



WELCOME TO 2018!

**ACCOUNTING PROCEDURES
&
INFORMATION**

CELEBRATING OVER 50 YEARS OF SERVICE!

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WELCOME TO 2018!

We would like to take this opportunity to provide you with a review of our bookkeeping, payroll, accounting, and tax services. This information helps ensure that you receive the highest possible value and quality from our services. As you prepare for 2018, please consider the following as your “Top Five” reminders of ways to get the most value from our services.

Top Four for 2018

- 1. Direct Dial Telephone Lines** – Each member of The Dental CFO™ Team has his/her own direct dial telephone line for your convenience. Please see page 18 for specific listings.
- 2. Depositing 401k Deferrals** - New Safe Harbor rule regulations require that employee contributions and plan loan repayments must be made to the plan by no later than the seventh (7th) business day following the time the employee could have otherwise received cash in order to be protected by the safe harbor regulation.
- 3. Bank Statements** - We are encouraging our clients to sign up for online banking and provide us with online access to “view-only” your bank statements. If online banking is not available to you, we require that you direct your bank to mail us a duplicate copy.
- 4. Credit Card Statements** – Due to of recent reports from several of our colleagues describing unauthorized use of company credit cards by employees, we now require that copies of the statements be sent to us each month. In addition, we **highly recommend** that a dentist/owner review the credit card statement for accuracy and approve it by initialing it prior to payment.

BOOKKEEPING SERVICES

At The Dental CFO™ (DCFO), our goal is to provide you with timely and accurate financial information about your business. Dentists have trusted the DCFO to address and meet the multi-faceted business needs of their growing and thriving practices for over 50 years. Since the early days of providing accounting, tax and collection services, our comprehensive menu of services has evolved to over 20 practice accounting and business management consulting services. From new practice start-up assistance and strategic planning to payroll, human resources, coding analysis and retirement plan administration, the DCFO has helped dentists ease the burden of business ownership and experience greater peace of mind. The DCFO keeps the business side of the practice healthy so dentists can focus on keeping their patients healthy.

QUICKBOOKS ONLINE/THOMSON ACS

For enhanced data security and ease-of-use, The Dental CFO™ transitioned our clients to one of two cloud-based accounting systems – QuickBooks Online (QBO) or ACS. QBO has overtaken its older sibling, QuickBooks Desktop, in terms of subscribers and annual growth. The “cloud” has officially caught up to the accounting world. We implemented QBO and ACS in order to take advantage of the following:

- Obtain a clear overview of your current financial position.
- Multi-user access makes it easy to collaborate online with your team and The Dental CFO™ advisors.
- Cloud-security – your data lives securely in the cloud, not on your hard drive. Note: ACS & QBO are backed by well-respected companies.
- Automatic synchronization with your business bank account – transactional data is automatically downloaded into your QBO account daily. ACS data is entered directly into our system.
- Offsite data backup to the cloud comes standard – no data loss if you have a hard drive crash.
- Access your account through any computer, phone or tablet with an internet connection.
- Print checks and record transactions.
- Automatic and seamless integration with online dashboard reporting tools in (QBO only).
- Payroll services available in either QBO or ACS.
- Everything operates online, so there’s nothing to install except a CITRIX app for ACS users.
- Updates are automatic.

The Dental CFO™ will help you with set-up and training. If operational or technical questions arise, you can simply call your DCFO representative! Speak directly to your DCFO representative rather than dialing an impersonal “1-800” support number and being placed in a call center queue.

You write and print professional checks from your office printer. The software takes you through an easy-to-use process to quickly create a check. You can print as you go, or batch your checks to print all at once later.

At the end of each processing period, we will use the transactional data from your QBO or ACS account to prepare your practice's financial reports and offer analysis and advice regarding your financial position.

BANK STATEMENTS

Please contact your bank regarding online banking. We will need our own online login credentials for "viewing-only" of accounts, credit cards and loans. **Please note:** We are not authorized to initiate any transactions with our "viewing-only" access.

Once we receive your bank information, we balance the numbers to your books and process your monthly financial statements. We send any notices we receive from your bank to your office immediately so that you can make corrections in your checkbook and/or contact your patients about any returned checks.

By using QuickBooks Online/Full Service Payroll (QBO/FSP or ACS/Check Writing/Payroll), we will access your checkbook online and make the adjustments for you!

PRACTICE MANAGEMENT REPORTS

Your practice management software will record your daily charges and receipts. We require these month-end reports to incorporate charges and receipts into your financial statements. Please fax/mail charges and adjustment reports to us each month.

PAYROLL SERVICES

The Dental CFO™ recommends several vendors (including QBO and ACS) for payroll processing for your office.

