

## BUSINESS RECORDS



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## PURPOSE & KEY TERMS

- The purpose of this section is to help the learner acquire an understanding of the types of business records required of small business owners.
- Accountant
- AFH required records
- Attorney
- Income tax
- Insurance agent
- Labor laws
- Payroll
- Payroll tax
- Property tax

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## OBJECTIVES

- The learner will be able to:
  - List the records required as an AFH;
  - List the various types of business records required as a small business;
  - Describe other business documents needed to run a business;
  - Describe the two basic types of accounting records;
  - Describe income, property and payroll tax record keeping.

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## INTRODUCTION

- An AFH is considered to be a small business. An AFH provider is the business owner or manager.
- Starting your AFH Business:
  - Most AFH providers are sole owners;
  - Sometimes married couples or other people want to share the operation of a small business will become partners in an AFH;
  - A few owners, most of whom own and operate more than one AFH, have incorporated.

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## INTRODUCTION CONTINUED

- As a business owner/operator, you need to have professionals on your business team:
  - Attorney;
  - Accountant; and
  - Insurance agent.
- They can give you information and advice in choosing the right business model and making business decisions.

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## AFH RECORD REQUIREMENTS

- All businesses including AFH must keep certain records. As an AFH provider, you will need to keep several types of records:
  - AFH required documents and records;
  - General business documents and records;
  - Accounting records;
  - Income tax and property tax records; and
  - Payroll and payroll tax records.

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## AFH SPECIFIC RECORDS

- Copies of all mandatory forms and records
- Fire drill records:
  - Fire drills must be done at least every 90 days and one drill must be done during normal sleeping time each year;
  - Records of the drills must include date, time of day, time required for the full evacuation and the names of the residents requiring assistance;
  - These records must be maintained in your AFH records for 3 years; refer to OAR 411- 050- 0650.

Revised April 2014

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## AFH SPECIFIC RECORDS CONTINUED

- Employee records:
  - You must maintain employee information on all staff:
    - Including that all staff have been fully trained.
- Documentation from DHS must be maintained regarding the criminal background check for all employees and household members, other than residents, who are over the age of 16. Refer to OAR 411-050-0610.

Revised April 2014

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## AFH SPECIFIC RECORDS CONTINUED

- Emergency/disaster preparedness records:
  - Procedures for evacuation of your home in the event of a fire or other emergency must be developed for your home.
- Resident records:
  - You must develop, keep current and have in your AFH a record for each person admitted to your AFH;
  - A resident's file must include:
    - General personal information;

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### AFH SPECIFIC RECORDS CONTINUED

- Medical information;
  - Financial information;
  - Care plan;
  - Nurse delegation forms;
  - Copy of the house rules;
  - Progress notes/incident reports;
  - Separate accounting record (if provider manages or handles resident's money);
  - Other pertinent information or correspondence.
- Records must be kept for three years after a person is no longer in your home.

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### GENERAL BUSINESS RECORDS

- There are records that identify your AFH as a business and allow you to operate. Be prepared to pay fees for any licenses and filing fees you will need:
  - AFH license:
    - Issued by the state or by your county and allows you to operate your AFH;
    - **The license must be posted where it can be seen by residents and others who come into your home.**

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### GENERAL BUSINESS RECORDS CONTINUED

- Local business license:
  - Some cities require you have a business license to operate your AFH business within city limits;
  - If you live outside of an incorporated city, you may need a county business license;
  - Check with our local city or county government offices;
  - **Your business license must be posted in your home.**

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## GENERAL BUSINESS RECORDS CONTINUED

- ❑ Other state and local regulations:
  - Your AFH must meet zoning requirements;
  - Building and housing codes, and
  - Fire and safety regulations.
    - ❑ Check with state, county and city offices for more information;
    - ❑ Keep inspection records and permits in your permanent business files.

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## BUSINESS RECORD REQUIREMENTS

- Employer identification numbers:
  - ❑ Apply for federal and state employer identification numbers:
    - Used to report and pay payroll fees for anyone working employed in your AFH;
    - There is no fee to file for employer identification numbers.

