

News From



A Publication for GMS Accounting and Revolving Loan System Clients

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17th Annual GMS Financial Management Conference

May 19-24, 2002 - Arlington, Virginia

Don't forget to mark your calendars and plan to attend the 17th Annual GMS Financial Management Conference to be held in Arlington, Virginia on May 19-24. As in previous years the conference will be divided into two segments with the regular conference May 19-22 followed by intensives May 23-24.

Enclosed with this newsletter is a brochure describing all conference sessions, along with registration and reservation forms.

Who Attends the GMS Conference?

If previous years are an indication, we can expect close to 350 participants from nearly 250 GMS client organizations located throughout the country. Attendees include fiscal staff, auditors, revolving loan management staff, Executive Directors, human resource staff and program managers. Many GMS clients view this as annual in-service training for their fiscal personnel.

From a strictly GMS viewpoint, we wish all GMS clients could attend since the conference is our best way to provide you with the most up-to-date information on using GMS software. Every member of the GMS staff will be at the conference giving you a tremendous opportunity for face to face consultation and assistance.

Session Highlights

This year our main focus will be training on the new GMS Windows Accounting and Financial Management System. Training will take place during the regular session

FICA/Federal Taxes Revised

Beginning on December 21, 2001, GMS Accounting System clients were mailed diskettes and loading instructions to implement FICA and Federal tax revisions for payrolls after January 1, 2002. You should be sure to make these changes prior to running your first payroll in the new year. If you have not received these instructions, please contact the GMS Maryland office at (800) 933-3501.

What Will These Changes Mean For Your Employees?

- Most employees will find a minor reduction in their federal taxes resulting in a minor increase to their net pay.
- FICA and Medicare rates continue to be unchanged at 6.2% and 1.45% respectively. There continues to be no limit on wages subject to the Medicare tax while the FICA limit has been increased from \$80,400 to \$84,900. Thus, only higher paid employees will be affected by this change.

State Tax Revisions for 2002

As of this time, we have received notification of 2002 state tax revisions in Oregon, Maryland, Maine, New Mexico, and North Carolina. These changes, along with loading instructions, have been sent to clients in these states and should be installed.

If you have employees in any of the above states and have not received these changes or your state has made tax rate changes for 2002, please contact the Maryland office at 800/933-3501 ext 1.

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In This Issue: RLSS 1099-C...Advanced EIC Revisions... Holiday Announcement...

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:

- 1- 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;
- 2- A credit union;
- 3- A Federal Government agency including:
 - a-a department
 - b-an agency
 - c-a court or court administrative office
 - d-an instrument in the executive, judicial, or legislative branch of the government
- 4- One of the following:
 - a-Federal Deposit Insurance Corporation
 - b-Resolution Trust Corporation
 - c-National Credit Union Administration
 - d-Any military department
 - e-US Postal Service
 - f-Postal Rate Commission

Although most of RLSS users are not included in the above descriptions, you as a lender have the option of voluntarily submitting 1099-C's. 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-C's includes:

- 1- Debtor's name and address
- 2- Debtor's Social Security Number, or Federal Identification Number
- 3- Your agency's name and address
- 4- Your agency's Federal Identification Number
- 5- The date the debt was canceled
- 6- The amount of debt that was canceled
- 7- A debt description (ex: business loan, housing loan, etc.)

- 8- If the debt was canceled due to a bankruptcy (yes or no)

Three-part 1099-C's 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-C's 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.

Training on the Windows Accounting Software

New Annual Conference Intensive

If you are planning to upgrade to the GMS Windows Accounting Software during the next year or so or just want to see how the entire system works, this intensive will be sure to give you a complete overview of the accounting system. You will see how windows controls are being used, which buttons and tabs are used for different sections, what navigation capabilities have been built in and how the GMS accounting integrity has been maintained in the new GMS product. All aspects of master file maintenance, books of entry, accounts payable processing, payroll processing, general ledger activities, cost allocation and report generation will be showcased. Even though concurrent sessions on certain areas of the Windows Accounting Software will take place during the regular annual conference, this 1 ½ day intensive allows more time to spend training on all aspects of the system.

This will be an excellent opportunity to be trained by GMS staff person, Don Cassidy. Programming staff will also be at the intensive for this training. This will be the first opportunity to be trained on the new windows version of the GMS Accounting and Financial Reporting System. Register soon - we expect a big turnout for this intensive in May!

We Can Print Your W2's and 1099's

Remember... If you are having problems printing your W2's and 1099's we can help. You just need to send the forms you have left and your prepared processing disk to the Maryland Office. Please call Gladys at ext. 1 if you have further questions.

Who's Going to Challenge the Returning Alabama Champs?

Even though we have not received final confirmation, we anticipate that an Alabama team, who overtook a three time champion North Carolina team last year, will be back to compete in the 2002 Great GMS Challenge Cup competition at the 17th Annual GMS Financial Management Conference.

This is a contest between six three-person teams. The contest involves answering questions about various non-profit financial management issues, specific operating procedures and a few trivia-type questions. There will be two preliminary rounds - one Monday afternoon and one Tuesday afternoon. Three teams will compete in each preliminary round and the winners from each will compete for the Championship on Wednesday morning.