Advantages include:

- Tax tables always current and up-to-date.
- Pay salaried employees with one easy step.
- Pay hourly employees by simply entering hours worked.
- Specialized reports to help with paying taxes.
- Direct deposit available.

SHREDDING SERVICE

HIPAA compliance standards now require strict security procedures to ensure the confidentiality of your patients' Protected Health Information (PHI). We recommend either of the services below. Each offers on-site mobile document destruction with customized service plans for your office.

Shred South	704-873-8130	http://shredsouth.com	sbograd@shredsouth.com
Shred-it	980-228-9600	www.shredit.com	

SOCIAL SECURITY & MEDICARE TAX (FICA) RATES FOR 2018

FICA rates are 7.65% (6.2% Social Security and 1.45% Medicare) of the first \$128,400 for employees (the employer's share remains unchanged at 6.2%). There is no dollar amount limit for the Medicare (1.45%) portion of this tax. Also, earnings above \$200,000 must have an additional 0.9% for Medicare withheld. These changes are effective for all payroll paid on or after January 1, 2018.

In addition, for self-employed persons the rates are 15.3% on the first \$128,400 and 2.90% on the earnings above \$128,400.

We continue to recommend that your tax deposit be made on the same date as your payroll. You do not have adequate funds to pay the payroll if you cannot also pay the tax deposit! Make a tax deposit for each payroll written. The penalty for underpayment of payroll taxes is severe. **SEE PAGE 12 FOR TAX DEPOSIT RULES!**

Please remember that any salary or bonus amounts paid to a dentist/doctor of a corporation on or after January 1, 2018 must have Social Security and Medicare withheld at the combined rate of 7.65% of the gross amount. Failure to withhold properly could cause a penalty to be charged.

EMPLOYEE BUSINESS EXPENSES

We recommend that all business-related expenses be paid from your corporation or business account. The standard mileage rate for 2018 automobile expense is **\$0.545** per mile.

We advise that each individual dentist in the practice have an account maintained in his or her name for dues and memberships, travel and lodging while at professional meetings, and automobile expenses if applicable. Please note that while all of these expenses may be 100% reimbursable to the employee, some of them may not be fully deductible by the corporation or business for income tax purposes. Deductions for most club dues and PAC's (political action committee) are prohibited.

To aid you in providing documentation necessary for reimbursement of these expenses, we are enclosing a form on which to submit your expenses. You may copy this form for use by your practice. No reimbursement can be paid without the submission of the form along with substantiating documentation. If reimbursement is made without documentation of expenses incurred, you have a "non-accountable" plan and the amount paid is likely to be taxed to the employee in the event of an audit. Please attach a copy of the form to the check copy you mail to the DCFO. Cash advances to attend meetings should be avoided. Thank you for helping us to maintain accurate records for your practice.

INDEPENDENT CONTRACTORS

We are often asked about the use of an "employee" as an independent contractor. In this case, you would not withhold income taxes or be liable for fringe benefits for this individual. There are very few situations in which an independent contractor relationship exists. Some questions to be asked

in arriving at the determination of whether an individual is an independent contractor include:

A. **Does behavioral control over the worker exist?** Behavioral control focuses on whether the business has the right to direct or control how the work is done, e.g., **how** the worker performs the specific task for which he or she is hired. Factors include:

1. **To what extent are instructions given and taken?** An employee is generally subject to the business instructions about when, where and how to work; an independent contractor is not. Even if no instructions are given, sufficient behavioral control may exist if the employer has the **right to control** how the work results are achieved. Pertinent evidence includes
 - a. Needing prior approval before proceeding
 - b. Rendering services personally
 - c. Hiring, supervising, and paying assistants
2. **What training does the business give the worker?** Employees may be trained to perform services in a particular manner. Independent contractors ordinarily use their own methods. The business's orientation course, safety seminars and voluntary unpaid educational programs are to be disregarded.

B. **Do financial controls over the worker exist?** These factors illustrate whether there is a right to direct or control how the business aspects of the worker's activities are conducted:

1. **Can the worker realize a profit or incur a loss?** An independent contractor can make a profit or loss whereas employees can only make a profit. IRS discloses that the worker's dependence on the job is NOT a factor.
2. **Is the worker's investment significant?** An independent contractor often has a significant investment in the equipment or facilities he or she uses in performing services for someone else. However, a significant investment is not required. Pertinent evidence includes:
 - a. Amount of unreimbursed expenses
 - b. Payment of business and/or travel expenses
 - c. Furnishing of tools and materials
 - d. Analysis of lease arrangements between worker and business. The IRS has listed business expenses expected to be found on the taxpayer's business return.
3. **To what extent does the worker make his or her services available to the general public?** Pertinent evidence includes:
 - a. Yellow Page advertising or presence on the internet with their own business website
 - b. Working for more than one firm
 - c. Identifying when advertising not required, e.g., use of word-of-mouth advertising and having long-term contracts
4. **How does the business pay the worker?** An employee is generally paid by the hour, week or month. An independent contractor is generally paid a flat fee or by the job, even though it is common in some professions, such as law and accounting, to pay hourly. The payment

of commissions indicates both are possible.