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## ACCOUNTING RECORDS

- Accounting records keep track of all the income and expenses involved in operating your AFH business:
  - ❑ Most small business owners use a simple accounting system that is similar to keeping track of deposits and payments in a checkbook:
    - Two basic types of accounting records are kept:
      - ❑ Monthly cash receipts; and
      - ❑ Monthly cash disbursements.

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**ACCOUNTING RECORDS** CONTINUED

- Monthly cash receipts:
  - Include all the cash received during a month:
    - Payments from residents;
    - Contract payments from the state; and
    - Interest on savings;
  - At the end of the month add up cash receipts to determine how much money was paid to your AFH for that month.

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**ACCOUNTING RECORDS** CONTINUED

- Monthly cash disbursements:
  - Include all the cash paid out during a month to operate your AFH:
    - Food;
    - House payments and utility bills;
    - Insurance;
    - Payroll; and
    - Payments on loans.
  - Add up cash disbursements at the end of the month, to determine how much money was spent to operate your AFH that month.

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**ACCOUNTING RECORDS** CONTINUED

- Work closely with your accountant in setting up your records:
  - Simple accounting or bookkeeping systems are available at most office supply stores;
  - Your accountant can set up a list, called a chart of accounts, to help you identify the types of income and expenses you will have as a small business owner:
    - Certain expenses cannot always be claimed 100 percent as business expenses. They include travel, entertainment, meals and automobile expense.

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**THE MOST IMPORTANT THING TO REMEMBER IS..**

Be as complete and accurate as you can in keeping track of all your income and expenses. Be sure to write down:

For income	For expenses
Who paid you?	Who did you pay?
What did they pay for?	What did you buy?
When did they pay?	When did you pay?
How did they pay (cash, check, credit card etc.)?	How did you pay (cash, check, credit card etc.)?

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**ACCOUNTING RECORDS** CONTINUED

- The type of income tax returns you file depend on the legal status of your AFH business:
  - Sole ownership:
    - Must file a personal federal income tax return including special forms for reporting profit/loss of business and business records self-employment tax;
    - The state does not require any special tax forms for businesses owned by one person.

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**ACCOUNTING RECORDS** CONTINUED

- Partnership:
  - A partnership must file a federal information return to report the partnership's income/loss and each partner's share of that income/loss;
  - Each partner must file a personal federal income tax return:
    - The individual's portion of the profit (loss) from the business; and
    - The person's portion of self-employment tax (if any).
  - Oregon requires a partnership to file an information tax return, which requires some additional information not included on the federal return.

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**ACCOUNTING RECORDS** CONTINUED

- Corporation:
  - Corporations are required to file a federal corporation income tax return and either a state corporation excise tax return or a state corporation income tax return.
- Once your business shows a net profit, you may be required to make estimated tax payments:
  - Advance payments are based on estimated federal and state income taxes and federal self-employment tax;

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**ACCOUNTING RECORDS** CONTINUED

- Estimated taxes are due on April 15, June 15, Sept. 15 and Jan. 15 (of the following year);
- Depending on the location of your business, you may have local income taxes to pay:
  - If you operate a business in Multnomah County you must file and pay a Multnomah County Business Income Tax.
  - Two transit districts, Tri-Met (Portland metro area) and Lane (Eugene-Springfield area), require persons operating businesses in those districts to pay self-employment and employee taxes.

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**INCOME TAX RECORDS**

- All Oregon businesses are subject to federal and state tax laws:
  - Keeping thorough and accurate accounting records will help you and your accountant complete income tax forms.
- Income tax laws and tax procedures are complicated. This section provides only a brief overview of the types of tax records and procedures involved.

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## INCOME TAX RECORDS CONTINUED

- If you have questions about taxes, contact your tax consultant or contact the:
  - **Internal Revenue Service**, with questions about federal income and self-employment taxes; and
  - **Oregon Department of Revenue**, with questions about state and county income, and transit district, taxes.

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## PROPERTY TAXES

- **Any** real estate or personal property you **own** through your AFH business is subject to property taxes:
  - Property taxes are assessed by, and paid to, the county where the business is located.
  - Real estate property taxes:
    - Are assessed on the market value of the home, land and any other permanent buildings on the property.

