

The General Ledger

A Quarterly Update for Clients and Friends of Robins, Eskew, Smith & Jordan

SUMMER 2023

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NONPROFIT SPOTLIGHT

Moyo Missions Improves Accounting Efficiencies

One of the most important responsibilities for a nonprofit's accounting department is to accurately track donations so that year-end, tax-exempt letters are correct for donors. While this process had not been a real issue for Moyo Missions, the organization's leadership team was concerned about inefficiencies between its accounting platform, QuickBooks Enterprise, and its customer relationship management platform, Salesforce. With the right solution, numerous hours could be freed up each month to devote to fulfilling the organization's mission.

Since its founding in 2003 in Gainesville, Georgia by Drs. Richard and Brenda Kowalske, Moyo Missions,

previously known as Helping Hands Foreign Missions, has been making an impact through its mission to "demonstrate the compassionate love of Jesus by investing deeply in spiritual, physical, and educational needs of children and families in the most vulnerable communities of the world."

For seven years, RESJ has served as Moyo Mission's auditor and Form 990 preparer, the form that provides the public and the Internal Revenue Service with financial information about a nonprofit organization. Seeking to become more efficient in its processes and accounting, in late 2021 Moyo Missions sought guidance from RESJ to review current systems and

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– CEO and President Kevin Ross

implement a solution to improve any inefficiencies. After assessing the current situation, RESJ helped Moyo Missions transition to QuickBooks Online and also assisted with cleaning up its chart of accounts and classes. By enabling features such as online bill

pay and integrated bank and credit card fees, the organization has dramatically reduced the time spent each month on data entry, freeing up staff time to focus on other projects.

In addition, RESJ has provided outsourced CFO services for Moyo Missions since early 2022. Moyo Mission’s CEO and President Kevin Ross said, “As an organization, we are extremely grateful for our partnership with the RESJ team. Some of the benefits we have experienced are confidence in strategic planning, increased integrity with our donors, clarity for our board of directors and peace of mind with our ability to accomplish our mission on a daily basis.”

Ushering in the organization’s third decade of ministry in 2023, Moyo Missions announced a rebrand from Helping Hands Foreign Missions. The new name better aligns with its mission as the word “moyo” means “heart” in the local Ugandan language. While the name has changed, the mission remains the same. Moyo Missions’ current international ministry sites are located in Uganda, Africa; Bolivia, South America; and Brazil, South America. **For more information, visit moyo.org.**

If you are a nonprofit or privately held business that needs to improve your accounting efficiencies, contact us to set up a meeting to discuss your unique situation.

Farewell to Mary Lou Hocker



At the end of June, we celebrated the retirement of Mary Lou Hocker. Mary Lou was one of the firm’s most tenured team members having worked for RESJ for 43 years! In 1980, she joined the firm of Williams Keeling which merged with RESJ in 2004. Mary Lou served in the Suwanee office until the merger with the Northlake office into the current location in Duluth. Throughout Mary Lou’s more-than-four-decade

career, she saw the firm grow from 10 employees to over 40 today. But she was pleased that throughout the years, her “work family” stayed intact.

When asked about what she has enjoyed most about her career, Mary Lou said, “It may sound strange, but I love numbers! I enjoyed putting together financial statements and tax returns. Sometimes clients were pleased with the results and sometimes they just couldn’t understand how they could owe so much. I really enjoyed meeting with clients each year and hearing their stories of the past year.”

Mary Lou will miss coming into the Duluth office each day and not being with her “work family” as they really make her smile and laugh. She always looked forward to the firm’s annual community service day and will miss participating in that. As for what is next, Mary Lou will be enjoying retirement at her house on Lake Sinclair. She still does her own yard work – a little at a time – and also has a garden that keeps her busy canning vegetables for the winter. “If you are ever in the Milledgeville area, I hope you will call and come by,” said Mary Lou.

FIRM NEWS

New Hires

LANCE BANKSTON



Lance Bankston is a tax manager in the firm's Duluth office where he is responsible for the review of tax

returns, assistance with state and local tax issues, and the identification of credits and incentives. He joins us with more than five years of experience in state and local taxes (SALT) and income tax credits. Lance also has significant Employee Retention Tax Credit experience. He received a B.S. in accounting from Southeastern Louisiana University.

