

Fiscal Year 2009/10

NYSSCPA Annual Report

The NYSSCPA, in its 112th year, succeeded in a number of legislative initiatives as it began to undergo significant changes as an organization.

The Society continued to implement and achieve the five strategic goals of the NYSSCPA: Professional Competency, Maintaining the Public Trust, Advocacy, Recognition and Visibility, and Recruitment and Retention.

Building on last year's milestone achievement—passage of the 2009 New York State Accountancy Reform Law—the Society continued an outreach program to inform CPAs, especially those working in industry, academia and government, of their new requirements under the law.

The NYSSCPA also delivered up-to-date information on the regulations implementing the new law by working closely with the New York State Education Department and issuing updates via external media and articles in *The Trusted Professional*, *The CPA Journal* and the NYSSCPA E-zine, and on the NYSSCPA website. The Society also offered free educational sessions on the new law for corporations, government entities, nonprofits and industry professionals.

This year, the Society also began building a foundation for the future NYSSCPA. A major focus of this foundation is defining value for members. Leading this initiative is the Society's new executive director, Joanne S. Barry, who was appointed by the Board of Directors at the end of the fiscal year. Barry, a communications and advocacy professional for the past 30 years, has served in various positions at the NYSSCPA since 1981, most recently as acting and deputy executive director, and prior to those positions, managing director of communications.

The NYSSCPA's advocacy initiatives are conducted to benefit members and CPAs in New York and nationwide, and advance the profession of accountancy. This fiscal year, the Society's support for cross-border practice mobility in New York state helped secure passage of a Senate bill that brought New York one step closer to conforming with the Uniform Accountancy Act (UAA) adopted by almost every other state. Other legislative initiatives included Society support for a bill that would require a master's degree for CPA licensure and a federal bill that would require that the comptroller general of the United

States be a CPA. The NYSSCPA also advocated for a CPA exemption for a new state law requiring registration of CPA tax preparers, working with lawmakers to exempt New York CPAs from the law. The Society argued that the new accountancy reform law already required registration with the State Education Department (SED) for New York CPA tax preparers, as well as for CPAs in academia and industry, among others. Requiring them to register twice with the state government and pay two fees, the Society said, was unnecessary.

Out-of-state CPAs were later excluded from the requirement as well.

NYSSCPA 2009/10 President **David J. Moynihan** established the Code of Conduct Task Force, which was charged with revising the NYSSCPA's Code of Professional Conduct so that it conformed with the new accountancy reform law. The task force issued its report in May and to the Board of Directors in July 2010, which adopted it unanimously. The proposal was distributed to the entire membership for approval this fall.

An upgrade of the Society's infrastructure continued with the implementation of the soon-to-be-launched Aptify system, a new association management system and platform that manages relationships with individuals and organizations, plans events and conferences, manages communications, streamlines complex requests and automates workflow. This project continues with the goal of building a stronger, more nimble and responsive organization that can meet a growing list of member demands.

The Foundation for Accounting Education (FAE) continued to thrive in its 38th year, once again serving as an invaluable resource to CPAs through conferences, seminars, webinars and committee continuing professional education (CPE) sessions.

The Society's committees continued to produce comment letters on issues important to the profession, with 36 letters issued this year to state and federal policy makers and regulatory boards.

The CPA Journal continues to be an important resource for members and a showcase for authors in its 80th publication year as a monthly peer-reviewed technical journal, and *The Trusted Professional* remains a valuable publication that provides the Society's members—and others in New York state—with important news regarding the profession of accountancy.

Goal: Advocacy

As part of the Strategic Plan, it is the goal of the NYSSCPA to promote the professional interests of our members in the interest of the profession as a whole and the general public.

Objective 1.1: To position the NYSSCPA as a prominent and respected leader on national accounting, tax and financial issues.

A state Senate proposal for cross-border practice mobility for out-of-state CPAs to practice in New York was, and is, a major Society initiative on the state level that has national implications. The mobility issue and legislative progress, including the passage of the Senate's mobility bill, S6307-B, shortly after the end of the fiscal year was covered regularly in *The Trusted Professional*, in the NYSSCPA E-zine, CPA.Blog and on the NYSSCPA's website. The Assembly took no action during the legislative session on its

nonconforming mobility legislation, A9432. The Assembly bill did not have an important seven-year look-back provision for disciplinary actions or pending proceedings against out-of-state CPAs that was included in the Senate version.

The Society also advocated for proposed federal legislation, H.R. 4410, which would require the U.S. comptroller general, who also serves as the head of the Government Accountability Office (GAO) and as the top auditor for the federal government, to be a CPA. A letter to New York state congressional representatives from 2009/10 NYSSCPA President **David J. Moynihan** asked them to support the bill and noted that the effectiveness of the GAO is critical during a time of economic stress. The Society wrote about the issue in *The Trusted Professional* and it was also the basis for a column in *The CPA Journal*.

In October 2009, the NYSSCPA proposed the Simple Exact Transparent (SET) Tax to

(Continues on page 9)

2009–10 FAE Conferences

- Anti-Fraud/Anti-Money Laundering
- CFOs, Controllers, and Financial Executives
- Accounting and Auditing in the Non-Public (Non-Issuer) Environment
- Personal Financial Planning
- IRS Practice and Procedures
- Estate Planning
- Closely Held and Flow-Through Entities
- Strategic Planning for Your High-Net-Worth Clients
- Hedge Funds and Alternative Investments
- Ethics
- Construction Contractors Accounting, Consulting, and Taxation (New York City)
- Construction Contractors Accounting, Consulting, and Taxation (Rochester)
- Tax Planning for Individuals
- SEC
- Practice Management
- Bankruptcy Breakfast
- Healthcare
- Banking
- Auditing
- IFRS
- Restaurant and Hospitality Breakfast
- Investment Companies
- Annual Tax/Plenary
- Public Schools Accounting and Auditing
- Phase III: Post-Election Tax Planning
- New York State Taxation
- Exempt Organizations
- Corporate Taxation
- Partnership Taxation
- 32nd Annual Nonprofit (New York City)
- 32nd Annual Nonprofit (Rochester)
- Real Estate
- International Taxation
- Tri-State Taxation
- Taxation of Financial Instruments
- Apparel & Textile Breakfast
- Government Accounting and Auditing
- Broker/Dealer
- Employee Benefits
- Business Valuation
- Estate Administration

President Barack Obama's Economic Recovery Advisory Board. The SET Tax is a simplified approach to income tax reform that allows taxpayers to see what taxes they owe, why they owe tax, where their money is going and how deductions directly benefit them. It is a product of the NYSSCPA's Committee on Practical Reform for the Tax System chaired by Past President **David A. Lifson**. In the Society's October 2009 letter, sent to 110 members of Congress, the SET Tax was explained in detail and proposed as an alternative to the current lengthy and overcomplicated tax code. This was covered in *The Trusted Professional* and in the NYSSCPA E-zine.

The NYSSCPA's Quality Enhancement Policy Committee met regularly during the year and drafted a white paper titled, "A Quality Audit: What It Takes to Get It Right," which was approved by the Executive Committee in May and approved by the Board of Directors in July. The committee recognized that the unprecedented failure of global financial markets has caused nations, industries, financial institutions, investors and academics to reevaluate global financial structures, markets, products and regulatory oversight. It tasked itself with focusing on the design of improved business and financial environments that operate efficiently but with far greater resistance to catastrophic failure, and with exploring the CPA profession's responsibility in evolving business and financial environments. In particular, the committee focused on the current state of core services provided by the CPA profession and challenges to quality that these services are likely to encounter. A copy of the white paper can be found on www.nysscpa.org.

See page 13 for a full list of the 36 NYSSCPA comment letters submitted to regulators, agencies and standards setters during the 2009/10 fiscal year.

Objective 1.2: To position the NYSSCPA as a prominent and respected leader on state accounting, tax and financial issues

At the beginning of fiscal year 2009/10, the NYSSCPA was actively engaged with state regulators in the development of regulations to implement the 2009 New York State Accountancy Reform Law, which took effect on July 26, 2009. Subsequently, the Society worked with the New York State Education Department (SED), the State Board for Public Accountancy and the New York State Board of Regents in amending certain parts of the regulations to respond to concerns raised by NYSSCPA members. The final revised regulations were approved by the Regents in December 2009. Some of these changes included:

1. Competency Provisions: The competency requirements for certain licensees who supervise attest or compilation services or sign or authorize someone to sign an accountant's report on the financial statements of a client were amended. The competency provisions were revised to allow certified public accountants or public accountants licensed prior to July 26, 2009, to meet the competency provisions by Jan. 1, 2011, instead of July 26, 2009, to provide a sufficient amount of time to meet these requirements. The competency requirement was further revised to eliminate the 1,000-hour experience requirement for licensees performing only compilation services. These licensees, however, will be required to meet the 40-hour continuing professional education (CPE) requirement in accounting, auditing or attest during the prior three calendar years or in the calendar year in which the compilation service is performed and maintain the level of education, experience and professional conduct required by generally accepted professional standards relating to the compilation standards performed. Changes were also made to the competency requirements to provide an alternative to the requirement that such licensees performing attest services have 1,000 hours of experience providing such services within the previous five years. The amendment allowed these licensees to satisfy the competency requirement through employment with a registered firm that has undergone a peer review satisfactory to the SED, which indicates that the firm has received a rating of "pass" or "pass with deficiencies." The requirement for 40 hours of CPE in accounting, auditing or attest also applies to certain providers of attest services. It is important to note that in August the SED clarified that the competency regulation applies only to firm owners (partner or partner-equivalents) who sign or authorize someone to sign an accountant's report on financial statements of a client for attest or compilation services or supervise attest or compilation, and to nonowner CPAs who are authorized to sign an accountant's report on such financial statements.