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## PROPERTY TAXES CONTINUED

- **Personal property taxes:**
  - The county assessors' office may assess personal property taxes on furniture and equipment owned by your business.
- Whenever you have questions about property taxes, consult your accountant. Contact the assessors' office in your county with questions about real estate and personal property taxes.

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## PAYROLL AND PAYROLL TAX RECORDS

- Payroll record and tax procedures are complicated. This section provides a summary of requirements for AFH.
- If you hire people to work in your AFH you must keep payroll records:
  - Employment Eligibility Verification Form (I-9):
    - Employees must fill out part of the form and must show certain documents to the employer, who is responsible for verifying the person is a citizen or legal alien and thus able to work.

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## PAYROLL AND PAYROLL TAX RECORDS CONTINUED

- Employee's Withholding Allowance Certificate (W4):
  - This form reports an employee's marital status and number of exemptions. You will need this information to calculate the amount of money to withhold from an employee's pay for federal and state income taxes.
- Employee's Individual Payroll Record:
  - This form is used to keep track of all salaries, wages or commissions you have paid an employee.

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## PAYROLL AND PAYROLL TAX RECORDS CONTINUED

- Payroll Summary:
  - This form is used to record the quarterly totals from each employee's Individual Payroll Record;
  - A total must be calculated at the end of each quarter. The summary totals must be submitted along with federal and state payments for income taxes, Social Security and unemployment insurance.
- Employers pay payroll taxes each quarter for all who have worked for them during that quarter. Payroll quarters end on the last day of March, June, September and December.

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**PAYROLL AND PAYROLL TAX RECORDS** CONTINUED

- Total earnings and payroll taxes must be reported at the end of the year to all people who worked for you during the year, as well as to the appropriate government agencies. Payroll taxes include:
  - Employee payroll taxes:
    - Employees indirectly pay these taxes through amounts withheld from their wages. You deduct money from their paychecks and set it aside. At the end of each quarter, you send the money in with your payroll reports.

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**PAYROLL AND PAYROLL TAX RECORDS** CONTINUED

- These taxes include:
  - Federal income tax;
  - State income tax;
  - Employee's portion of Social Security;
  - Employee's portion of workers' compensation (if applicable).
- Employer payroll taxes are taxes you pay in addition to those you hold out of employees' pay:
  - Employer's portion of Social Security;
  - Employer's portion of workers' compensation (if applicable);
  - Federal and state unemployment;
  - Transit district taxes (if applicable).

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**PAYROLL AND PAYROLL TAX RECORDS** CONTINUED

- Wage and Tax Statement (Form W-2):
  - By Jan. 31 of each year a W-2 form must be completed and sent to each person who worked for you during the past year.
- If you have questions about payroll records or tax procedures, consult your accountant:
  - Internal Revenue Service, with questions about federal income tax, Social Security and federal unemployment tax; and
  - Oregon Department of Revenue, with questions about state income tax, transit district tax and state unemployment tax.

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## LABOR LAWS

- Most small businesses hiring employees must comply with certain labor laws:
  - Minimum wage and rules for working hours, overtime, working conditions, payment of wages;
  - Discharge from employment;
  - Discrimination; and
  - How an employee can file a complaint.

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## LABOR LAWS CONTINUED

- The laws include the:
  - Federal Fair Labor Standards Act;
  - State wage and hour; and
  - Civil rights laws.
- Labor laws are difficult to understand. Consulting an attorney may be helpful.

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## INSURANCE

- AFH businesses need several types of liability insurance, including:
  - Homeowner's fire and liability insurance;
  - Professional and business liability insurance;
  - Workers' compensation insurance:
    - This type of insurance may be required if you hire anyone to work in your AFH. It provides liability insurance to any worker who is injured while working in your home, and makes payments to that worker if the injury keeps the person from returning to work.

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## INSURANCE CONTINUED

- Consult with your insurance agent to determine whether or not this coverage is required in your situation, and assess the best coverage for AFH:
  - Ask your agent about additional liability coverage on your automobile insurance (if you will be providing transportation for your residents); and
  - additional personal property coverage (if residents bring with them valuables such as jewelry, furs, antiques or collectible items).