BRAD MICHAEL



The Fayetteville office welcomed senior tax accountant, Brad Michael. He is responsible for

preparing and reviewing a wide range of tax returns and the oversight of other tax compliance issues. His prior experience includes seven years working in public accounting with a middle market firm. He holds a B.B.A. in accounting from the University of Michigan.

KEVIN FRAZIER



Kevin Frazier has joined the firm's Duluth office as a staff accountant. His job responsibilities include

bookkeeping, audit and tax work. He is a recent graduate of Liberty University where he earned a B.S. in business administration with a minor in accounting.

JOANNE WAMBUI



Joanne Wambui is a senior tax accountant in the Duluth office where she is responsible for preparing and reviewing tax returns, bookkeeping, and other client accounting services. She has three years of experience each in public accounting and internal audit. Joanne has an M.B.A. with an accounting concentration from Oral Roberts University and earned a

B.S. in economics and finance from Kenyatta University.

SHERRI WRIGHT



The Duluth office also welcomes Sherri Wright as a staff accountant. Her job responsibilities

in client accounting services include bookkeeping and payroll tax returns. Sherri received a B.B.A. in finance from Kennesaw State University.

Congratulations



KIM BILES

Congratulations to Kim Biles in our McDonough office! Kim works in client accounting services and was promoted to senior accountant. In addition, she recently passed the exam to become a Certified QuickBooks Pro Advisor.

ASC 842 – The New Lease Standard

WHAT PRIVATE COMPANIES AND NONPROFITS NEED TO KNOW



There has been much conversation over the past few years about ASC 842. ASC 842, which changes the definition of a lease, is all about magnifying a company's lease commitments and moving them from "off-balance sheet" to on the balance sheet. The new lease standard accomplishes this by recognizing a liability for a business' long-term lease commitments and recording an offsetting right-of-use asset for the right to use the underlying leased asset, whether that is land, equipment, building or a vehicle.

The purpose of ASC 842 is to bring most operating leases, which had been accounted for off-balance sheet, onto the balance sheet.

The long-time coming new lease standard went into effect for private companies beginning with December 31, 2022 financial statements. Public companies implemented this new

standard three years earlier. If your business has already completed its December 31, 2022 audit or review, then more than likely you have noticed new line items and balances on your balance sheet. Prior to 2022, recognizing a lease liability was required only if the lease was a "capital" lease. Now, all long-term leases are required to be presented on the balance sheet. These lease changes primarily affect lessees' financial statements.

HOW THE NEW CALCULATION WORKS

The lease liability is measured as the current value of minimum future lease payments over the life of the lease, using a discount rate that is either stated in the contract or your business' incremental borrowing rate. Most businesses are using a rate similar to the interest rate they are being charged on bank financing loans. Calculating the present value of the lease liability requires management to make assumptions about the likelihood of the business to exercise lease renewal options, termination options or purchase options. So if the lease has a renewal option, the renewal option must be included if the business thinks it is very likely that it will exercise the option to renew.

As alluded to earlier, there is very little change to the income statement compared to what is currently being done. For operating leases, lease expense is calculated as the total lease payments for the life of the lease divided by the total number of months in the lease to determine a

monthly rate. If the lease contract provided for an escalating amount per year, then the lease expense will vary a little bit from cash paid on these leases. If the lease is a financing lease, a business will record interest expense for the financing piece of the lease and amortization expense for the reduction of the right-of-use asset over time. For both types of leases, the lease liability will be gradually reduced as payments are made, similar to a note payable.

NEW FINANCIAL STATEMENT DISCLOSURES

The new lease standard adds a number of disclosures to the notes to the financial statements, including describing the significant lease contracts applicable to the business' financial statements, significant estimates made related to discount rates, renewal options and lease terms. The new lease standard also reconciles cash paid to lease expense and still provides the future minimum lease payments for the next five years for cash-flow purposes.

RESJ has been implementing the new lease standard throughout 2023, and we have developed lease calculators to help our clients with the necessary calculations and required journal entries. The lease standard significantly affects the look of a company's balance sheet and footnotes, but the income statement is largely unchanged.

If you have any questions about this new lease standard, contact us and we will be glad to assist you.