2. Definition of Commission: The regulations were revised to modify the definition of commission to mean any compensation, including a referral fee—paid by a third party to the licensee or the public accounting firm that employs such licensee—for recommending or referring any product or service to be supplied by another person. It was also revised to prohibit a licensee or employer public accounting firm from offering, giving, soliciting or receiving or agreeing to receive a commission for the referral of any product or service to a client if it is performing an audit, compilation, examination of prospective financial information or any other attest service. It was further revised to require a licensee who is not performing these services but is performing other services, to disclose the receipt of a commission to the client in a written disclosure statement prior to the performance of such services.

An exemption was included for the commissions regulation for licensees in private industry who perform accounting, management advisory, financial advisory, consulting or tax services for an entity that is not required to register with the SED as a CPA firm.

3. Registration Fees for Firms Without Offices in New York State: Firm registration fees were amended to require that a \$50 fee be paid by a firm that has no offices located in New York, and \$10 for each CPA or public accountant licensed in New York who signs or authorizes someone to sign an engagement on behalf of a New York client but whose principal place of business is not located in New York state.

4. Service by Retired CPAs as Members of Boards of Directors or Board Committees:

While this issue did not necessitate a change to the regulations, it was considered by the

Board of Regents and led to the issuance of written guidance by the SED allowing CPAs to serve on boards of directors of both for-profit and not-for-profit organizations in "retired" or inactive status, as long as they are not providing attest or compilation services and are not considered designated financial experts where required by the Sarbanes-Oxley Act of 2002. Inactive CPAs may also serve as members of an officially designated committee of the board without being board members, provided that the committee does not have independent authority to act and, instead, gives advice to the board for board action. However, inactive CPAs who serve as members of boards or board committees must be aware that services are limited to those they provide to the board as a board or board committee member and do not extend to services performed in any other capacity, such as services provided as an employee of the board.

Mandatory Quality Review Regulations

The accountancy reform law requires, effective Jan. 1, 2012, all firms seeking to register or reregister a firm with the state, other than sole proprietorship firms or firms with two or fewer accountants, to participate in a quality review of the firm's attest services once every three years, unless a disciplinary action warrants additional reviews. However, this small-sized firm exemption does not apply to any firm that performs attest services for any New York state governmental agency; a governmental or proprietary function for New York state or any of its municipalities; or attest services specifically required to be performed pursuant to New York state law. The State Board for Public Accountancy deliberated on the conceptual framework for proposed quality review regulations at its meeting in September 2009.

The SED proposed regulations on July 28 to establish a Quality Review Oversight Committee (QROC), composed of five members appointed by the Board of Regents who would serve five-year terms, that would oversee the state's new mandatory quality review program. The proposed regulations provided significant detail on the duties of the oversight committee, the requirements the sponsoring organization would have to meet and definition of terms. The proposed regulations establish that QROC members must be New York state CPAs who hold current registrations with the State Education Department and not be members of the New York State Board for Public Accountancy or any of its committees.

In addition to the monitoring of sponsoring organizations, the QROC will also be charged with informing the SED of any problems related to the quality review program that may require the department's intervention, making an annual recommendation as to the qualifications of sponsoring organizations, assessing the quality review program overall, reviewing each quality review report to ensure firms are complying with the standards and ensuring that any documents received from a reviewer or firm is confidential and does not constitute a public record.

The proposed regulations provide that peer reviews administered by entities located outside of New York state may be accepted by the department as substantially equivalent. Substantially equivalent quality review reports are, according to the proposed regulations, conducted and reported on in accordance with the quality review standards. The proposed standards for quality review specify that any sponsoring organization that administers quality reviews under the regulations and any reviewer performing quality reviews "...shall utilize standards for performing and reporting on quality reviews promulgated by a recognized national accountancy organization whose standards are generally accepted by other regulatory authorities in the United States and are acceptable to the SED, including but not limited to the AICPA Standards for Performing and Reporting on Peer Reviews." In addition, the review team shall review the firm's continuing education records on a sample basis and consider whether the records demonstrate that the licensee in the firm who supervised attest services or signed or authorized someone to sign the accountant's report on behalf of the firm has met competency requirements set forth in paragraph (13) of Regents Rule 29.10(a).

New York State Tax Preparer Registration

The NYSSCPA took a significant role in advocating for a bill that would exclude all CPAs from the tax preparer registration required by the New York State Department of Taxation and Finance. Due to the Society's successful effort, the bill, A40023/S66023, passed on Dec. 2, 2009, and expanded the exemption to all CPAs and CPA firms and those under their supervision. Earlier in 2009, an exemption from New York's new tax preparer registration law was provided only for CPAs licensed in New York state, which meant that CPAs licensed and practicing in other states would be required to register as tax preparers in New York if they were paid to file a certain number of returns with the New York State Department of Taxation and Finance. The Society successfully advocated for the extension of this exemption to include all CPAs and CPA firms licensed by other states, as well as employees preparing New York income tax returns under the supervision of a CPA.

Cross-border Practice Mobility

The NYSSCPA supported a state bill, S6307-B, that would allow for cross-border mobility for out-of-state CPAs licensed in a state with substantially equivalent licensing requirements to New York's, bringing New York into conformity with Section 23 of the model Uniform Accountancy Act (UAA) enacted by 47 other states. The Society strongly supported the mobility bill, sponsored by Senator Toby Ann Stavisky (D-Queens) and passed by the state Senate, but no action was taken on a nonconforming bill in the Assembly, A9432. That bill didn't have an important seven-year look-back provision that would require some level of notice from out-of-state CPAs who, within the past seven years,

(Continues on page 10)

President Barack Obama's Economic Recovery Advisory Board. The SET Tax is a simplified approach to income tax reform that allows taxpayers to see what taxes they owe, why they owe tax, where their money is going and how deductions directly benefit them. It is a product of the NYSSCPA's Committee on Practical Reform for the Tax System chaired by Past President **David A. Lifson**. In the Society's October 2009 letter, sent to 110 members of Congress, the SET Tax was explained in detail and proposed as an alternative to the current lengthy and overcomplicated tax code. This was covered in *The Trusted Professional* and in the NYSSCPA E-zine.

The NYSSCPA's Quality Enhancement Policy Committee met regularly during the year and drafted a white paper titled, "A Quality Audit: What It Takes to Get It Right," which was approved by the Executive Committee in May and approved by the Board of Directors in July. The committee recognized that the unprecedented failure of global financial markets has caused nations, industries, financial institutions, investors and academics to reevaluate global financial structures, markets, products and regulatory oversight. It tasked itself with focusing on the design of improved business and financial environments that operate efficiently but with far greater resistance to catastrophic failure, and with exploring the CPA profession's responsibility in evolving business and financial environments. In particular, the committee focused on the current state of core services provided by the CPA profession and challenges to quality that these services are likely to encounter. A copy of the white paper can be found on www.nysscpa.org.

These actions helped position the NYSSCPA as a prominent and respected leader on national accounting, tax and financial issues.

Objective 1.2: To position the NYSSCPA as a prominent and respected leader on state accounting, tax and financial issues

At the beginning of fiscal year 2009/10, the NYSSCPA was actively engaged with state regulators in the development of regulations to implement the 2009 New York State Accountancy Reform Law, which took effect on July 26, 2009. Subsequently, the Society worked with the New York State Education Department (SED), the State Board for Public Accountancy and the New York State Board of Regents in amending certain parts of the regulations to respond to concerns raised by NYSSCPA members. The final revised regulations were approved by the Regents in December 2009. Some of these changes included:

1. Competency Provisions: The competency requirements for certain licensees who supervise attest or compilation services or sign or authorize someone to sign an accountant's report on the financial statements of a client were amended. The competency provisions were revised to allow certified public accountants or public accountants licensed prior to July 26, 2009, to meet the competency provisions by Jan. 1, 2011, instead of July 26, 2009, to provide a sufficient amount of time to meet these requirements. The competency requirement was further revised to eliminate the 1,000-hour experience requirement for licensees performing only compilation services. These licensees, however, will be required to meet the 40-hour continuing professional education (CPE) requirement in accounting, auditing or attest during the prior three calendar years or in the calendar year in which the compilation service is performed and maintain the level of education, experience and professional conduct required by generally accepted professional standards relating to the compilation standards performed. Changes were also made to the competency requirements to provide an alternative to the requirement that such licensees performing attest services have 1,000 hours of experience providing such services within the previous five years. The amendment allowed these licensees to satisfy the competency requirement through employment with a registered firm that has undergone a peer review satisfactory to the SED, which indicates that the firm has received a rating of "pass" or "pass with deficiencies." The requirement for 40 hours of CPE in accounting, auditing or attest also applies to certain providers of attest services. It is important to note that in August the SED clarified that the competency regulation applies only to firm owners (partner or partner-equivalents) who sign or authorize someone to sign an accountant's report on financial statements of a client for attest or compilation services or supervise attest or compilation, and to nonowner CPAs who are authorized to sign an accountant's report on such financial statements.

