

**In this Issue:**

- [Producing Reports from Your Old Fiscal Year](#)
- [Dates in RLSS](#)
- [Need to Track Another Unpaid Leave Type?](#)
- [Updating Multiple Databases](#)

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News From GMS

G M S , I N C .

## RLSS—IRS FORM 1099-C FOR CANCELLATION OF DEBT

IRS Revised Procedure 98-35 indicates that some lenders must provide debtors with a 1099-C if there has been a cancellation of debt of more than \$600.00. You must file these forms by January 31 if you are one of the following lenders:

- ◆ A financial institution as described in section 581 or 591 (a), such as a domestic bank, trust company, building and loan, or savings and loan association;
- ◆ A credit union;
- ◆ A Federal Government agency including:
  - a department
  - an agency
  - a court or court administrative office
  - an instrumentality in the executive, judicial, or legislative branch of the government
- ◆ One of the following:
  - Federal Deposit Insurance Corporation
  - Resolution Trust Corporation
  - National Credit Union Administration
  - Any other federal executive agency
  - Any military department
  - US Postal Service
  - Postal Rate Commission

Although most RLSS users are not included in the above descriptions, you as a lender have the option of

voluntarily submitting 1099-Cs. This can be useful in your collection process related to bad debts.

When your agency has recognized a loan as a bad debt, and charged off the principal balance, you can then submit a 1099-C at the end of the year. Once you have issued a 1099-C to a debtor, you cannot actively pursue collection, but can receive voluntary contributions from the debtor. These forms are easy to complete and can be ordered free of charge from the IRS.

Information to be completed on 1099-Cs includes:

1. The date the debt was canceled
2. The amount of debt that was canceled
3. Interest if included
4. A debt description (ex: business loan, housing loan, etc.)
5. Borrower personally liable for debt
6. If the debt was canceled due to a bankruptcy (yes or no)

### Holiday Announcement

The GMS Offices will be closed Monday, January 18<sup>th</sup> in honor of Martin Luther King's Birthday. The offices will reopen Tuesday, January 19<sup>th</sup> for normal business hours.

### 7. Fair Market Value of property

Three-part 1099-Cs obtained from IRS are prepared by the lender. The original copy is sent to IRS along with a 1096 Transmittal Form, a copy is retained for your files, and a copy is mailed to the borrower. If the debt was canceled for reasons other than bankruptcy, the amount of the charge off may become taxable income for the debtor, which can in turn become an incentive for repayment. **A note of caution:** Reporting charged off loans on 1099-Cs should only be done when all avenues of collection have been exhausted. Because the canceled debt is reported to IRS as potential income, any future recoveries toward that loan must be voluntary.

### Welcome New Users

#### Accounting Systems Northwest Georgia Regional Commission

Rome, GA  
Bill Steiner—ED James Stockton—Dir of Admin Svcs

#### RLSS Systems

#### Central NY Enterprise Development Board

Syracuse, NY  
Karen Novak – Business Manager  
Theresa Stephen – Admin. Assistant

#### Mid Coast Council of Governments

Bath, ME  
Jeff Sneddon – Executive Director

#### Mountainland Association of Governments

Orem, UT  
Darrell Cook – ED Michelle Larsen – C&ED Director

#### District XI HRC

Missoula, MT  
Ruth Burke – FO Diane Lenington – Dir of Operations

#### Helena Lending Services, LLC

Collierville, TN  
Tristan Lee Dunlap – Acquisitions

#### Tri-CAP Stork Place, LLC

Jasper, IN  
Scott Burgess – ED Joyce Fleck – FD

#### Northwest Georgia Regional Commission

Rome, GA  
Bill Steiner – ED James Stockton – Dir of Admin Svcs



## Correcting Forms W-2 and 1099

**Correcting W-2's:** Use Form W-2c to correct errors on previously filed W2's and W-2c's, with the Social Security Administration (SSA). Also use Form W-2c to provide the corrected form W-2 to your employees. Remember that corrections reported on Form W-2c may require you to make corrections to your previously filed employment tax returns using the new adjusted return or claim for refund (e.g. Form 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund). See the Instructions for Form 941-X on [www.irs.gov](http://www.irs.gov) for more information.

**Correcting 1099's:** To correct a form 1099 issued to a vendor and submitted to IRS you simply use another 1099 form and check the "CORRECTED" box at the top.