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## ADDITIONAL RESOURCES

- For more information about business management and recordkeeping for AFH:
  - Oregon Business Information Center:
    - The Oregon Business Information Center provides information to the public on state registration and licensing requirements for businesses;
    - They can send you a copy of the "Oregon Business Guide," which is designed to provide basic information on starting a business in Oregon. The office is in Salem. Call 503-986-2200.

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## ADDITIONAL RESOURCES CONTINUED

- Small business development centers:
  - Each community college in Oregon has such a center where you can talk to counselors, get information about what it means to operate your own small business, and take classes for small business owners.
- United States Small Business Administration:
  - Provides information for new and existing small businesses;
  - The Oregon office is located in Portland. Call 503-326-2682. [www.sba.gov/](http://www.sba.gov/)

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## ADDITIONAL RESOURCES CONTINUED

- Oregon Department of Consumer and Business Services:
  - Provides information on insurance-related matters;
  - Agencies within the Department of Consumer and Business Services can be found at <http://egov.oregon.gov/DCBS/>
- Office of the Ombudsman for Small Business:
  - Provides information regarding workers' compensation insurance and the claims process (503-378-4209 in Salem). [www.oregon.gov/DCBS/SBO/index.shtml](http://www.oregon.gov/DCBS/SBO/index.shtml)

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## ADDITIONAL RESOURCES CONTINUED

- Workers' Compensation Division:
  - Provides general information on workers' compensation coverage and rates, cost control and how to register for benefits;
  - Contact 503-947-7810 in Salem or [http://egov.oregon.gov/DCBS/wcd\\_info.shtml](http://egov.oregon.gov/DCBS/wcd_info.shtml)
- Insurance Division:
  - Regulates insurance companies operating in the state and can provide general information about insurance other than workers' compensation;
  - Contact 503-947-2980 in Salem or <http://insurance.oregon.gov>

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## ADDITIONAL RESOURCES CONTINUED

- Occupational Safety and Health Administration (OSHA):
  - Provides information about safety and health on the job. For information call the office nearest you:
    - Bend: 541-388-6066; or [www.cbs.state.or.us/external/osha/](http://www.cbs.state.or.us/external/osha/)
    - Eugene: 541-686-7562;
    - Medford: 541-776-6030;
    - Pendleton: 541-276-9175;
    - Portland: 503-229-5910;
    - Salem: 503-378-3274.

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## ADDITIONAL RESOURCES CONTINUED

- Oregon Bureau of Labor and Industries, Wage and Hour Division:
  - This state office has information on wage and hour laws for employers. Call 971-673-0761 or [www.oregon.gov/BOLI/](http://www.oregon.gov/BOLI/)
  - Field offices:
    - Eugene: 541-686-7623;
    - Medford: 541-776-6270;
    - Pendleton: 541-276-7884;
    - Salem: 503-378-3292.

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## ADDITIONAL RESOURCES CONTINUED

- Insurance Pool Governing Board (IPGB):
  - Offers self-employed persons and small businesses the opportunity to purchase affordable small group health insurance from private health insurance companies. Call 503-373-1692 or [www.oregon.gov/OHA/OPHP](http://www.oregon.gov/OHA/OPHP).
- U.S. Department of Labor, Occupation and Safety and Health Administration:
  - Provides information on requirements for worker safety and health. Call 503-326-3057 or [www.dol.gov/wecanhelp](http://www.dol.gov/wecanhelp).

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## ADDITIONAL RESOURCES CONTINUED

- Oregon Society of Certified Public Accountants:
  - Contact this organization if you need general information or a referral. Call 1-800-255-1470 or <https://secure.orcpa.org>.
- Oregon State Bar Referral Services:
  - Contact this nonprofit if you need referral to an attorney. Call 1-800-452-7636 or [www.osbar.org/public](http://www.osbar.org/public).

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## DISCUSSION/QUESTIONS



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DHS-Office of Licensing and Regulatory Oversight

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