C. **What type of relationship exists between the parties?** These factors illustrate how the worker and the business perceive their relationship between each other:

1. **Does a written contract exist that describes the relationship the parties intend to create?** This is a new factor generally considered of lesser importance by the IRS (but more important by the courts!) as the *substance*, not the *label*, governs the worker's status. A written contract contains other evidence, e.g., method of compensation, what expenses are unreimbursed, and *how* work is to be performed.
2. **Does the business provide the worker with employee-type benefits, such as insurance, a pension plan, vacation pay, or sick pay?** Employee benefits are *only* paid to employees! The IRS surprisingly discloses that W-2's do not necessarily indicate employee status and that incorporated workers generally will not be re-characterized as the business's employees.
3. **How permanent and on-going is this relationship?** Permanent and indefinite relationships indicate an employer-employee relationship whereas, the IRS divulges, long-term and temporary relationships are not important evidence (e.g., independent contractors can have long-lasting relationships).
4. **To what extent are the services performed by the worker a key aspect of the regular business of the company?** Is the success of the business dependent, to an appreciable degree, upon the worker's performance? If so, an employer-employee relationship exists.

Do not treat an individual as an independent contractor just because it seems to be easier or cheaper to do it that way. Officers and Directors can be held personally liable for payroll taxes assessed as a result of an "independent contractor" being reclassified as an employee by IRS.

The independent contractors that you do identify and maintain a relationship with need to provide you with their mailing address and Employer Identification Number or Social Security number. You need this information from your attorney and your property owner if your office is rented. Other individuals/firms that may qualify as independent contractors include building/leasehold improvement services, lawn maintenance services, and computer repair/maintenance services. These companies or individuals should be given a W-9 when services are contracted if at all possible and certainly prior to any payments. Please fax us a copy of the W-9 to maintain for processing of 1099's at year-end.

COMPUTING HOURLY PAY RATES FOR EMPLOYEES

To compute an hourly rate for any employee who is paid based on a 40-hour week, the following table may be used:

TYPE OF PAY PERIOD	DIVIDE SALARY BY THIS NUMBER OF HOURS
Weekly	40
Bi-weekly	80
Semi-monthly	86.665
Monthly	173.33

COMMON MISPERCEPTIONS OF PAYROLL PERIODS

There are some common misperceptions regarding semi-monthly and bi-weekly payroll periods that are helpful to clarify from time to time. *Semi-monthly* payroll periods are two pay periods each month usually on the 15th and last day of the month. *Bi-weekly* pay periods fall every other week on the same day of the week such as every other Friday. Examples are as follows:

Semi-Monthly: There are **24** pay periods during the year. An employee making \$30,000 per year would have a regular salary of \$1,250 ($\$30,000 \div 24$) under the semi-monthly pay period scale.

Bi-Weekly: There are **26** pay periods during the year. An employee making \$30,000 per year would have a regular salary of \$1,153.85 ($\$30,000 \div 26$) under the bi-weekly pay period scale. Each check is slightly smaller under this scale compared to the semi-monthly scale since there are 26 pay periods versus only 24 pay periods under the semi-monthly scale.

Notes:

- Sometimes the bi-weekly pay scale is referred to as “bi-monthly.” The term “bi-monthly” is incorrect as it means every other month rather than every other week.
- A payroll is considered to have taken place in the month of the actual check date. For example, if you issue a paycheck dated November 2, for the pay period ending October 31, all associated costs/transactions are deemed “November payroll.”

THE DENTAL CFO™ ACCOUNTING PROCEDURES

WRITING CHECKS – PAYROLL

The top portion of your check is for payroll information only. This area should be filled out so that we can accurately record the gross pay and withholding taxes.