2. Definition of Commission: The regulations were revised to modify the definition of commission to mean any compensation, including a referral fee—paid by a third party to the licensee or the public accounting firm that employs such licensee—for recommending or referring any product or service to be supplied by another person. It was also revised to prohibit a licensee or employer public accounting firm from offering, giving, soliciting or receiving or agreeing to receive a commission for the referral of any product or service to a client if it is performing an audit, compilation, examination of prospective financial information or any other attest service. It was further revised to require a licensee who is not performing these services but is performing other services, to disclose the receipt of a commission to the client in a written disclosure statement prior to the performance of such services.

An exemption was included for the commissions regulation for licensees in private industry who perform accounting, management advisory, financial advisory, consulting or tax services for an entity that is not required to register with the SED as a CPA firm.

3. Registration Fees for Firms Without Offices in New York State: Firm registration fees were amended to require that a \$50 fee be paid by a firm that has no offices located in New York, and \$10 for each CPA or public accountant licensed in New York who signs or authorizes someone to sign an engagement on behalf of a New York client but whose principal place of business is not located in New York state.

4. Service by Retired CPAs as Members of Boards of Directors or Board Committees:

While this issue did not necessitate a change to the regulations, it was considered by the

Board of Regents and led to the issuance of written guidance by the SED allowing CPAs to serve on boards of directors of both for-profit and not-for-profit organizations in "retired" or inactive status, as long as they are not providing attest or compilation services and are not considered designated financial experts where required by the Sarbanes-Oxley Act of 2002. Inactive CPAs may also serve as members of an officially designated committee of the board without being board members, provided that the committee does not have independent authority to act and, instead, gives advice to the board for board action. However, inactive CPAs who serve as members of boards or board committees must be aware that services are limited to those they provide to the board as a board or board committee member and do not extend to services performed in any other capacity, such as services provided as an employee of the board.

Mandatory Quality Review Regulations

The accountancy reform law requires, effective Jan. 1, 2012, all firms seeking to register or reregister a firm with the state, other than sole proprietorship firms or firms with two or fewer accountants, to participate in a quality review of the firm's attest services once every three years, unless a disciplinary action warrants additional reviews. However, this small-sized firm exemption does not apply to any firm that performs attest services for any New York state governmental agency; a governmental or proprietary function for New York state or any of its municipalities; or attest services specifically required to be performed pursuant to New York state law. The State Board for Public Accountancy deliberated on the conceptual framework for proposed quality review regulations at its meeting in September 2009.

The SED proposed regulations on July 28 to establish a Quality Review Oversight Committee (QROC), composed of five members appointed by the Board of Regents who would serve five-year terms, that would oversee the state's new mandatory quality review program. The proposed regulations provided significant detail on the duties of the oversight committee, the requirements the sponsoring organization would have to meet and definition of terms. The proposed regulations establish that QROC members must be New York state CPAs who hold current registrations with the State Education Department and not be members of the New York State Board for Public Accountancy or any of its committees.

In addition to the monitoring of sponsoring organizations, the QROC will also be charged with informing the SED of any problems related to the quality review program that may require the department's intervention, making an annual recommendation as to the qualifications of sponsoring organizations, assessing the quality review program overall, reviewing each quality review report to ensure firms are complying with the standards and ensuring that any documents received from a reviewer or firm is confidential and does not constitute a public record.

The proposed regulations provide that peer reviews administered by entities located outside of New York state may be accepted by the department as substantially equivalent. Substantially equivalent quality review reports are, according to the proposed regulations, conducted and reported on in accordance with the quality review standards. The proposed standards for quality review specify that any sponsoring organization that administers quality reviews under the regulations and any reviewer performing quality reviews "...shall utilize standards for performing and reporting on quality reviews promulgated by a recognized national accountancy organization whose standards are generally accepted by other regulatory authorities in the United States and are acceptable to the SED, including but not limited to the AICPA Standards for Performing and Reporting on Peer Reviews." In addition, the review team shall review the firm's continuing education records on a sample basis and consider whether the records demonstrate that the licensee in the firm who supervised attest services or signed or authorized someone to sign the accountant's report on behalf of the firm has met competency requirements set forth in paragraph (13) of Regents Rule 29.10(a).

New York State Tax Preparer Registration

The NYSSCPA took a significant role in advocating for a bill that would exclude all CPAs from the tax preparer registration required by the New York State Department of Taxation and Finance. Due to the Society's successful effort, the bill, A40023/S66023, passed on Dec. 2, 2009, and expanded the exemption to all CPAs and CPA firms and those under their supervision. Earlier in 2009, an exemption from New York's new tax preparer registration law was provided only for CPAs licensed in New York state, which meant that CPAs licensed and practicing in other states would be required to register as tax preparers in New York if they were paid to file a certain number of returns with the New York State Department of Taxation and Finance. The Society successfully advocated for the extension of this exemption to include all CPAs and CPA firms licensed by other states, as well as employees preparing New York income tax returns under the supervision of a CPA.

Cross-border Practice Mobility

The NYSSCPA supported a state bill, S6307-B, that would allow for cross-border mobility for out-of-state CPAs licensed in a state with substantially equivalent licensing requirements to New York's, bringing New York into conformity with Section 23 of the model Uniform Accountancy Act (UAA) enacted by 47 other states. The Society strongly supported the mobility bill, sponsored by Senator Toby Ann Stavisky (D-Queens) and passed by the state Senate, but no action was taken on a nonconforming bill in the Assembly, A9432. That bill didn't have an important seven-year look-back provision that would require some level of notice from out-of-state CPAs who, within the past seven years,

(Continues on page 10)

were the subject of final disciplinary action taken by any jurisdiction's licensing or disciplinary authority against any professional license, or had charges of professional misconduct pending against them in any jurisdiction; have had a CPA license in another jurisdiction reinstated after a suspension or revocation; have been denied a license in any other jurisdiction for any reason other than inadvertent administrative error; or have been convicted of a crime or are subject to pending criminal charges in any jurisdiction.

The Senate mobility bill would otherwise provide "no notice, no fee, no escape" mobility for out-of-state CPAs who maintain their principal place of business in their state of licensure. It would also prevent New York CPAs from being subject to quid pro quo rules some states have included in their own mobility bills, that preclude CPAs from a state that had not adopted UAA Section 23 legislation from providing services in that state. Pennsylvania and Massachusetts are two neighboring states with quid pro quo rules. The bill would also remove the current notification requirement from the state's law books and, with it, the requirement for a temporary practice permit for out-of-state CPAs performing attest and/or compilation services in New York, as long as their home state is deemed to have licensing requirements that are "substantially equivalent" to those outlined in the UAA. Substantial equivalency would be determined by the New York State Board of Regents.

Surcharge on Professional Registration Fees

A bill, A8219/S4200, which would impose a 15 percent surcharge on registration and reregistration fees for professional license holders, was another initiative supported by the NYSSCPA to help the state Office of the Professions (OP) contend with a string of budget cuts.

The surcharge would be allocated as direct revenue for the OP, which is the agency that oversees the licensure and registration of more than 760,000 licensed New York professionals in 48 professions.

Without the surcharge, the OP, which includes the Division of Professional Licensing Services, the Comparative Education Unit and the Office of Professional Discipline, would have had difficulty implementing the new accountancy reform law, said Frank Muñoz, the OP's associate commissioner, at a May 18, 2009, state Board of Regents meeting.

The bill passed the Assembly on June 17, 2009, and passed the Senate on July 16, 2009. It was signed into law on Aug. 26, 2009.

Accountancy Reform Law Outreach

The Society also undertook a major educational and outreach effort for its members and the CPA profession related to the passage of the 2009 New York State Accountancy Reform Law.

The Society held more than 50 sessions during the fiscal year with an audience of over 3,800 individuals throughout New York state and New Jersey, during which they were briefed on the reforms in the new law, its regulations and their requirements. The major entities from private industry, government and academia who participated in these sessions included Goldman Sachs, JPMorgan Chase, Morgan Stanley, Citigroup, American International Group, the Securities and Exchange Commission (SEC), the IRS, the Office of the New York State Comptroller, the New York State Department of Taxation and Finance, the City University of New York, the State University of New York, St. John's University, Hofstra University, the New Jersey State Society of CPAs and Manhattan College.

