



100 YEARS OF MEMORIES

It only takes a moment to create a lifetime memory. Now imagine the number of memories that can be created during the span of 100 years. 2011 marks the 100 year anniversary of the Candler Street School building. Although many of those who have entered her front door have moved on, the memories created within these timeless walls can stretch a north Georgia mile.



Built in 1911, the building was constructed to serve as an elementary school for the City of Gainesville. The area around the school was predominately residential during this time and children would walk from near and far to attend the elementary school. A child living on Forest Avenue may meet up with a friend coming from North Avenue and conclude their walk to school together. A girl living on North Avenue may have looked forward to catching up with her school crush coming from Green Street. Story has it that one student was asked to start walking or riding his bike to school like the rest of the children because the horse he was riding to school was causing too much fuss. Fiddlesticks!

The City of Gainesville ceased using the building as an elementary school in 1978 and for a few years it sat empty. It was purchased in 1981 and restored by Don Carter, Jim Bates and John Carter. In 1982, the building was added to the National Register of Historic Places and reopened as Candler Square office suites. The building currently serves as the office of BatesCarter and Don Carter Realty. Strolling through the hallways today you can't help but think of all the times Principal Mary Self Squires may have peeked in on some of the classes during the late 1940's. This is just a glimpse into the history of a building that many consider to be the cornerstone of Gainesville, Georgia.

We invite you to read and share some of the memories that were created in the Candler Street School building. Please visit our website at www.batescarter.com and reminisce about what the building meant in your life or the life of someone you know. We also encourage you to *like* us on Facebook and read some of our stories at www.facebook.com/batescarter.

100 years - A lifetime of Memories.



CONGRATULATIONS

Announcing...



Sarah Faith Grimes
August 16, 2010
7 lbs, 6 oz, 19.5"

Proud Parents:
Richie and **Beth** Grimes

Addison Marie Peeples
October 21, 2010
7 lbs, 12 oz, 21"

Proud Parents:
Will and **Kingsley** Peeples



Rachel Bemby received her certified public accountant certification in December, 2010. Rachel is an audit senior in the Government Audit Department.



The Georgia Government Finance Officers Association's (GGFOA) 25th anniversary was celebrated in October during it's 2010 annual conference in Savannah.

BatesCarter has participated and supported this organization for many years. **Beth Grimes** has instructed classes at GGFOA annual conference for the past three years. This year she taught *Problematic Areas Involving Capital Assets and Investments* and discussed the importance of sound policies relating specifically to capital assets. **Beth** is dedicated to assisting local governments in achieving the highest level of accounting and reporting. **Beth** welcomes the opportunity to visit with your government and see how her expertise can benefit you.



Junior Achievement of Georgia and its partners inspire and prepare young people to succeed in a global economy. Their volunteer-led programs teach K-12 students about business and entrepreneurship, personal financial literacy, and workforce readiness.

Through her involvement in Junior Achievement, **Melissa Gramling** taught Ms. Jarboe's 2nd grade class at Gainesville Exploration Academy. The students learned through a series of 5 lessons about "The Community."



Kristi Griffin participated as a session leader at the Georgia Education Advancement Council (GEAC) Annual Conference held at St. Simons Island in November. GEAC's mission is to "foster greater professional advancement for Georgia college and university personnel." Kristi's discussion was on the importance of internal controls at all levels of an organization.

For additional information about internal controls and your company, please contact Kristi. She will be happy to share her presentation with your organization!



Rachel Bemby serves as a Trustee on the Board for Rehabilitation Industries of Northeast Georgia (RING), a non-profit organization located in Gainesville, GA. They provide vocational services to individuals with disabilities or others with similar vocational needs to reach independence and self sufficiency through training, support and advocacy. They have served over 7,000 individuals with disabilities ranging from mental and physical disabilities to substance disorders and learning disabilities, to retrain and return to work. There are also programs available for those who require pre-employment services and various levels of continued job support. They have two new programs, one for disabled veterans who have graduated or are seniors in college/vocational school. The second program will support high school seniors and recent graduates who are interested in entering the medical field.



+ To raise funds for the American Heart Association, BCC employees **Ryan Doss** and **Zach Propes** represented the firm at the Heart Walk on September 25th, and raised a total of \$600.



+ **BatesCarter** participated in the 2011 United Way Fundraiser and raised over \$10,000. BCC was part of the "Cornerstone" Campaign that helped set the pace for the general campaign.



