we need one?

**BMSS:** Do you know what a SWOT analysis is? We can lead this for you. Do you have a functioning proven management operating system in place? Through our unique experiences as accountants and business owners, we can help you determine what management operating system may work best for you and explain the processes that have worked for us.

In today's world, customer service is key. Has your company taken on the serious challenge of providing top-notch customer service? What are your company's culture and cornerstone? We can help document and train your company in best practices for these areas, and most certainly, a corporate retreat can help address these issues as well. In our service-driven environment, customer service focus and culture are critical must-haves for your strategic plan.

**Business Owner:** I feel good about Trump's tax plan, but how good is it really?

**BMSS:** The economy is hitting on all cylinders right now and you may want to think about investing for the future. We can help you determine how much your company can invest, how much it can borrow and how much tax savings the company has the potential to realize by year end. This will help you know how much to invest now and give you a jump on the booming economy.

While this top five list of concerns may not be all encompassing, it does cover what we see quite often with our clients at BMSS. Likewise, this list does not cover all of the ways in which we can help bring you some peace of mind when it comes to your business. Owning a business is a lot like raising children. The worries don’t lessen the more they age, they simply transform into different worries and stresses. So, no matter what stage your own business is in, reach out to us to let us know what causes you to lose sleep. Chances are, we may be able to provide some guidance and help or, if it's out of our scope of experience, we can certainly connect you with the resources of BDO and/or someone who can help you to achieve that peace of mind.

For more information, call your BMSS CPA today. We’ll set up a time to discuss your unique concerns and stresses.

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**TAX REFORM’S EFFECT ON CREDIT UNION EXECUTIVE COMPENSATION**

by Melanie Shores, CPA

The Tax Cuts and Jobs Act of 2017 has been a hot topic in the business world this year. But did you know it also has implications for nonprofits? Nonprofit executive pay has been under scrutiny by the Internal Revenue Service for years. Congress finally responded with their latest 21% excise tax imposed on nonprofit executive compensation over $1 million (located in IRC Section 4960). This is not just aimed at exempt charitable entities. It applies to all organizations that derive their income tax exemption from Internal Revenue Code section 501 (a) which includes both federal and state credit unions (among other exempt entities).

The impact of this new provision is an imposition of a tax on entities that may have never even filed a Form 990 in the past. Many experts in the credit union industry, including the NCUA chairman Dennis Dollar, believe that the IRS will require federal credit unions to file Form 990 or some type of substitute reporting form. State chartered credit unions are already very familiar with the Form 990, although this excise tax application, calculation, and remittance will be new to all nonprofit organizations.

There are two items you will need to review this coming year. Who are your “covered employees” and do these covered employees have compensation anticipated to be over $1 million? Covered employees generally include your five highest compensated employees for the taxable year. Compensation paid to these covered employees does not simply include their current year salary. It also includes items such as bonuses, vested deferred compensation, and related organization compensation.

BMSS professionals can assist you with assessing whether you may be subject to this new regulation, performing the calculation so that you can budget for the potential liability, as well as assisting you with some alternatives to reduce this tax liability. We keep up to date with the latest IRS regulations to help credit unions stay informed of any compliance related changes. Please contact your BMSS professional if you would like to discuss your options and how we can help you and your credit union.

If you would like to learn more, sign up for our Credit Union Roundtable discussion on July 17th where we will dive into this topic and more with our BMSS credit union experts.
LIFE AFTER MAY 25: WHAT NOW?

by Taryn Crane & Karen Schuler

The GDPR is here.

For months, May 25th has been top of mind for companies around the world and now it has finally arrived. Prior to its effective date, the European Union’s (EU) unprecedented General Data Protection Regulation (GDPR) has left many organizations wondering how exactly it will be enforced and with what degree of scrutiny they will face, particularly in the first few months. The concern is understandable given the magnitude of potential penalties and sanctions for non-compliance.

Guidelines make it clear that fines can be up to €20 million or 4% of a company’s worldwide annual revenue, whichever is greater. Other sanctions that may be imposed either alone or in combination with these fines include penalties like data processing bans or suspension of third country data transfers. Ultimately, sanction decisions will be made by Data Protection Authorities (DPAs) after identifying how the company has failed to meet the regulation and considering what mitigating actions the company has taken to remediate as a result.

While the GDPR has EU personal data controllers and processors fearing strict enforcement, several member state authorities have eluded to providing leniency at the beginning given that implementation of the regulation is currently ambiguous. However, this assumes that the company in question has acted in good faith, taken appropriate action, shown due diligence toward compliance, and has no major flaws in their data protection or information security methodologies.