PERIOD ENDING	The last day of your payroll for this period	
HOURS	Number of hours worked for this period	
RATE	Rate of pay per hour or salary amount	
REGULAR EARNINGS	Total pay for period, without overtime	
OVERTIME AND OTHER	Amount earned for OT and/or bonus, etc.	
TOTAL EARNINGS	Total amount earned during pay period	
FICA	Amount deducted for Social Security and Medicare taxes	See Circular E, Employer's Tax Guide Booklet: see link to download. 7.65% up to \$128,400, then 1.45% for earnings over \$128,400.
FEDERAL W/H	Amount of withholding deducted for Federal tax	
STATE W/H	Amount of withholding deducted for State tax	

FICA: To download the Circular E, and the Employer's Tax Guide:

https://taxmap.irs.gov/taxmap/ts0/publication15circu_p_49af511a.htm

Click on: **Publication 15** Circular E, Employer's Tax Guide for use in 2018 (click on the **PDF**)

FEDERAL WITHHOLDING: To download the Withholding Tax Forms:

<https://www.ncdor.gov/taxes/withholding-tax>

Click on: Withholding Tax Forms and Instructions

STATE WITHHOLDING: (use same website as Federal Withholding)

Under Tax Bulletins, Directives, and Other Important Notices, click on: NCDOR Publishes NC-30, Income Tax Withholding Tables and Instructions for Employers for tax year 2018.

Click on: NC-30 Withholding Tables and Instructions (for Tax Year 2018).

Note: Use the remaining blank boxes on the payroll check for any other deductions from your employee, such as insurance, garnishments, etc.

WRITING CHECKS – PAYABLES

DATE	Date invoice is to be paid	(i.e. date you are writing check)
DESCRIPTION	Identification of purchase	(If you are unsure of how the purchase should be categorized, attach a copy of the invoice or write your own description of the purchase.)
AMOUNT	Total to be paid	
ACCOUNT NUMBER	The Dental CFO™ Account Number from your Master Chart of Accts	

Once this information is determined, type the check as outlined. *Fold the check with the payee name and address showing in the window of the envelope for mailing or distribution.

***Present the check for signature by the dentist/owner with the invoice clipped to the check. If the check is for a refund, attach the patient’s account card or computer report. All checks should be signed. Use no signature stamps.**

MUST DO RULES FOR HANDLING MONEY

Good business practice includes effective cash controls. Please carefully review the rules below to be certain they are followed in your business.

- Divide the duties of handling cash between two or more people.
- Write a receipt for every payment.
- Record every charge and payment daily in your electronic accounting.
- All daily report totals must be verified each day in your electronic accounting program.
- Daily deposit of each day’s payments is required. The deposit must be made immediately after balancing the daily totals. Use a night deposit box if necessary. If you are not able to deposit the money on the same day it is received, consider changing your “day” to run from an afternoon through the next morning and close out your “day” at noon.
- Deposit slips must be prepared in duplicate. Name and amount of each check must be listed along with the total amount of cash and coins. Double check that you have entered the total correctly on the deposit slip as banks are increasingly reluctant to correct errors of less than \$5.
- The deposit must equal the daily audit or daily summary report for computer users or the payment column of the day sheet for pegboard users. If a discrepancy is found, an explanation of the amount and cause of the error must be made on the sheet. Computer users must save incorrect daily summary sheets to provide an audit trail for the corrections

made. Pegboard users must not erase or white out entries on day sheets or ledger cards.

- Draw a single line through the incorrect entry on the ledger card or day sheet and reprocess the transaction correctly on the next available blank line.
- A petty cash fund must be maintained to make change for patients. Keep a separate petty cash fund to pay for postage due and other incidental expenses.
- Do not cash checks for employees out of cash from a daily deposit! Allowing such a practice invites abuse.
- All day sheets or computer reports as well as deposit slips must be stored in chronological order with the most recent report on top.
- All controls such as spot-checking individual transactions, deposit slips, ledger cards or computer accounts must be utilized by the owners of the practice as well as the office manager or administrator.
- All checks written for accounts payable must be presented to a dentist/owner for signature with the invoice attached to the check. This includes the requirement to attach a ledger card or computer account printout in the case of refund checks. Only a dentist/owner of the practice should sign checks.
- Routing slips, pegboard Superbills or receipts must be pre-numbered and each slip accounted for at the end of each day.
- Only a dentist/owner must be permitted to authorize a write-off or reduction of a patient's account balance.
- All employees with access to cash must be bonded and informed of the coverage. Insurance companies usually prosecute dishonest employees.
- Employees must be required to take at least one vacation week per year (five or more consecutive days).
- Accounting and financial records (including insurance claim forms) must not be taken home by employees.
- *Always* check references of job applicants. Personal character references are generally worthless. Request and check references of former employers. Listen carefully for what is not said if the reference is less than glowing. A good source for online background checks is www.netdetective.com or www.castlebranch.com.
- Violation of any of the above rules would be grounds for termination of employment.