The NYSSCPA also implemented a communications outreach plan, led by the Communications Department, to disseminate information about the new law.

The communications outreach plan included an ad campaign focused on five CPA audiences affected by the new law: taxation, industry, government, academia and attest. Each ad directed the reader to the NYSSCPA's website page on the new law: www.nysscpa.org/page/reform-law.

Two internal advertising campaigns were developed and have run in *The Trusted Professional* since the Feb. 22 special issue, as well as in *The CPA Journal*.

The NYSSCPA reached out to several other state societies and associations to inform them of the requirements of the accountancy reform law and to urge them to inform their CPA members. Outreach was conducted in conjunction with the New Jersey, Connecticut and Florida societies; the New York and New Jersey chapters of the National Association of Black Accountants; the Association of Chartered Accountants in the United States; the Association of Government Accountants; the Association of Latino Professionals in Finance and Accounting; and the New York chapter of the Society of Financial Service Professionals.

There were 50 placements of accountancy reform articles in various media throughout the state of New York during the fiscal year. Ads announcing the new law ran in two issues of *Accounting Today* and the July 20, 2009, issue of *Compliance Week* and *Compliance Week Online*. A public service announcement also ran in the August 2009 issue of *Tax Analysts*. The ad campaign focused on the five CPA audiences affected by the new law. Each ad directed the reader to the NYSSCPA's Web site page on the new law.

Materials about the new law were also distributed through an announcement to AICPA members and via an external advertising campaign.

Two special issues of *The Trusted Professional* were also devoted to the law, with the



Staff of the New York State Comptroller's Office review literature on the state's new accounting reform law during a seminar in Manhattan on March 10. The session was one of more than 60 held statewide to date, and was part of the NYSSCPA's ongoing effort to inform all New York practicing CPAs of their requirements under the new law.

first published after it was signed and the second published during this fiscal year, after emergency regulations were adopted on Dec. 15. *The Trusted Professional* continued to publish stories on accounting reform and related issues throughout the fiscal year. For example, *The Trusted Professional* reported on SED and Board of Regents meetings that included discussion of the law. Other stories were devoted to law details, compliance guidance, updates to the regulations implementing the law and calls to members to spread the word and help bring their colleagues into compliance. Others showcased the Society's efforts to educate CPAs at various institutions.

The NYSSCPA also addressed the requirements of the accountancy reform law in 13 articles published in its weekly E-zine during this fiscal year. Much of the coverage centered on the regulations, the NYSSCPA's outreach to various groups of affected professionals and major milestones in the law's implementation and the regulations' adoption.

The NYSSCPA has a microblogging profile on the Twitter platform, which has grown in popularity in the last year. Beginning months before the law went into effect, the NYSSCPA's Twitter account—which to date has nearly 600 followers—was used to provide information to those followers and others searching the Internet for information on the accounting reform law.

Updates on the reform law were also posted to a new NYSSCPA Facebook page with 368 members, and a quiz that tests users' knowledge of the new law was completed by 147 of the NYSSCPA's Facebook members.

Goal: Professional Competency

As part of the Strategic Plan, it is the goal of the NYSSCPA to provide members access to resources in order to realize their full potential as competent, educated, ethical and trusted professionals.

Objective 2.1: To position FAE as the premier professional education resource for CPAs or accounting professionals in New York state

FAE Conferences

A total of 41 FAE conferences drew more than 5,500 registrants during the fiscal year. Eleven of these conferences were held in-house at the FAE Conference Center in New York City, reducing costly hotel expenses.

FAE offerings included three new conferences: the Phase III: Post-Election Tax Planning Conference, Latest Tax Developments and Estate and Financial Planning Opportunities; the Practice Management Conference; and the Corporate Taxation Conference.

FAE's best-attended conference was the 32nd Annual Non-Profit Conference, which

drew 403 attendees, followed by the Investment Companies Conference, which brought in 326.

The Auditing Conference; the Real Estate Conference; the CFO, Controllers, and Financial Executives Conference; and the SEC Conference all saw increased attendances.

This year's conferences featured many prominent speakers: Nina E. Olson, national taxpayer advocate for the IRS (Annual Tax/Plenary Conference); Jamie Woodward, acting commissioner of the New York State Department of Taxation and Finance (Annual Tax/Plenary Conference and the Tri-State Taxation Conference); Barry C. Melancon, president and CEO of the AICPA (IFRS Conference); Robert H. Herz, chair of the FASB (IFRS Conference); William J. Comiskey, deputy commissioner in the Office of Tax Enforcement, New York State Department of Taxation and Finance (Tax Planning for Individuals Conference); Steven J. Hancox, deputy controller, New York State Office of the Comptroller; James L. Kroeker, then acting chief accountant of the Securities and Exchange Commission (SEC Conference).

The SEC/FASB Conference, traditionally held in January, was removed from the schedule. Instead, FAE converted the traditional September SEC Conference into a combination of the annual SEC/FASB and Sarbanes-Oxley/SEC, PCAOB conferences to streamline the

(Continues on page 11)



At the Tax/Plenary Conference on Nov. 18, National Taxpayer Advocate Nina E. Olson voiced concerns she has regarding service at the IRS.

program and focus on current developments at all three regulatory agencies.

Unlike in prior years, the Government Accounting and Auditing Conference was held in Albany only. Attendance included 71 people on-site and 50 joining via webcast. While registration numbers were still down from 2008 for this conference, overhead costs were decreased by the single venue and a webcast option.

F&E Seminars

Approximately 7,500 registrants attended more than 430 seminars throughout the state in 2009/10. Of the 136 seminars offered by F&E, 88 were new courses, many of which were geared toward CPAs working in industry seeking to comply with the continuing professional education (CPE) requirements of New York state's accountancy reform law.

In order to reduce cost and increase competition among the current hotel venues used by F&E, F&E sent requests for proposals to neighboring hotels to obtain the best pricing possible in their respective regions. This resulted in \$10,000 in savings on audio/visual equipment, meeting space and food and beverage costs.

F&E On-Site Learning, Continuing Professional Education

A total of 61 sessions held across the state resulted in the education of 1,736 CPAs and other accounting professionals. In partnership with third-party seminar vendors, the AICPA and Nichols Patrick CPE, Inc., 18 sessions were held at CPA firms, with a total attendance of 479.

The most popular sessions were an accounting and auditing update, an ethics update, a course on financial statement disclosures and courses covering various levels of staff training.

On-Line Continuing Education

During its first year of operation, the e-CPE program produced 408 different courses attracting 1,950 registrants.

The online course offerings comprised committee sponsored technical sessions, full-day conferences, seminars and courses developed by two third-party vendors in partnership with the F&E.

Conference Webcasts

Many F&E conferences are webcast live on the Internet to allow CPAs who cannot attend in person a chance to experience the day's sessions and earn CPE. Eleven full-day conference webcasts were delivered, attracting 157 participants. The two most popular programs were the Government Accounting and Auditing Conference in Rochester, with 57 online participants; and the Public Schools Accounting and Auditing Conference in Albany, with 38 online participants.

One- and Three-Hour Courses

NYSSCPA committees originated breakfast and evening technical sessions and other technical courses (available to both online and in-

person attendees) of one to three hours that are free to members. This included a popular five-part series sponsored by the International Taxation Committee.

The 1,793 registrations were a mix of in-person and online attendees participating in 397 course offerings.

Objective 2.2: To provide a forum for intellectual exchange through all statewide committees where CPAs can learn from one another

In light of the 2009 New York State Accountancy Reform Law, two new industry committees were established, Family Office and Internal Audit, to provide more options for NYSSCPA industry members.

The CFO Committee and the Banking Committee held several meetings where noncommittee members and non-NYSSCPA members were invited to attend in order to see first-hand the value of committee involvement. These open events included one-hour CPE sessions with topics and key speakers relevant to CPAs in the private industry. These meetings were heavily attended by members as well as members of other professional organizations such as the Financial Executives International, the Association of International Bank Auditors and The Financial Executives Networking Group.

The NYSSCPA's statewide committees met more than 440 times during the fiscal year for members to exchange information, participate in technical presentations and discussions, draft comment letters, enhance competencies, sharpen presentation skills and network. Nearly one quarter of those meetings featured some form of CPE for the members to participate in.