To minimize immediate exposure, many companies have focused their efforts toward governance and implementation of core capabilities and processes like data privacy policies, consent mechanisms, data subject rights procedures, and secure third country data transfers. While no company can be completely free of risk when processing personal data, it is important under GDPR that organizations log risks found across their enterprise by leveraging tools like the Article 30 Processing Register and Data Protection Impact Assessments (DPIAs), and have taken steps toward mitigating action. Employees should also be made aware of GDPR principles and be required to take training or maintain certifications, particularly in high risk job functions.

Following is one lifecycle to consider when developing your overall GDPR program. Note that not all companies may need to appoint a DPO, but it’s at least a question that needs to be asked. Additionally, point-of-sale and ERP compliance may not be necessary for all companies, but it is something to consider and whether automated processes could be implemented for subject access requests (SAR) from enterprise systems. All companies need to consider their information management, policies and procedures, data transfers and storage, contracts, training and awareness, and information security requirements.
**But what happens now?**

While May 25th may seem like the finish line for Day 1 compliance efforts, this is just the beginning. Companies should not only consider enhanced data privacy principles as it relates to EU personal data, but they should implement these standards across the organization, regardless of data subjects’ citizenship or country of residence. The reason is two-fold. First, it is a best practice to follow common principles that will satisfy all requirements, typically by complying with the most conservative. It could be overly burdensome to an organization to have to parse data privacy efforts based on jurisdictions. Therefore, companies should leverage the tools required to comply with the GDPR and enhance their governance framework enterprise-wide. Second, it is highly anticipated that many countries will follow the EU’s lead with respect to data privacy by reassessing their own privacy laws, if they have not done so already. For example, Canada passed mandatory breach notification as an update to their Personal Information Protection and Electronic Documents Act (PIPEDA). It is clear that enhanced regulations will not stop with the EU, but that we are seeing a global trend to update data privacy protection, largely as a result of modern technology.

For a company to continue on-going diligence it is best to adopt a more proactive approach which will come as a result of operationalizing the GDPR’s concept of Privacy-by-Design and Default. Often, privacy is an afterthought for projects, not being considered until the very end, if at all. Under the GDPR, companies must explicitly recognize Privacy-by-Design and Privacy-by-Default, which means they need to incorporate both concepts throughout the project lifecycle. Organizations can leverage this methodology by identifying stage gates that help to satisfy GDPR rules in each phase of product development, software development, IT systems and more.

Life after May 25th is an opportunity to steer away the reactive approach to the entire information governance spectrum. Adopting a more strategic data privacy framework will bring tremendous benefits to an organization, its business partners, and most importantly its customers.

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by Zach Clifton, CPA

Imagine if you will, that you have been transported back in time to the year 1818. How would you survive without your smart phone? How would you communicate with someone without texting? How would you get around in the dark? Get from point A to point B? Get a pound of ground beef for dinner? Many of us take technology for granted but it has revolutionized our world. Even as recent as 30 years ago, students had to read encyclopedias or go to a library to get information for writing a paper. Now, information is only nanoseconds away.

Technology has changed not only our personal lives, but our business lives as well. Articles about blockchain, artificial intelligence, big data and cybersecurity flood our inboxes and are theorized about at all of our business conferences. The business world is changing now faster than ever. What does this mean for you and your company? This means that data is more readily available and easier to get than ever before. This also means that the amount of data you have available at your fingertips has grown and may be somewhat daunting.

As we mentioned in an article in our October 2017 newsletter, “Data Analytics – How Can They Benefit You?” data is power. The key to this data is figuring out how to extract what you need and how to use it to your benefit. This is particularly important when preparing your business data for an annual audit. At BMSS, our audit processes are being transformed by these technologies. Through the use of software, we can now examine much more of your data rather than just a sampling. Our team can spend more time analyzing data mining results as opposed to manual time searching manual records. Data analytics are used to identify higher risk items to be examined further. How does this benefit you as our client? It helps us perform more meaningful testing and analytics over the full audit year and limits document requests.

You may be asking yourself why we are focusing so much on technology in our communications to you. We feel that technology, as a whole, will be the defining factor in how we perform our audits. With accounting software becoming more sophisticated, the amount of data will continue to grow and there will be more and more data to be audited. Having access to new technology, like AI analytics and big data, will let our auditors identify more relevant issues, so we can tailor our audit procedures and perform a more meaningful audit for you.