+ **BatesCarter** collected canned goods and other food items during their Food Bank Drive in December. Many thanks to our clients and staff for their generous donations. All donations, totalling 496 lbs., went to the GA Mountain Food Bank.

Independent Contractor or Employee?

by Duane Schlereth

This question comes up frequently. The answer has implications for both parties. If a worker is an employee, they are eligible for whatever benefits are offered by the company including health insurance, vacation pay, and others. The employer pays a match for social security and Medicare taxes. If the worker is an independent contractor, they pay self employment taxes which are the equivalent of both the employee's social security and Medicare taxes plus the employer match. They are not eligible for employer provided benefits. On the other hand, there may be some additional expenses that an independent contractor can deduct directly against his gross earnings that either are not available to an employee or must be taken "below the line" as itemized deductions subject to a 2% of adjusted gross income reduction and phase out.

The relevant facts used in deciding whether a worker is an independent contractor fall into three main categories: behavioral control; financial control; and relationship of the parties. In each case it is important to consider all the facts – no single fact provides the answer. The weights assigned to each factor varies depending on the facts. The IRS in Revenue Ruling 87-41 outlined 20 factors to consider. Due to the changing nature of the work place since this ruling was issued, some of these factors must be considered very cautiously.

Let's consider the factors in the three main categories. These are not the same order as discussed in Revenue Ruling 87-41. The number that appears after the factor is the number from that ruling. The order does not indicate that more or less weight should be assigned to that factor.

BEHAVIORAL CONTROL

These factors show whether there is a right to direct or control how the worker does the work. The business does not have to actually direct or control the way the work is done – as long as it has the right to do so.

- Instruction (1) – Extensive instructions on how work is to be done suggests employee relationship.
- Training (2) – If the business provides worker with training about required procedures and methods, this suggests an employee relationship.
- Integration (3) When the success of a business depends upon the performance of certain services, the workers who perform those services must necessarily be subject to a certain amount of control by the owner of the business.
- Services rendered personally (4) – If the services must be rendered personally, that indicates control.
- Hours of work (7) – Establishment of set hours of work indicates control.
- Full time required (8) – If the worker must devote substantially full time to the business that indicates control.
- Work on employer premise (9) – That suggest control.
- Order or sequence set (10) – If the worker must perform

services in the order set by the business, that is an indication of control.

- Oral or written reports (11) – A requirement to submit reports to the person for whom the services are done indicates a degree of control.
- Furnishing of tools and materials (14) – The fact that a business furnishes these items tends to show an employee relationship.
- Hiring, Supervising, and paying assistants (15) – If the business does these things, that generally shows control over the workers on the job.

FINANCIAL CONTROL

These facts show whether there is a right to direct or control the business part of the work.

- Significant investment (15) – If the worker has one, that may indicate they may be a contractor.
- Expense (13) – If the worker is not reimbursed for some or all business expenses, this may indicate status as a contractor.
- Opportunity for profit or loss (16) – A worker that can realize a profit or loss as a result of the work indicates that they are a contractor.
- Payment by the hour, week, or month (12) – These tend to indicate an employment status as contractors tend to be paid by the job.
- Working for more than one firm at a time (17) – This indicates the worker is a contractor.
- Making services available to the general public (18) - This indicates the worker is a contractor.

RELATIONSHIP OF THE PARTIES

These are facts that illustrate how the business and the worker perceive their relationship.

- Continuing relationship (6) – A continuing relationship indicates an employee status.
- Right to discharge (19) – The right to discharge a worker is a factor that shows the worker is an employee.
- Right to terminate (20) – If the worker has the right to end his relationship at any time they wish without liability, this indicates an employee status.
- Written contract – Such a contract may show the intentions of both parties. When the analysis of the other factors makes it difficult to decide what the relationship is, this can be a critical factor.
- Employee benefits – Receiving benefits indicates the worker is an employee.

For more details, please refer to revenue Ruling 87-41. You may also file form SS-8 Determination of Employee Work Status with the IRS for a ruling. Please contact BatesCarter if you have any questions.



SOME RESOLUTION FOR TAXES IN 2011

After much uncertainty, some political gamesmanship and, ultimately, some compromise, Congress has approved and President Obama has signed the 2010 Tax Relief Act (H.R.4853). The new law follows through on the framework agreed to December 6, 2010 by President Obama and GOP leaders in Congress. The 2010 Tax Relief Act extends the Bush era tax cuts for all taxpayers for two years. Some highlights:

Individual tax rates - The current lowered individual tax rates from President Bush's 2001 Tax Relief Act, which were scheduled to expire at the end of 2010, were extended through December 31, 2012. These lowered rates results in an across-the-board income tax rate cut of 3-5%.