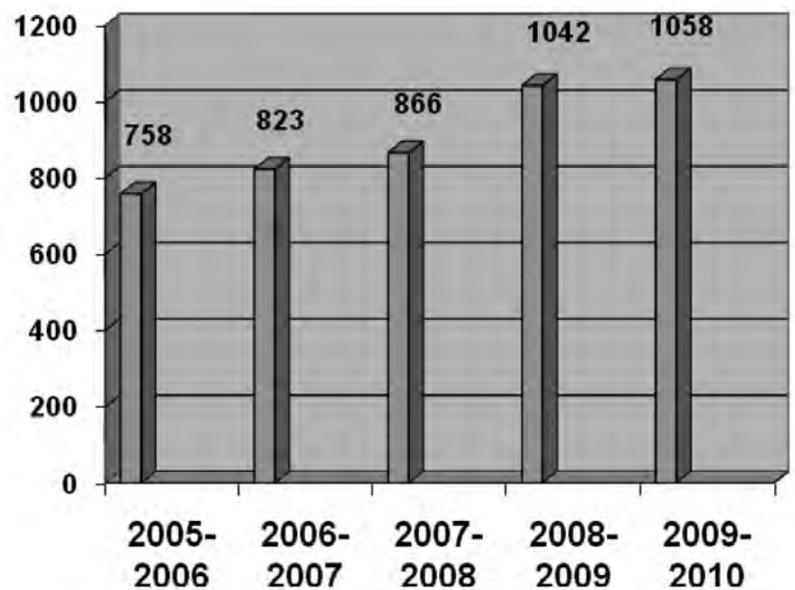
An open house for committees was held in October.

Technical Hotline

The NYSSCPA technical hotline, which assists members with professional issues and inquiries, set another record in the number of calls received in the 2009/10 fiscal year.

Those seeking guidance on tax, accounting, auditing, industry, consulting and other services called the hotline 1,058 times. The Society began logging hotline calls during the

Table 1. Number of Calls Through the Years



second half of the 2004/05 fiscal year, and the number of calls received has climbed steadily every year since. **Table 1** shows the number of technical hotline calls received during the years.

Each committee designates hotline volunteers to answer calls. A committee volunteer's response to questions posed through the technical hotline neither substitutes for a member's own research and judgment nor constitutes an opinion of the NYSSCPA, of the committee or of the volunteer providing the assistance. General guidance is frequently offered by making a referral to an appropriate standards-setting body or to authoritative literature.

Tax committees received the most calls, with the Taxation of Individuals Committee once again topping the list with 161 calls. The remaining 538 tax inquiries were most often fielded by the New York, Multistate, and Local Taxation; Partnerships and LLCs; Relations with the IRS; and Closely Held and S Corporations committees (**Table 2**).

The Financial Accounting Standards, Auditing Standards and Accounting and Review Services committees received the most accounting and auditing calls during the 2009/10 fiscal year. The Real Estate Committee received the most industry-related calls, and the Not-for-Profit Organizations Committee received the most calls in the Public Sector Division. Members also used the hotline to ask questions outside of taxation, and accounting and auditing. **Table 3** shows the types of calls received from the hotline over the last few years. These inquiries included licensing questions, which were often referred to the New York State Board for Public Accountancy; questions on CPE requirements and the CPA exam; questions regarding the Society's position on specific issues; and requests directed to the latest regulatory pronouncements and information on the Society's website.

More than 160 calls sought ethics and peer review guidance, although these calls are not recorded for statistical purposes due to their confidential nature.

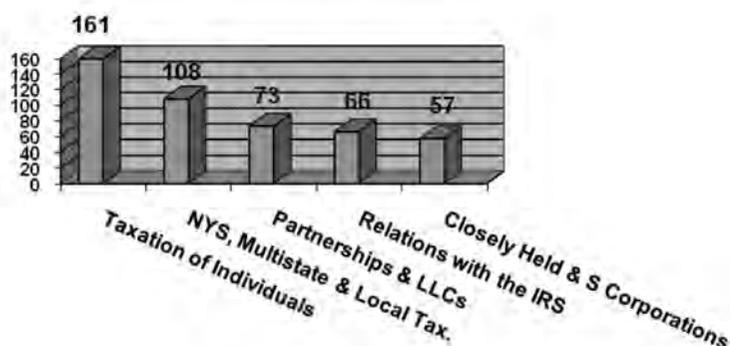
(Continued from page 11)

Objective 2.3: To maintain a community where CPAs can meet to network and learn from each other

During the fiscal year, 65 non-CPE programs were hosted by NYSSCPA chapters, ranging from golf outings and young professional networking events to educational events, such as high school outreach and CPA exam review sessions for CPA candidates.

The Buffalo Chapter hosted its Educators' and Student Awards nights, a tax hotline, a wine tour and networking lunch and a golf tournament for young CPAs. It also held its annual Summer Symposium.

Table 2. Top Tech Hotline Committees



The Manhattan/Bronx Chapter held 13 events, including several networking events and two charity functions, as well as a fishing trip, golf classic, basketball game trips, a wine tasting, a young CPAs sports event and young CPAs trivia night. A session was also held on "Speaking Up for Success," and another event featured a presentation from former NYSSCPA President **David J. Moynihan** on why audit quality is important.

The Mid Hudson Chapter held its College Student Awards night in May 2010, an annual installation dinner, a wine tasting and four networking events that include a post-busy season mixer.

The Nassau Chapter held an installation dinner, a chapter-sponsored women's focus group, a mentor-a-student night, its annual golf outing and a joint networking event with the Suffolk Chapter. Nassau Chapter members also participated in the Ellen Gordon 5K Run/Walk and attended New York Islanders hockey game.

The Northeast Chapter held a post-busy-season celebration for its young CPAs and a dinner for CPAs and bankers.

The Queens/Brooklyn Chapter hosted a young CPAs networking event.

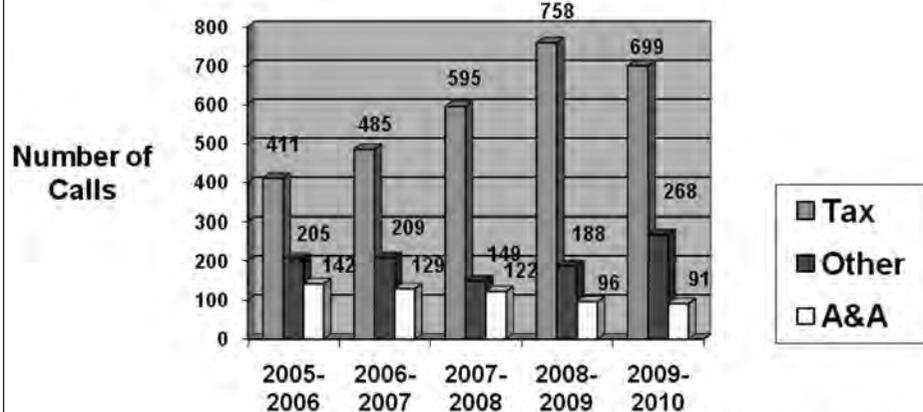
The Rochester Chapter focused its energies on recruiting the next generation of CPAs with its annual Student Awards Night in February and the World of Accounting program, a session of mock job interviews for college students and a wine tour and networking luncheon, which was held in conjunction with the Buffalo, Syracuse and Utica chapters. It also celebrated its 75th anniversary this fiscal year.

The Rockland Chapter held two networking events—one for young CPAs and another general session held in December 2009. A post-busy season mixer was held in April. The chapter also held a session of mock job interviews for students and its annual Student Awards Night.

The Southern Tier Chapter held a business dining etiquette session.

The Staten Island Chapter held five events that included bowling, golf, networking with attorneys and bankers, and a trip to Atlantic City. It also held an Education Night to encourage students to seek careers as CPAs.

Table 3. Types of Calls Received



The Suffolk Chapter hosted nine events, including its annual Toys for Tots and Treats for Troops charity events, and a chapter-based membership drive. Chapter members also attended a Long Island Ducks baseball game in August 2009, two golf outings—including one specifically for young professionals—and a casino networking night. The Suffolk Chapter held a student night and a managing partners' dinner, and also partnered with the Nassau Chapter for networking events.

The Syracuse Chapter hosted a clambake, a World of Accounting event and a wine tour and networking lunch held in conjunction with the Buffalo, Rochester and Utica chapters. It also hosted a CPA/bankers golf outing.

A joint wine tour and networking lunch, and a golf outing were hosted by the Utica Chapter. It also held a dinner for CPAs, attorneys and bankers.

The Westchester Chapter held six events that included networking sessions, a wine tasting, a tax hotline and a session on college financial planning, as well as a golf outing.

The NYSSCPA also established and built upon its Facebook fan page as a community in which members can interact, request guidance, comment on Society initiatives and seek one another out for referrals. The NYSSCPA used its Twitter and LinkedIn accounts to create similar communities for different audiences. The NYSSCPA's Twitter account is followed by other state societies, NYSSCPA members, CPA firms, other CPA networking sites, and CPAs in both New York state and nationwide. LinkedIn, on the other hand, is used primarily for passing along guidance and referrals among members.