One aspect to keep in mind, however, is the technology in your own office. It is important to remember that the technology and software you use is just as important as the technology and software that we use. Most importantly, it is critical that your accounting software be capable of working with Excel when importing and exporting data. This will help you be able to create more meaningful data for your own review outside the realm of the audit process.

Also, using software that is cloud based, like Netsuite, can help mitigate some of the dangers that have arisen in recent years with hacking. These larger companies are better equipped with the technology and servers to stop threats before they happen. Cloud-based systems also make it easier to digitize records which can be attached to individual transactions to make it easier to find, if questions do arise during an audit.

All in all, we cannot stress enough the importance of technology both in your business and in how it relates to your accounting professionals. We would be happy to sit down with you to discuss your current accounting systems as well as offer suggestions on different ways that your data can be used to help your business thrive even in a constantly changing world of technology.
BMSS NEWS

ZEBRAFEST 2018

We hosted our fifth annual summer leadership program, ZebraFest, in May. This year we had over 65 applicants and chose 21 students from Auburn University, University of Alabama, Troy University, Jacksonville State University, University of Montevallo, Birmingham-Southern College, and University of Alabama-Birmingham. During this two-day program, students were given the chance to learn about BMSS’ culture while spending valuable time with our staff. The Firm also had the chance to get to know the students and see how they interact with others.

Students visited Innovation Depot where they met with two BMSS clients, Wyndy and Knight-Eady. Both clients shared who they are and what they do. This helped paint a picture of some of the interaction students would have with clients during an internship or full-time role with the firm. To wrap up ZebraFest, one group went to play at Topgolf, while the other group enjoyed a visit to the spa for manicures and pedicures. After ZebraFest we extended offers to three interns for the 2019 busy season.

ZebraFest 2018 was great and we can’t wait for next year! We created a short video of this year’s ZebraFest. Enjoy!

ASCPA ALABAMA YOUNG CPA CHARITY GOLF TOURNAMENT

Earlier this month, BMSS had the opportunity to participate and be a gold sponsor at the annual Alabama Young CPA Charity Golf Tournament. The tournament proceeds went towards supporting The Exceptional Foundation and the Alabama Society of CPAs Educational Foundation. Not only did our employees enjoy the morning at the tournament, but our team also won first place out of around 20 competing teams.
Primer on Qualified Opportunity Zones

Investors in self-certified opportunity zone funds may partially exclude from gross income a portion of their gains reinvested in the fund after holding the investment for at least five years, and they may permanently exclude post-acquisition appreciation in the investment after 10 years. If you are interested in learning more about this opportunity, please contact your BMSS professional.

Mileage Documentation Reminder

Remember to maintain contemporaneous logs of mileage expense deducted on a tax return. The IRS may disallow mileage that does not correspond to a log containing places traveled, reason and miles driven to each place for business purposes.

Two-Factor Authentication for Portal

On April 29, 2018, we enabled multi-factor authentication on all portal accounts. An added layer of protection for your sensitive financial and tax return data, multi-factor authentication will make it much harder for someone to get into your account, even if they had your password. You will be required to complete one additional step to verify your identity before you can log into your portal from new devices or browsers.

The first time you log in from a new device, you'll need to verify your identity by providing a code. To verify your identity:

1) Select an option to receive the one-time security code via email, text message or voice message. (Note: If your profile does not have a telephone number, email will be the only available option to receive this code.)
2) Enter the security code in the log in window and click Submit. You can choose to trust your device for 90 days if you want Client Axcess to remember your device.

You may also be prompted to provide your telephone number. The phone number(s) provided will be used to send the one-time passcode via SMS/text message or voice call. We recommend you add your telephone number, if prompted.

Irondale Approves One Percent Occupational Tax

The city of Irondale has passed a one percent occupational tax in an effort to deal with a $1.6 million deficit.

The measure was met with opposition from residents at a public hearing during the city council meeting. They said it would not be fair to people who work but do not live in Irondale, and they voiced concerns over the city’s ability to attract new business. The new tax is expected to go into effect in the next 90 days.

In Birmingham, a tax of one percent is imposed on all workers, including nonresidents, and Bessemer and Midfield are among the local cities that also have occupational taxes.

Cybersecurity Questions You Should Consider for Your Business

Does everyone have a strong password? Are they required to change their passwords regularly?

Over 50 percent of breaches are caused by weak passwords, yet only 24 percent of SMB have a strict policy in place and fewer enforce it.