If the correction is due to an incorrect amount, address, payee name or a form 1099 was filed when it shouldn't have been, prepare a new 1099 with the "CORRECTED" box checked. Also Prepare a new transmittal form 1096 and provide all information as it applies to part A, 1 and 2. File form 1096 and Copy A of the return with the appropriate service center. See instructions for other types of corrections or special circumstances at [www.irs.gov](http://www.irs.gov).

## PRODUCING REPORTS FROM YOUR OLD FISCAL YEAR

If you wish to produce reports from your old fiscal year without reversing the roll forward process you can set up a copy of the final year end database in a separate folder and tell the software which fiscal year you wish to access during the login process. On the Login screen you will be able to select, via the Organization combo box, which fiscal year you wish to access. This can be especially helpful during audit time when it is necessary to print reports requested by the auditor; or during a review process from a funding source. This is a procedure that can be repeated at the end of every Fiscal Year. So it is possible to have Financial Reports available for multiple previous fiscal years.

Timing is very important in this process. You want to make sure that all

of your Year End activity has been completed and your books are clean. But you need to do this step before you roll forward to the next fiscal year. Also, remember that the copy of the database you will be using for previous year reports is to be used **only for report generation**. Any subsequent changes that need to be made in the previous fiscal year will have to be made in the current copy of your agency's database.

Instructions for setting up this previous year folder can be found in the Help Manual under General Ledger/Year End/Year End Closeout Procedures/Saving a Copy of your Final Year End Database.

## Disaster Kits Available

Community Action Agency of San Mateo County, Inc., a GMS client in San Carlos, CA currently has disaster kits available at a reduced price. Should your organization have programs that provide these kits it can be a substantial cost savings. They are 4 person deluxe survival kits and there are currently over 200 available for the price of \$50 per kit. If you are interested in purchasing these kits and plan to do so with funding source money, please make sure it is an allowable expense per your grant or contract. To view the details of these kits, please follow the link <http://www.quakekare.com/index.asp?PageAction=VIEWPROD&ProdID=13>.

Please direct all questions to Joseph Cabrera [jcabrera@caasm.org](mailto:jcabrera@caasm.org) or Michael Gibson [mjibson@caasm.org](mailto:mjibson@caasm.org) CAA of San Mateo County, Inc. at 650.595.1342.

## Protecting Prior Month Information

Not everyone may know that the GMS Accounting software has a way to prevent the editing, creating or deleting of any transaction for a prior period. Once a month has been "closed" and the financial reports reviewed and/or approved, you may want to prevent any type of changes to this data, especially if it has been used to generate external reports to a funding source.

Under Tools\User Set Up you will see a tab called Month End Period. If you are the one that made the decision that a particular month end was final and no changes should be made, make sure you click on your user name. And on that form is a Posting Period combo box. If you set the Posting Period at 11/30/09 for example, that will prevent anyone from creating, editing or deleting any batch with a posting period of 11/30/09 or earlier.

GMS strongly suggests that access to change this date be limited to a very few, if not just one person. That way if you are the only employee with access to this form no one can make any changes to the prior period information without first coming to you to set this date to an earlier period.

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### Prepaid Maintenance Saves You Money!

Prepay a year's worth of maintenance fees and save 7.5%. If your fiscal year is getting ready to start, now is the time to contact Sara Drury at (800)933-3501 ext. 3 for further details or to request billing for a whole year. **We must receive payment by the last day of the month the bill is received in order for you to receive the discount. If not, the billing will be reverted to the original monthly billing amount and the 7.5% discount will be forfeited.**

## Dates in RLSS

When entering Loan Activity since installing the new RLSS software, are you receiving odd dates in the New Paid Thru Date and Next Payment Due fields? If yes, this can be easily remedied.

Exit your RLSS System. Left click on your Windows Start button. Select Control Panel. (Control Panel may be found under Settings on some computers.) Select Regional & Language Options. Click on the Customize button. Select the Date tab. Change "Short date" to be MM/dd/yyyy. This will correct the date issue.

While on this same tab, we recommend you also change "When a 2-digit year is entered, interpret it as a year between" to be 1960 to 2059 to avoid future problems with your Aging Report.

Once you've made these two changes, click on Apply followed by OK on both screens.



*From All of Us At GMS!*

## Do you use Mouse Clicks or Shortcuts?

Sometimes for either GMS related tasks or just day to day activity you are going to have to do things like copy and paste files, delete items and generally move around a body of text. In most cases these maneuvers can be accomplished by using the mouse or keyboard. Most people typically have a preference for one way or the other.