Objective 2.4: To maintain *The CPA Journal* as a thought leader on a national level

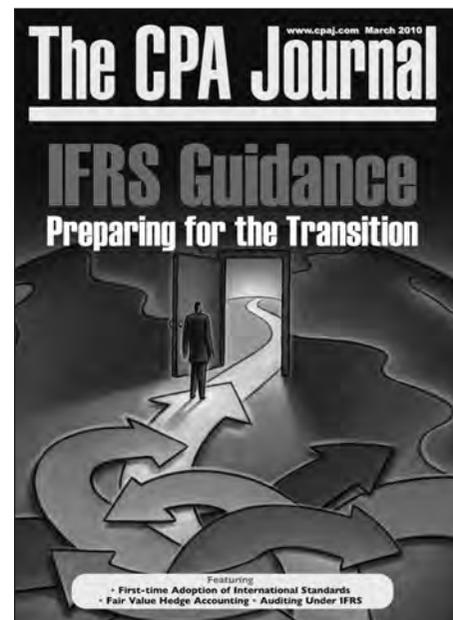
The 2009/10 fiscal year marked *The CPA Journal's* 80th year of publication. *The CPA Journal* published 12 issues this year, as well as a resource guide, published in December, that also includes an index of articles published during the year in *The CPA Journal*. The resource guide is intended to help CPAs locate relevant information, products and services, including tax software, document management, CPE education information and NYSSCPA insurance administrators.

The CPA Journal's editorial board met in June 2009. This annual meeting provides an opportunity for a dialogue between the editors, practitioners and academics about topics of interest to *Journal* readers. The 2009 Max Block Distinguished Article Award winners were announced and awards were distributed at the meeting. Each year since 1975, *The CPA Journal* has recognized the most outstanding articles of the year with this award.

Statistics showed that 42 percent of submissions received in fiscal year 2009/10 by the *Journal* were accepted, 26 percent were rejected and 32 percent were pending revision or a final decision (as of July 15). Academics authored 60 percent of the accepted manuscripts.

The third annual Forum on Contemporary Accounting Issues was held on April 30, 2009 at Pace University's Lubin School of Business, bringing together regulators, journalists and CPAs for a daylong discussion of the most pressing issues in the financial sphere. The editor-in-chief of *The CPA Journal* serves as the moderator for this event, and the transcript is published in the magazine's June issue. This year, the topic of international accounting was explored through interviews with Financial Accounting Standards Board Chair Robert H. Herz, International Accounting Standards Board Vice Chair Tom Jones, PricewaterhouseCoopers Global CEO Samuel A. DiPiazza Jr., and then-Grant Thornton CEO Edward E. Nusbaum. Up-to-date information was included on the issues involved with the impending move from U.S. Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS).

Some highlights of the past year's issues include articles on fraud and forensic accounting, which were the key topics of discussion in *The CPA Journal's* June 2009 issue; an in-focus interview with the executive vice president and CFO of Major League Baseball in December 2009; the Sarbanes-Oxley Act, which was the focus of the April 2010 issue; and international accounting and IFRS, which were the lynchpin of the March 2010 issue. The year's offerings also featured the September 2009 annual financial planning issue and the February 2010 annual tax update issue.



(Continues on page 14)

2009/10 COMMENT LETTERS

AICPA

- Comments to the AICPA on an exposure draft of a proposed Statement on Auditing Standards (SAS)—The proposed SAS would supersede SAS No. 46, *Consideration of Omitted Procedures After the Report Date*, and represents a redrafting to apply the Auditing Standards Board's (ASB) clarity drafting conventions.
- Comments to the AICPA on an exposure draft of a proposed SAS—The proposed SAS would supersede SAS No. 1 section 420, *Consistency of Application of Generally Accepted Accounting Principles*, as amended, and represents a redrafting to apply the ASB's clarity drafting conventions.
- Comments to the AICPA on an exposure draft of a proposed SAS—The proposed SAS would supersede SAS No. 50, *Reports on the Application of Accounting Principles*. It represents a redrafting to apply the ASB's clarity drafting conventions and to converge with International Standards on Auditing (ISAs).
- Comments to the AICPA on an exposure draft of a proposed SAS—The proposed SAS would supersede SAS No. 56, *Analytical Procedures*, as amended, and represents a redrafting to apply the ASB's clarity drafting conventions and to converge with ISAs.
- Comments to the AICPA on an exposure draft of a proposed SAS—The proposed SAS would supersede SAS No. 73, *Using the Work of a Specialist*, and represents a redrafting to apply the ASB's clarity drafting conventions and to converge with ISAs.
- Comments to the AICPA on an exposure draft of a proposed SAS—The proposed SAS would supersede SAS No. 12, SAS No. 1 section 331 and SAS No. 92, and would rescind SAS No. 12 and SAS No. 1 section 901. It also represents a redrafting to apply the ASB's clarity drafting conventions and to converge with ISAs.
- Comments to the AICPA on an exposure draft of a proposed SAS—The proposed SAS would supersede SAS No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, and represents a redrafting to apply the ASB's clarity drafting conventions and to converge with ISAs.
- Comments to the AICPA on an exposure draft of proposed SASs—The proposed SASs represent the redrafting of SAS No. 85 and paragraphs .03–.10 of SAS No. 84 to apply the ASB's clarity drafting conventions and to converge with ISAs.
- Comments to the AICPA on an exposure draft of proposed SASs that would supersede SAS No. 58, No. 87, No. 1 section 410 and No. 32—The proposed SASs represent the redrafting of the preceding SAS numbers to apply the ASB's clarity drafting conventions and to converge with ISAs.
- Comments to the AICPA on an exposure draft of two proposed statements on auditing standards, *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*, and *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts, or Items of Financial Statements*—These proposed SASs would supersede SAS No. 1 and SAS No. 62 and represent a redrafting to apply the ASB's clarity drafting conventions.
- Comments to the AICPA on an exposure draft of a proposed SAS that would supersede paragraphs 19–21 of SAS No. 62, *Special Reports*, and represents the redrafting of certain paragraphs of SAS No. 62 to apply the ASB's clarity drafting conventions.
- Comments to the AICPA on an exposure draft of a proposed SAS. This proposed SAS would supersede the "Related Parties" section of SAS No. 45, *Omnibus Statement on Auditing Standards*, and represents a redrafting to apply the ASB's clarity drafting conventions and to converge with ISAs.
- Comments to the AICPA on an exposure draft of a proposed SAS on audits of group financial statements. This proposed SAS would supersede SAS No. 1 section 543, *Part of Audit Performed by Other Independent Auditors*, and was drafted to apply the ASB's clarity conventions to SAS No. 1 and converge with ISAs.
- Comments to the AICPA on an exposure draft of a proposed SAS that would supersede SAS No. 57, *Auditing Accounting Estimates and Auditing Fair Value Measurements and Disclosures*, and SAS No. 101, *Auditing Fair Value Measurements and Disclosures*, and represents a redrafting to apply the ASB's clarity drafting conventions and to converge with ISAs.
- Comments to the AICPA on an exposure draft of a proposed SAS on external confirmations. This proposed SAS would supersede SAS No. 67, and represents a redrafting to apply the ASB's clarity drafting conventions and to converge with ISAs.
- Comments to the AICPA on an exposure draft of a set of proposed Statements on Standards for Accounting and Review Services (SSARS): *Framework and Objectives for Performing and Reporting on Compilation and Review Engagements; Compilation of Financial Statements; and Review of Financial Statements*.
- Comments to the AICPA on an exposure draft of a proposed SAS on subsequent events. This proposed SAS would supersede SAS Nos. 1 and 58 and AU sections 530, 560 and 561, and represents a redrafting to apply the ASB's clarity drafting conventions and to converge with ISAs.
- Comments to the AICPA on an exposure draft of a proposed SAS on initial audit engagements—This proposed SAS would supersede SAS No. 84, *Communications Between Predecessor and Successor Auditors*, and represents a redrafting of SAS No. 84 to apply the ASB's clarity drafting conventions and to converge with ISAs.
- Comments to the AICPA on an exposure draft of a proposed SAS that would super-

secede SAS No. 54, *Illegal Acts by Clients*, and represents the inclusion of comments by the ASB's clarity drafting conventions and convergence with ISAs.

FASB

- Comments to the FASB on a Proposed Accounting Standards Update: Receivables (Topic 310)—*Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset*.
- Comments to the FASB on a discussion paper of a joint FASB and IASB project, the objective of which is to create a common standard on lease accounting to ensure that the assets and liabilities arising from lease contracts are recognized in the statement of financial position.
- Comments to the FASB on proposed FSP 157-g that would amend FASB Statement No. 157, *Fair Value Measurements*, to provide application guidance for estimating the fair value of investments in investment companies that have calculated net asset value per share in accordance with the AICPA Audit and Accounting Guide, *Investment Companies*.
- Comments to the FASB on a discussion paper of a joint FASB and IASB project, the objective of which is to clarify the principles for recognizing revenue and create a joint revenue recognition standard for U.S. GAAP and IFRS that companies can apply across various industries and transactions.

IASB

- Comments to the IASB on an exposure draft of proposals to improve the derecognition requirements for financial instruments in IAS 39 and enhance disclosure requirements regarding an entity's exposure to the risks of transferred financial assets.

IRS

- Comments to the IRS on a proposed approach and a proposed schedule requiring certain business taxpayers to report uncertain tax positions on their tax returns.
- Comments to the IRS on proposed regulations relating to reporting sales of securities by brokers and determining the basis of securities. The regulations would require brokers, when reporting securities sales to the IRS, to include the customer's adjusted basis and to classify any gain or loss as long-term or short-term.