EMBEZZLEMENT NOTICE

There is no system that can totally protect you from embezzlement. Although we strive to help you and your employees implement proper cash controls, we cannot guarantee prevention of theft of any description.

While our presence in your office may help to deter theft or embezzlement, we make no representation that we audit your books and we do not guarantee that theft or embezzlement can be detected. If you believe that any of the above rules are not being enforced in your office, please call us immediately.

In addition, we do not accept responsibility for the accuracy of your receipts or disbursements. The financial statements we prepare for you are based on the information we receive from your office and as such are unaudited. We will continue to keep you informed of well-designed systems that, when utilized properly, should deter theft. Even these systems, however, are implemented to "keep the honest people honest." We can only attempt to limit the opportunity to embezzle.

We ask your cooperation and participation in installing and maintaining systems of cash control. Please be alert for unusual occurrences that may indicate funds are being misappropriated and discuss the incidences with us immediately. You are your best auditor.

IDENTITY THEFT INFORMATION FOR TAXPAYERS AND VICTIMS

We take these matters very seriously and take every precaution to ensure that our client data remains confidential and safe.

From the IRS | FS-2015-2, January 2015

Identity theft presents a challenge to businesses, organizations and governments, including the Internal Revenue Service. The IRS meets the challenge of tax-related identity theft and is making progress against it with an aggressive strategy of prevention, detection and victim assistance.

Tax-related identity theft remains a top priority for the IRS in 2018. This year, the IRS continues to take new steps and strong actions to protect taxpayers and help victims of identity theft and refund fraud.

Tax-related identity theft occurs when someone uses a stolen Social Security number to file a tax return to claim a fraudulent refund. A taxpayer's SSN can be stolen through a data breach, a computer hack or a lost wallet. Although identity theft affects a small percentage of tax returns, it can have a major impact on victims by delaying their refunds.

Here are some tips to protect you from becoming a victim, and steps to take if you think someone may have filed a tax return using your name and Social Security number:

Tips to Protect You from Becoming a Victim of Identity Theft

- Do not carry your Social Security card or any documents that include your Social Security number (SSN) or Individual Taxpayer Identification Number ITIN).
- Do not give a business your SSN or ITIN just because they ask. Give it only when required.
- Protect your financial information.
- Check your credit report every 12 months.
- Review your Social Security Administration earnings statement annually.
- Secure personal information in your home.
- Protect your personal computers by using firewalls and anti-spam/virus software, updating security patches and changing passwords for Internet accounts.
- Do not give personal information over the phone, through the mail or on the Internet unless you have initiated the contact or you are sure you know who you are dealing with.

To print this, go to: www.irs.gov/newsroom/identity-theft-information-for-taxpayers-and-victims

RETIREMENT CONTRIBUTION LIMITATIONS

For 2018, the 401(k) elective deferral increased to \$18,500 and the Catch-up 401(k) contributions for employees aged 50+ remains \$6,000. The maximum contribution for Defined Contribution plans remains \$55,000. Adding the Catch-up contribution brings the total to \$61,000. The annual compensation limit remains \$275,000.

The limit for participants in a SIMPLE-IRA retirement plan remains \$12,500 with the Catch-up contribution for employees aged 50+ remaining \$3,000 for a total of \$15,500.

The Defined Benefit Annual Benefit Maximum has increased to \$220,000. The definition of Highly Compensated Employee remains \$120,000. The Individual Retirement Account contribution limit remains the same at \$5,500. The Catch-up contribution for an IRA remains at \$1,000.

The ability to contribute directly to a Roth IRA is phased out between \$189,000 - \$199,000 of Adjusted Gross Income for married taxpayers filing a joint return. For singles, the phase out is from \$120,000 - \$135,000. If your income is higher and you wish to contribute to a Roth IRA, please call us. It can be done by following a few extra steps.

RULES FOR DEPOSITING FEDERAL PAYROLL TAXES

Federal payroll taxes are those withheld from all employees' gross wages. The employer must deposit Federal and Social Security taxes that are withheld, and the employer must match the Social Security and Medicare portions.

Your Federal tax deposit (FTD) must now be made by using the Electronic Federal Tax Payment

System (EFTPS). We provide forms for you to easily organize your calls to make each deposit. If you would like to file Federal & State taxes through the Internet, see page 14, “**Filing and Paying Withholding Taxes Online.**”

If you are depositing tax for:	The quarter is:
January, February or March	1st quarter
April, May or June	2nd quarter
July, August or September	3rd quarter
October, November or December	4th quarter

The date of your payroll determines the timing of deposits. You owe these taxes when you pay the wages, not when your payroll period ends. The following rules tell you how often to deposit taxes.

A. **Semi-Weekly Rule:** Applies to employers with total Federal payroll tax liability of over \$50,000 during the “look back period.”