When you right click on the mouse you get the options such as cut, copy, paste, etc. And of course you can left click and drag over a line of text to highlight it for copying or deleting, etc. If you are more of a "keyboard person" than a "mouse person" there are standard shortcut keys on your keyboard to accomplish many tasks. Following is a list of only a few of these basic shortcut keys that will work with almost all standard keyboards.

Ctrl + C Copy selected item

Ctrl + V	Paste selected item
End	Goes to the end of the current line of text
Ctrl + End	Goes to the end of the current document (If you were in a voucher description that had multiple lines, Ctrl + End would take you to the end of the last line of description)
Home	Goes to the beginning of the current line of text
Ctrl + Home	Goes to the beginning of the current document (If you were at the end of a voucher description that had multiple lines, Ctrl + Home

	would take you to the beginning of the first line of description)
Shift + End	Highlights from current position to end of line
Shift + Home	Highlights from current position to beginning of line.

These are just a few of the many available shortcut keystrokes you can use. If you search the web for "keyboard shortcut keys" you will see many sources available.

#### Present versions of Software are:

Accounting	1.2.265
RLSS	1.0.0.2

## Need to Track Another Unpaid Leave Type?

As you know, the GMS Accounting Software has 2 built in pay codes that designate types of unpaid leave. They are LP for Leave Without Pay and ML for Military Leave. We have had questions from clients concerning the need to have more pay codes available to track other types of leave that are unpaid. Some examples of these are Maternity Leave and Family Emergency Medical Leave.

Other than the few leave types that are part of the basic system, you have control over how many and what kind of leave types you need to create. For this example let's use MT for Maternity Leave. (ML might seem like a more logical choice but remember that it is already set up in the system for Military Leave.) Your first step would be to go to General Ledger - GL Master Files - Program Elements and create the element number and description for Maternity Leave. Then you go to Pay Code Setup under Payroll - Setup and enter the pay code MT and designate the appropriate element.

Once that is done, the fact that you want it to be an unpaid leave type is handled during timesheet data entry. When entering a timesheet (and this can be done for a new timesheet or editing an existing timesheet) click on the Adjust button and begin your data entry as normal. When you get to Code enter MT and then the number of hours of Maternity Leave you wish to track. The system will then ask you to enter the \$ amount for this element. In this field you enter "0". Then click on save adjustment. You have now recorded a certain number of hours to an employee for which they did not get paid!

Finally, should you wish to track an available balance of hours for this leave type (Maternity Leave) you would add the MT pay code and description to the Lv Bal Type form under Payroll - Setup. Then go into the employee file and add that leave type and current balance on the Personal Data tab.



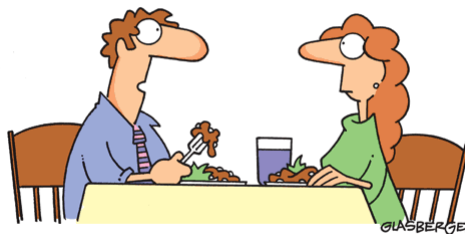
### Updating Multiple Databases

Part of your Year End procedures may include making a copy of the previous year's database, placing it in a separate folder and point the ODBC setup using convert1 or convert2, etc. This is particularly useful to allow you to go back to a previous fiscal year and generate a report without having to go through the reverse roll forward process. If this is a practice your organization follows, it is **imperative** that as you receive GMS software updates from our office, you follow the update procedure and *update all databases* you access through the GMS software. This is necessary to help assure you will be generating accurate reports from all fiscal years. This rule also applies if you have purchased additional databases from GMS for multiple companies.

### Microsoft Access Version

It is GMS' recommendation that all computers on which GMS Accounting or GMS RLSS are installed have the same version of Microsoft Access installed in order for the programs to run efficiently and to avoid various Access related problems. Please keep in mind that if one computer is updated to a newer version of Microsoft Access, all workstations on which GMS programs are installed should be upgraded to the same version.

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www.glasbergen.com



**"Today my computer joined a support group for office machines who have to cope with idiots."**

### RLSS Interest Received

Any loan made after 1987 and secured all or in part by real property is considered by the IRS to be a mortgage. If you receive from an individual \$600 or more of mortgage interest in a calendar year, you are required to give them Form 1098 Mortgage Interest Statement. GMS Supplement #804 RLSS 1098s can easily prepare these for you. Purchase price and operating instructions are available in your RLSS Help Manual. More detailed information regarding 1098's is available at [www.irs.gov](http://www.irs.gov).

**GMS 25th Annual  
Financial  
Management Conference Information!**

Check back next month for information on the 25<sup>th</sup> Annual GMS Financial Management Conference in Charleston, SC, June 20 - 25, 2010 .