New York City

- Comments to the New York City Department of Taxation and Finance commissioner on tax administration simplification suggestions discussed at a meeting with the NYSSCPA's New York, Multistate and Local Taxation Committee in September 2009.

New York State

- Comments to the New York State Consolidated Fiscal Reporting Interagency Committee on proposed changes to Appendix AA of the Consolidated Fiscal Report.
- Comments to the New York State Department of Taxation and Finance regarding the implementation and administration of the Metropolitan Commuter Transportation Mobility Tax.

PCAOB

- Comments to the PCAOB on a proposed auditing standard which would supersede the Board's interim standards AU 380, *Communication with Audit Committees*, and AU 310, *Appointment of the Independent Auditor*, and would amend certain other PCAOB auditing standards.
- Comments to the PCAOB on a release re-proposing seven auditing standards related to the auditor's assessment of and response to risk and proposed conforming amendments.
- Comments to the PCAOB on a concept release to solicit public comment on whether the PCAOB should require the auditor with final responsibility for the audit to sign the audit report in their own name rather than firm name.

SEC

- Comments to the SEC on proposed amendments to the custody rule under the Investment Advisers Act of 1940. The amendments, among other things, would require registered investment advisers that have custody of client funds or securities to undergo an annual surprise examination by an independent public accountant to verify client funds and securities.

U.S. Treasury Department

- Comments to the Financial Crimes Enforcement Network (FinCEN) of the Treasury Department on FinCEN's proposed rulemaking to amend the relevant Bank Secrecy Act information-sharing rules to allow certain foreign law enforcement agencies, and state and local law enforcement agencies, to submit requests for information to financial institutions.
- Comments to the Treasury on revisions to The Report of Foreign Bank and Financial Accounts, Form TD F 90-22.1 (FBAR) and instructions (IRS Notice 2009-62).
- Comments to FinCEN on its proposal to include mutual funds within the general definition of "financial institution" in rules implementing the Bank Secrecy Act.

Objective 2.5: To provide other value-added services in the area of professional competency that are not readily covered by FAE, statewide committees, chapters and *The CPA Journal*

NYSSCPA FYI/Updates

NYSSCPA committee staff monitors and e-mails news items, bulletins and announcements that may be of relevance to specific statewide committees. The goal is for committees to find these items to be helpful, help them keep current, spur discussion at committee meetings and pique interest in an item that warrants Society comment. The results of this research are the FYI/Updates, e-mailed lists of these aggregated news items and issues, which are distributed every two weeks to members of the NYSSCPA's relevant committees.

A higher volume of member feedback was noted where recipients furnish the Society with their own items for general distribution.

In November 2009, the Society released its fall "Pre-Season Preview," an update vehicle on key accounting and tax issues that members should be aware of in the upcoming busy season. It contained information reflecting the changing economic, social, regulatory and political environment surrounding the CPA profession.

NYSSCPA E-Zine

The NYSSCPA E-zine is an electronic publication delivered by e-mail every Thursday to an opt-in segment of the membership, though it is now distributed to all members, with an opt-out option, during the 2010/11 fiscal year.

The E-zine underwent a complete redesign that was launched on Oct. 15, 2009. The new format allowed for the incorporation of photos and graphics, and was designed to match the rebranding of the NYSSCPA.org website.



Each E-zine contains the following:

- Five news stories, a *CPA Journal* article and five blog posts to comprise a "weekly roundup";
- A featured committee web banner, linking to that committee's homepage; and
- A listing of upcoming conferences, technical sessions and educational events.

After each issue is e-mailed, communications staff provides a Twitter update that the E-zine has been published. The tweet also notifies followers that it is a subscription-based, electronic publication.

Excluding *CPA Journal* articles, the E-zine published 244 articles during the 2009/10 fiscal year, which included news articles, Society advocacy initiatives and comment letters; New York and federal regulatory and tax updates; and Society member profiles.

Goal: Maintain the Public Trust

As part of the Strategic Plan, it is the goal of the NYSSCPA to maintain high professional standards and be a beacon of public trust.

Objective 3.1: To operate and enhance an ethics program to protect the public and maintain public confidence in the CPA profession

The NYSSCPA Professional Ethics Committee's (PEC) mission is three-fold:

- (1) To maintain a relevant and responsive Code of Professional Conduct;
- (2) to investigate complaints involving the Code of Professional Conduct and Bylaws and, where appropriate, applicable New York State Regulations and U.S. Federal laws and regulations; and
- (3) promote and educate the members on ethical behavior and standards.

The PEC undertook several initiatives related to its mission during the 2009/10 fiscal year, including a comprehensive review of the NYSSCPA Code of Professional Conduct. This was based upon recent changes to the AICPA Code of Professional Conduct, as well as an associated review of areas where the Society membership would benefit by subscribing to the AICPA's version.

Upon conclusion of this review, the PEC recommended, and the Board of Directors approved, three changes to the interpretations to the code. Interpretations differ from rules in that they are not treated as bylaws, and do not require a membership vote for approval. After being approved by the Executive Committee on Feb. 13, 2009, the membership was alerted to these ethics interpretations changes via publication in the September 2009 issue of *The Trusted Professional*.

Secondly, the PEC investigated complaints where there had been alleged violations of the code and NYSSCPA bylaws. During the period, 30 new cases were opened and 29 cases were closed. Approximately 80 cases currently remain under investigation, and 152 cases are currently under investigation by the AICPA involving Society members under the Joint Ethics Enforcement Program. Sanctions in cases in which the PEC found violations of the code included required CPE, membership suspension with CPE and member expulsion.

In furtherance of the NYSSCPA's goal with respect to promoting and educating Society members on ethical behavior and standards, 138 participants attended FAE's annual Ethics Conference held in July 2009 in New York City. Further educational initiatives considered by the PEC included the continued development of a new PEC member orientation program and staff development of a counsel's report to the PEC in order to address procedural and interpretive issues as they arise at PEC meetings.

Additionally, the PEC updated its Professional Ethics Committee Procedures Manual, which is followed closely by the PEC and is made available to members in order to observe that the ethics process is conducted fairly with well-defined procedures. The manual also acts as reference material for members who are being investigated as well as their counsel and advisors.

Separately from the PEC, a special presidential task force was appointed, the Code of Conduct Reform Task Force, whose mission was to redraft the Society's Code of Professional Conduct to comply with changes to the accounting profession affected by the 2009 New York State Accountancy Reform Law. The major accomplishments achieved by the task force included: updating and expanding the principles of the code to follow the

Uniform Accountancy Act template; introducing updated definitions; developing new language for many code sections; strengthening ethical standards; and bringing the code into compliance with the new regulatory environment in New York state.

The task force presented the updated and revised code to the Society's Executive Committee in May 2010 and to the Board of Directors in July 2010. The proposed code was disseminated to the CPA Society membership for a general vote this fall.

Objective 3.2: To upgrade and maintain a peer review program to help ensure assurance of service quality to protect the public

The NYSSCPA serves as the administering entity for the AICPA Peer Review Program for firms that are headquartered in New York state and are enrolled in the institute's Practice Monitoring Program. New York-based firms that are not AICPA members may elect to undergo a non-AICPA peer review that is administered by the NYSSCPA.

Completed reviews are sent to the Society's Peer Review Group for processing and technical review, prior to being sent to the NYSSCPA Peer Review Committee for acceptance.

During the 2009/10 fiscal year, more than 540 reviews were scheduled. Of those, more than 425 were deliberated upon and accepted by the Peer Review Committee. Reviews remaining open as of the last day of our fiscal year, May 31, 2010, were either pending technical resolution, submission of documents or completion of follow-up actions mandated by the committee as part of a conditional acceptance. Of the 425 completed reviews, nearly 250 were system reviews; the remainder consisted of report and engagement reviews.

The Peer Review Committee conducted oversights of 12 peer reviews during the 2009 calendar year. The Peer Review Committee developed an omnibus peer reviewer alert, which was distributed to all active reviewers in New York state in order to update them on changes to reporting requirements under the new peer review standards and risk assessment. The committee also held separate meetings with certain high volume reviewers to cover some reporting and administrative requirements under the new standards in order to improve review performance and reporting, and to make the acceptance process more efficient.

The Society maintains current information with respect to peer review developments on its website at www.nysscpa.org in the "Professional Resources" section.

A key element to improving the quality of the program and improving trust in the program is a focused effort to increase the skill level of reviewers, enhance the resources available to them, and effectively monitor required experience and education levels. With this aim, the NYSSCPA held basic training courses for peer reviewers in New York City and Buffalo. An advanced course for peer reviewers and a peer review workshop were also held in New York City and Rochester, respectively.

The AICPA developed a new peer review data management system known as the Peer Review System Information Manager (PRISM) and the NYSSCPA began the process of implementation and integration in New York state. The implementation process is ongoing as AICPA continues to roll out PRISM features. Also implemented during the fiscal year was facilitated state board access, where New York firms may opt-in and have their peer review reports accessible to various state boards of accountancy on the Internet via a password-protected site.