1. If your payroll is made on a Wednesday, Thursday, or Friday, a tax deposit is due by the following Wednesday regardless of the amount due.
2. If your payroll is made on a Saturday, Sunday, Monday or Tuesday, a tax deposit is due by Friday regardless of the amount due.

B. **Monthly Rule:** If your total tax liability was \$50,000 or less during the “look back period” you will be allowed to use this rule for 2018. You will be required to make a tax deposit for each month on or before the fifteenth of the following month.

C. **\$100,000 Rule:** If your accumulated taxes reach \$100,000 or more on all payrolls accumulated within a reporting period, you must make a deposit for the entire amount on the next banking day. This one-day deposit requirement overrides any other deposit rule. An example would be an employer having a normal payroll with a tax liability of \$30,000 on a Wednesday, and then a separate bonus payroll with a tax liability of \$70,000 the following Friday (all within the same semi-weekly period). In this case, the next day deposit rule applies. This can be tricky because the bonus payroll in and of itself did not result in a \$100,000 tax liability, but both pay distributions combined resulted in a total tax liability of \$100,000. Additionally, if the employer is a monthly depositor, then they need to be careful during bonus months to make certain they do not surpass the \$100,000 tax liability threshold for that entire month.

D. **The Dental CFO™ Rule:** Make the FTD the same day you write payroll checks. Make a FTD for each payroll written! The penalty for late payment is severe.

EFTPS Reminder: Remember the payment settlement date is the *next banking day after you file (or make) your deposit through the EFTPS system.*

FILING & PAYING WITHHOLDING TAXES ONLINE

Clients may pay federal and state taxes online. Federal taxes such as 940, 941, 1120, etc. may be paid through the EFTPS website. State withholding and sales tax payments may be paid through the NC Department of Revenue website.

FEDERAL WITHHOLDING TAX PAYMENT

A. File and/or Pay Online

- Log-on to www.eftps.gov/eftps
- Click on “Make A Payment”
- On the login screen, tab through the fields to fill in the information requested. After you enter your temporary password, you will be able to change the password and choose your own. The new password must have six to eight characters that are alpha/numeric.

B. If you are not currently using EFTPS, you must now do so. Call the DCFO to process the enrollment form. If you are a new EFTPS user, you need to obtain a password and have your TIN (Federal Tax Identification Number or Social Security Number), PIN (the number you normally use when paying federal tax deposits by phone) and the last eight digits of your Trace Number (found on your confirmation update letter from EFTPS). If you have misplaced this letter, please call 800-555-4477 and request your Trace Number or ask that a new letter be sent to you.

C. Call 800-982-3526 and it will prompt you for the above information:

- TIN: (#####)
- PIN: (#####)
- Trace #: (#####)
- Press: (1)
- Write down the temporary password they give you. (#####)

NC STATE WITHHOLDING TAX PAYMENTS

For remitting withholding tax payments to the state of NC:

- Log-on to www.ncdor.gov/file-pay
- Click on “File & Pay” at the top
- From this screen, choose the option that you need

FORM NC-4/NC-4 EZ FOR NORTH CAROLINA EMPLOYEES

Every North Carolina employer must have all new employees complete an Employee's Withholding Allowance Certificate, either Form NC-4 EZ or Form NC-4. In 2014, all current employees were required to complete a new Form NC-4.

- **Form NC-4 EZ:** This form will likely suffice for most employees. Employees should understand Form NC-4 EZ can still be used even if an employee plans to itemize deductions for their tax filing.
- **Form NC-4:** This form may provide more precise withholding figures, but will require historical tax return information and estimation of annual income, deductions, and credits by the employee.

Withholding for employees failing to file Form NC-4 EZ or Form NC-4 must be **“Single” with no allowances.**

If you use a payroll service, report any changes in NC withholding status to your payroll provider. If you prepare your payroll manually, recalculate the NC tax per the percentage method described in the new instruction package or obtain the new withholding booklet by downloading from www.ncdor.gov/taxes/withholding-tax or by calling 877-252-3052. Please call your DCFO Client Account Representative if you have any problems!

Note: the 2018 IRS withholding calculator will be available 2/2018 and you can access it by the following going to: www.irs.gov/individuals/irs-withholding-calculator

Note: The New Employee forms can be downloaded via our website: www.thedentalcfo.com
Go to the bottom of the page under “New Employee Forms.”