Start recruiting a team from your state now! It's not only educational but a lot of fun. Members of the winning team will each receive \$500 of supplement coupons for their agency. To sign up for the competition or receive a list of other GMS clients in your state, contact Liz Collins at the GMS Maryland office.

Introducing A New CD Archival Service

Wouldn't it be great to reprint W2's on demand? Once you've completed processing your W2's, why not have them archived to CD!

GMS is pleased to announce a new archival service provided by Document Imaging, *a division of Global Docugraphix formerly known as Associated Business Products*. Converting W-2 documents to CD format allows you to access and retrieve records almost instantly. Furthermore, they can be printed in their original format! Sound too good to be true? Well it's not!

Major benefits of electronic imaging

- ◆ Eliminate searching for and reprinting employee tax info. Access & print stored records in seconds
- ◆ Eliminate the need for tape storage and back ups once the CD is produced
- ◆ Save labor, time and money
- ◆ Search by employee name, social security number or full text
- ◆ All employees W2's available from a single CD

Look for more information in next month's newsletter!

Advanced EIC Revisions

The 2002 Advanced EIC (earned income credit) revisions were included in the merge file sent to all clients along with the 2002 federal and FICA tax changes. After installing the software, no additional steps are required to implement these revisions if your software was previously set up to run the Advanced EIC routine.

To be eligible to receive the advance payment of the earned income credit in 2002, you expect your 2002 earned income and adjusted gross income will each be less than \$29,201 (\$30,201 if you expect to file a joint return for 2002). Include your spouse's income if you plan to file a joint return. The other eligibility requirements remain unchanged. The software has been revised to reflect this and minor changes in the indexing. The W-5 form, Earned Income Credit Advance Payment Certificate, has been revised. You now need to specify if you are (a) Single, head of household, or qualifying widow or (b) Married filing jointly. On the Advanced EIC tables, there are now three different tables to follow:

- (a) Single or Head of Household - Use S for Federal Filing Status and code 1
- (b) Married without Spouse Filing Certificate - Use M for filing Status and code 1
- (c) Married with both Spouses Filing Certificate - Use M for filing Status and code 2

In the software, we are using the federal filing status field to determine if it uses the single or married table and also for what box is checked on the W-5 form. If married filing jointly is checked, they should have an M in the federal filing status field and if single, head of household, or qualifying widow(er) is checked, they should have an S in the federal filing status field.

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.

and also as one of the intensives to be held immediately after the regular conference. The computer clinic also provides for hands-on opportunity.

For newer system users, you will also find detailed training on the Dos Accounting and Financial Management System. There will also be GMS-RLSS sessions during most of the concurrent sessions slots.

New Sessions this Year

A/P Processing - Windows version
Payroll Processing - Windows version
GL and Related Activities-Windows version
A/R Processing - Windows version
Fixed Asset Inventory - Windows version
Using Complete Purchase Orders - Windows version
Report Writer - Windows version
Archival Solutions
Loan Portfolio Management

Other Sessions for Accounting System Users

A/P Processing - Dos version
Payroll Processing - Dos version
Month End Processing - Dos version
A/R Processing - Dos version
Fixed Asset Inventory - Dos version
Using Complete Purchase Orders - Dos version
Basics of Year End Closing
What Are Your Cost Allocation Options?
Answers to the Top 10 Service Questions
Accounting Q & A with GMS Staff

Other Sessions for RLSS System Users

Loan Closings: Documents & Techniques
Tips for Collecting Tough Accounts
Accounting for RLF
RLSS Q&A with GMS Staff
Understanding RLSS Transactions and Handling Special Situations

Other Sessions

Introduction to GMS Accounting
Introduction to GMS-RLSS

With 6 concurrent sessions scheduled at nearly all times, there is always a topic to choose from that is useful to your organization. To make certain that everyone has the opportunity to attend sessions of greatest interest, almost every session is scheduled to be conducted at two different times. The GMS-RLSS sessions are run one time only.

Computer Clinic

In addition to specific sessions, the Computer Clinic is open throughout the conference giving you an opportunity to "test drive" any GMS product. GMS staff members are stationed in the Computer Clinic at all times to provide individualized assistance and support. In the Computer Clinic you can experiment and practice as much as you want!

Intensives

The five post conference Intensives are always well attended. These 1 1/2 day concentrated courses have been refined with years and years of experience and are in great demand year after year. Choose from any one of these topics:

- Training on the Windows Accounting Software
- Year End Procedures/Preparing for Audit
- Special Training for New Accounting Users - Dos version
- Special Training for New RLSS Users - Dos version
- Troubleshooting - Pinpointing Issues and Defining Solutions - Dos version

We hope that we will see you in Arlington. For further information on conference activities please feel free to contact Liz Collins, our Annual Conference Coordinator at extension 2.

HOLIDAY Announcement

The GMS offices will be closed Monday, January 21 in honor of Martin Luther King's Birthday. The offices will reopen at 9:00 am on Tuesday, January 22.