Capital Gains/Dividend - Long term capital gains and qualified dividend rates will remain at 15% (0% for taxpayers in the 10 and 15% brackets) through December 31, 2012.

AMT - An AMT "patch" is intended to prevent the AMT from affecting middle-class taxpayers by providing a higher exemption amount. Without this patch, many middle class households would be subject to AMT.

Payroll Tax Cut - A one-year, two-percent reduction in Social security tax was enacted for wage earners in 2011. This reduces the Social Security tax from 6.2% to 4.2% for employees, but the employer's share will remain at 6.2%. This saves an employee at the wage cap of \$106,800 approximately \$2,000.

100% Bonus Depreciation - The 2010 Tax Relief Act boosts 50% bonus depreciation to 100% for qualified investments through 2011. Unlike Sec.179 expensing, it is not limited to use by smaller businesses or capped at a certain dollar level.

Estate Tax - The compromise sets a maximum estate tax rate of 35% and a \$5 million exclusion amount for two years through December 31, 2012. This represents a significant reduction from the 45% and \$3.5 million exclusion applicable for 2009.

The new law gives taxpayers some certainty in tax planning for the next two years, especially concerning the individual income tax rates, capital gains/dividend tax rates and the estate tax. However, the provisions are temporary and the new law punts the ultimate fate of the Bush-era tax cuts to 2012, a presidential election year.

TAKE A BREAK

A "Southernisms" story.

clipped from The Anderson, SC Independent Mail

Hearsayer "Idonotwanttobementionedby-name" of the upstate SC area sent along this story concerning her dad, who was born in Sweden and lived in Boston, MA, before moving his family south to Nashville, TN. Having moved to N'ville, Ms. Idonot's dad went to the bank to open an account. It was there, she said, that he encountered a dose of Southern friendliness and a confusing way of saying good-bye. "The teller handed my father his bank books and documents. Then as he was leaving, she said to him, 'Y'all come back!' So, he walked back up to the teller's window. More small talk ensued and then he started to leave and got halfway across the room and she said, 'Come back now, hear?' And so, feeling extremely foolish, he went back to the window. By now, the teller was feeling extremely foolish, too, and neither of them knew what to say. After asking him if he had forgotten something or if there was anything else she could do for him, the teller told him good-bye once more and when she said, 'Y'all come back!' he told me he pretended not to hear her and walked straight out the door!"



NUTTER BUTTER-BANANA PUDDING TRIFLE

Contributed by Beth Grimes



3 cups milk
 3 large eggs
 3/4 cup sugar
 1/3 cup all-purpose flour
 2 TBSP butter
 2 TSP vanilla extract
 5 medium-size ripe bananas
 1 (1-lb.) pkg peanut butter sandwich cookies
 2 cups sweetened whipped cream
 Garnishes: peanut butter sandwich cookies, dried banana chips, fresh mint sprigs

1. Whisk together first 4 ingredients in a large saucepan over medium-low heat. Cook, whisking constantly, 15-20 minutes or until thickened. Remove from heat; stir in butter and vanilla until butter is melted.
2. Fill a large bowl with ice. Place saucepan in ice, and let stand, stirring occasionally, 30 minutes or until mixture is thoroughly chilled.
3. Meanwhile, cut bananas into 1/4 inch slices. Break cookies into thirds.
4. Spoon half of pudding mixture into a 3 quart bowl or pitcher. Top with bananas and cookies. Spoon remaining pudding mixture over bananas and cookies. Top with sweetened whipped cream. Cover and chill 2 to 24 hours. Garnish, if desired.

Shortcut: Omit eggs, sugar, flour & butter. Substitute thawed extra creamy whipped topping for sweetened whipped cream. Reduce vanilla to 1 tsp. Place 3 cups milk & vanilla in large bowl; add 2 (3.4 oz) pkgs vanilla instant pudding mix. Beat with an electric mixer at medium speed 2 minutes or until thickened; let stand 5 minutes. Stir in 1 (8 oz) container sour cream. Proceed with recipe as directed in Steps 2 through 4.




BatesCarter

Exceeding expectations. Always.

BUSINESS ADVISORS AND CPAS

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