MONTHLY ACCOUNTING CHECKLIST

Please e-mail, mail or fax the following as soon as possible following the last business day of each month:

- _____ Monthly practice management reports or cash report (as requested by your consultant).
- _____ Line of credit & loan statements from lenders with breakdown of principal & interest.
- _____ Credit card statements (MasterCard, VISA, American Express, or Discover).
- _____ Invoices for purchase of furniture, computer equipment or medical equipment.
- _____ Copies of any new equipment leases.
- _____ Out-of-pocket expenses (not paid or reimbursed from business checking account).
- _____ Malpractice and health/disability insurance invoices (showing breakdown between providers/staff).
- _____ Description of “other” deposits (non-patient related income).

Other (please explain) _____

LABOR LAW WORKPLACE POSTERS

Federal law requires employers to display U.S. Department of Labor posters where employees can readily observe them. **You do not have to purchase these posters from any source.** Just follow the instructions below to obtain **FREE** posters either by Internet or postal mail.

- www.dol.gov/general/topics/posters. Click on: “**Employment Opportunity Is the Law Poster (EEO)**” and at the bottom of that page, see “EEO is the Law Supplement.” The posters will open in color but will print in black and white also on a single 8½ x 11 inch page. You may also obtain free copies at <http://www1.eeoc.gov/employers/poster.cfm>.
- Click on: “**Employee Rights Under the Fair Labor Standards Act**” Poster (FLSA/Minimum Wage)
- For information on how to order a poster, visit www.dol.gov/whd/publications. This is the Wage and Hour Publication System which allows you to either download a publication or order a copy (or multiple copies)

To obtain free copies of other federal required posters (**not** the “EEO is the Law” poster) please contact:

U.S. Department of Labor
888-972-7332

For the **Equal Employment Opportunity** poster, call (800) 669-3362 or fax (513) 489-8692 with your practice’s name, address and number of posters needed.

For the **Federal Minimum Wage** poster and any other federal required posters, call the Office of Small Business Programs at (888)972-7332 or U.S. Department of Labor at (202) 693-0200.

RETENTION OF DENTAL RECORDS / NCSBDE

Dental records must be maintained for a minimum of 10 years.

N.C. Dental Board Rule **21 NCAC 16T.0101** on Record Content states the following:

A. A dentist shall maintain complete **treatment records on all patients treated for a period of at least 10 years.** Treatment records may include such information as the dentist deems appropriate but must include:

1. Patient's full name, address and treatment dates
2. Patient's nearest relative or responsible party
3. Current health history
4. Diagnosis of condition
5. Specific treatment rendered and by whom; and
6. Name and strength of any medications prescribed, dispensed or administered along with the quantity and date provided

B. Records may also include the following:

1. Treatment plans
2. Radiographs, study models and other diagnostic aids
3. Patient's financial records and copies of all insurance claim forms.

A complete explanation of N.C. Dental Board of Examiner rules and laws on the retention of dental records can be accessed at <http://www.ncdentalboard.org/rules.htm>.

GUIDE TO RECORD RETENTION

Medical Records*

Patient Charts.....	Permanently
Patient Charts-Alternative (adults).....	Seven (7) years after the most recent Encounter **
Patient Charts-Alternative (minors).....	Age of majority plus statute of limitations
Medical Correspondence (to patients, to referrers about patients, etc.).....	Permanently with chart
X-rays	Permanently with chart

****As a general rule, however, if your organization bills any federal program for services rendered, retain those records for at least 10 years pursuant to the False Claims Act.**

Retention Requirements

The principal legal requirements governing retention of office medical records are found in the dentist’s licensing regulations.

In the case of an adult patient, dentists are required to maintain the patient’s medical records for seven years from the last date-of service.

In the case of a minor patient, dentists are required to maintain the patient’s medical records for the **longer** of:

- Seven years from the last date-of-service, and
- An extended period after the patient reaches 18 (one year if the dentist is a medical dentist and two years if the dentist is an osteopathic dentist).

Dentists also should consider the following when establishing a retention policy for office medical records:

Documentation Requirements for Claims Payment

Some payers require medical records to be maintained for a specified period of time. For example, although the Medicare law and regulations do not explicitly require retention of medical records, dentists who submit claims electronically must sign an agreement that requires them to “retain all original source documentation and medical records pertaining to any such particular Medicare claim for a period of at least six years and three months after the bill is paid.”

In addition, regardless of whether a payer explicitly imposes a medical records retention requirement, payers usually require documentation to support payment of a claim. As a practical matter, the medical record for a service should be maintained as long as payment of the claim can be challenged.

***State Guidelines vary - check with your professional liability carrier or your healthcare attorney.**

Tax & Financial Records*

Accounts Payable Ledger.....	Permanently
Accounts Receivable Ledger - Annual	Six (6) years after the due date of the practice tax return
Accounts Receivable Ledger - Monthly	Two (2) years
Bank Statements with cancelled checks.....	Six (6) years after the due date of the practice tax return
Capital Asset Records	Six (6) years after the due date of the practice tax return for the year in which the asset is disposed
Cash Receipts Journals.....	Six (6) years after the due date of the practice tax return
Check Register	Six (6) years after the due date of the practice tax return
Daysheets	Six (6) years after the due date of the practice tax return
Deeds, Mortgages, and Bills of Sale	Permanently
Deposit Books & Slips.....	Six (6) years after the due date of the practice tax return
Depreciation Schedules.....	Permanently
Encounter Forms	Six (6) years after the due date of the practice tax return
Financial Statements – Annual (Year-end).....	Permanently
Financial Statements – Periodic	Two (2) years
General Ledger.....	Permanently
Income Tax Returns (Correspondence & Audits).....	Permanently
Income Tax Returns (Federal & State)	Permanently
Insurance Policies (Expired)	Three (3) years
Insurance Records, Current Accident Reports, Claims, Policies, etc.	Permanently
IRA & Keogh Plan Contributions, Rollovers, Transfers and Distributions	Permanently
Paid Invoice - Expenses	Six (6) years after the due date of the practice tax return
Payroll Ledger.....	Six (6) years after the due date of the practice tax return
Payroll Tax Returns	Permanently
Petty Cash Vouchers	Three (3) years
Stock and Bond Certificates (Canceled)	Seven (7) years
Vouchers for Payments to Vendors, Employees, etc. (Includes allowances and reimbursement of employees, officers, etc., for travel and entertainment expenses).....	Seven (7) years

“It is critical that your electronic records are backed up regularly.”

Employer

- Employee Personnel Records (After termination) Two (2) years
- Employment Applications..... One (1) year
- Employee Eligibility Form (I-9) * Three (3) years after date of hire

OR

One (1) year after date of termination, whichever is later

Payroll Records

- Employee Demographics – Name, Address, SSN, Gender, DOB,
Occupation, Job Classification..... Four (4) years
- Records of Total Compensation..... Four (4) years
- Tax Forms Permanently
- Records of Time Worked (Time Cards/Attendance Sheets)..... Four (4) years
- Record of Payments to Annuity, Pension, Accident, Health
or Other Fringe benefit plans Four (4) years
- Reports of wages subject to withholding & actual taxes
withheld..... Four (4) years

Other

- Accident Reports / Claims (Settled cases) Seven (7) years
- Correspondence, General..... Two (2) years
- Correspondence, Legal and Important Matters..... Permanently
- Correspondence, Routine with Customers or Vendors Two (2) years
- Explanation of Benefits (EOBs) Seven (7) years
- Minute Books of Directors, Stockholders, Bylaws & Charter Permanently
- OSHA Medical Records..... 30 years plus term of employment
- OSHA Training Records..... Three years (3) from training date
- Trademark Registrations, Patents & Copyrights..... Permanently

***These should be kept separate from employee’s personnel file.**

EMPLOYEE EXPENSE REIMBURSEMENT VOUCHER

MONTH: _____ YEAR: _____

LOCATION OF MEETING: _____ DATE: _____

TO MY EMPLOYER:

During the month, I incurred expenses connected with my employment. I understand the rules and policy for reimbursement and certify that all such expenses are related to my employment. I am attaching substantiating documentation including receipts and other proof of my expenditures.

DESCRIPTION OF EXPENSE	AMOUNT
1. Meeting registration fees and commercial travel and lodging while away from home.	\$ _____
2. Dues and membership expenses.	\$ _____
3. Meals. Please break this expense down:	
➤ 50% deductible by employer	\$ _____
➤ 50% reimbursable but not deductible	\$ _____
4. Entertainment. Please break this expense down:	
➤ 50% deductible by employer	\$ _____
➤ 50% reimbursable but not deductible	\$ _____
5. Auto travel. Miles x \$0.545 per mile	\$ _____
6. Telephone-Business portion and long-distance business calls made from personal telephone.	\$ _____
7. Advertising / Promotion expense incurred on behalf of employer.	\$ _____
8. Other employment related expenses: _____ _____ _____	\$ _____
TOTAL REIMBURSEMENT	\$ _____

SIGNATURE

DATE

THE DENTAL CFO™ CONTACT INFORMATION

Salisbury		Southern Pines	
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Fax Number	704-633-8433	Fax Number	910-692-1789
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General HMC e-mail:	info@healthcaremgmt.com
The Dental CFO™ web site	www.thedentalcfo.com
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Shirley, Nancy	704-645-2109
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Cauble, Tamela	704-216-3162
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Account Representatives	
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