The 2009 New York State Accountancy Reform Law mandates a new quality review program in the state of New York as of January 1, 2012. It will be a condition of reregistration for accounting firms, except for sole proprietorships or firms with two or fewer professionals unless these accounting firms perform attest services for any municipal or state government agency or provide an attest service specifically required under New York state law. Small firms exempted under the reform law may voluntarily participate in the quality review program.

Objective 3.3: To maintain a communications outreach program

The NYSSCPA's communications department has maintained a communications outreach program to inform NYSSCPA members and nonmember CPAs in New York state and nationwide about new requirements of the accounting reform law. Outreach was also conducted on other NYSSCPA legislative initiatives.

The publisher's monthly column for *The CPA Journal* was used as an outreach vehicle on a number of issues on which the Society has taken a position.

In addition to a cover article on the accountancy reform law in October 2009, the 2009 New York State Accountancy Law was featured in three of the publisher's columns during the fiscal year:

- "Navigating the State's New Accountancy Law" (June 2009)
- "Industry CPAs Fully Join the Profession" (August 2009)
- "The Power of a Collective Voice" (May 2010)

A new tax amnesty bill with implications for accounting professionals was discussed in the July 2009 column titled "Tax Amnesty and the State Budget."

In November 2009, the Society continued advocacy for a master's degree in accounting as a requirement for CPA licensure in the column, "Time to Require a Master's Degree." The Society believed that promoting critical thinking through graduate-level work that culminated in a graduate degree should be a requirement for all CPA programs, and it called on the state legislature to make it a reality. Legislation, S5835, was introduced by Senator Toby Ann Stavisky, with support from the Society, to require a master's degree in accounting acceptable to the Commissioner of Education as a pre-certification requirement for obtaining a CPA license in New York state. No action was taken on this bill during the 2010 legislative session.

Other columns advocated for a return of the Glass-Steagall Act, which called for a separation of commercial and investment banking; called upon CPAs to serve the public interest by participating in their local governments' budgeting processes; and addressed lingering questions about the expiration of the estate tax.

The CPA Journal also features a monthly editorial written by its editor-in-chief. These editorials included two focused on applying fair value accounting in an inactive market (Accounting: A Profession or an Industry?) which, in two parts, ran in the August and September 2009 issues. Other columns this fiscal year included one on estate planning (Estate Tax Planning 2010: Throw Momma from the Train?) that was published in the February 2010 issue, and one that analyzed issues with the federal budget (Future Federal Fiscal Fiasco?), which ran in April 2010.

The CPA Journal and *The Trusted Professional* receive letters to the editor responding to the issues explored in published articles and columns.

For example, in October 2009, *The CPA Journal* published three letters responding to the editor-in-chief's editorial on applying fair value accounting in an inactive market. January 2010's *CPA Journal* included three letters to the editor responding to a publisher's column on a proposal to require a master's degree in accounting. Letters to the editor were published in the February and March 2010 issues of *The CPA Journal* about the importance of writing skills for accountants, and three additional letters on various topics were also published in the April and May 2010 issues.



NYSSCPA 2009/10 President David J. Moynihan with 2010/11 President Margaret A. Wood and 2009/10 Vice President of Committees Elliot A. Lesser at the Annual Leadership Conference in July 2009.

The Trusted Professional published a letter in its March 15 issue regarding a death of Ph.D. professors of accounting, responding to an article on the topic published in the March 1 issue.

Aside from outreach on a myriad of issues affecting the CPA profession through *The CPA Journal*, the NYSSCPA also orchestrated a specific program to inform CPAs about the 2009 New York State Accountancy Reform Law with the tasks of alerting Society members and non-member CPAs on the new requirements of the law and regulations, soliciting feedback from the affected parties, and assisting the SED by locating non-members subject to the new law and informing them. Articles were published in a variety of newspapers, business journals and websites, including the Society's *The Trusted Professional* and *The CPA Journal*. This outreach was also conducted via the NYSSCPA's weekly E-zine, blog and social media avenues.

Objective 3.4: To continuously improve the governance of the Society to maintain its role as a model professional society and a deserving repository for the trust of the CPA profession and the public

The Society successfully merged the NYSSCPA Benevolent Fund, Inc. into the FAE on November 30, 2009. The Society leadership formed the Benevolent Fund in 1954 to provide financial assistance to struggling current and former members of the NYSSCPA and their families. The Benevolent Fund was a New York nonprofit corporation, with a five-person board of directors made up of the current and four most recent past NYSSCPA presidents. The assets related to the Benevolent Fund are now considered as part of the restricted funds held by FAE, which will continue to carry out the fund's original purpose.

Board of Directors and Executive Committee

The Board of Directors held four face-to-face meetings and two meetings via conference call during the fiscal year. The Executive Committee held 10 face-to-face meetings and five meetings via conference call. The minutes for these meetings are available on the Society's website at www.nysscpa.org.

The Board of Directors also approved the fiscal year 2010/2011 budget and accepted the audited financial statements for the fiscal year that ended May 31, 2009 as prepared by the Society's external auditors. (See the January 2009 issue of *The Trusted Professional*.)

Over the course of the year, NYSSCPA leadership took the following actions regarding these governance functions:

- Approved a conceptual resolution on the issue of mobility as defined by Section 23 of the Uniform Accountancy Act.
- Successfully engaged in a grassroots letter-writing campaign to urge New York state senators to pass legislation to extend the exemption from tax preparer registration for New York-licensed CPAs to CPAs licensed anywhere in the United States.
- The Executive Committee established the Code of Conduct Reform Task Force and approved its revised and updated NYSSCPA Code of Professional Conduct, which was later approved by the Board of Directors in July 2010 and sent to the membership for a vote on Sept. 1.
- Approved Section VII, "Complaints," and Section XIV, "Conflicts of Interest" in the Professional Ethics Committee Manual.
- Approved to allow more than one, but no more than two, members from the same firm to serve on the Peer Review Committee simultaneously.
- The Executive Committee approved the white paper, "A Quality Audit: What It Takes to Get It Right" by the Quality Enhancement Policy Committee at its May 21 meeting. (continues on page 16). The white paper was approved by the Board of Directors at its July 13 meeting.
- Approved the creation of the new Family Office Committee and the Internal Auditors Committee.
- Adopted the changes for the bylaws as recommended by the Membership Committee and forwarded the changes for the bylaws to the Board of Directors for approval.
- Approved the Form 990 tax return for the Society and all its affiliated entities.
- Renewed the Affiliation Agreement between the NYSSCPA and FAE for one year.
- Conducted the 10th annual new board member orientation on May 14.
- Appointed acting Executive Director Joanne S. Barry as the NYSSCPA's executive director at the end of the fiscal year.

9th Annual Leadership Conference - July 12-14, 2009

The Society held its 9th Annual Leadership Conference at the Turning Stone Resort and Casino in Verona, N.Y. from July 12-14, 2009. Invitations were sent to the NYSSCPA Board of Directors, FAE Board of Trustees, Political Action Committee, NYSSCPA past presidents, FAE trustees past presidents, statewide committee chairs (as of June 2009), chapter presidents, presidents-elect, Young CPA Committee chairs and New York-appointed members of the AICPA Council. Total attendance was 114 members (plus 31 guests, four children and 14 staff).

David J. Moynihan, 2009/10 president set the theme for the conference as "Delivery of Quality Services," and a kickoff session detailed for the entire group ways to work together more effectively in achieving common goals and objectives with a focus on quality. The audience was then split into four break-out sessions to explore ways to build stronger

teams and identify work products that should result from activities. These groups discussed plans to develop better ways to work together and share ideas and opportunities to expand in keeping with the theme of quality.

Nominating Committee

The 2009/10 Nominating Committee, chaired by **Jeffrey R. Hoops** and consisting of 11 members, was formed in October 2009. It was charged with the nomination of a president-elect, four vice presidents, a secretary/treasurer, five at-large directors and five directors representing chapters. These nominees were successfully elected to their position by the membership and were formally announced at the 113th Annual Election Meeting in New

York City on May 13. A total of 175 people attended. The Society received 2,714 valid proxy votes, with 2,657 votes in favor of electing the uncontested nominees; 57 were opposed.

Political Action Committee

The NYSSCPA Political Action Committee, led by **Anthony G. Duffy**, held regular meetings during the fiscal year, established a new disbursement guideline and stated that the primary focus of the committee contributions during the year would be targeted toward the fall 2010 statewide election season.

Goal: Recognition and Visibility

As part of the Strategic Plan, it is the goal of the NYSSCPA to promote the value and contribution of CPAs.

Objective 4.1: To build an awareness of the role of CPAs for various constituencies

Building on the "quality matters" theme of President David J. Moynihan's presidency, the NYSSCPA conducted a campaign throughout New York state highlighting the importance of audit quality. Moynihan spoke on the issue before multiple businesses, associations and organizations, including the Government Finance Officers Association, the Association of Towns for the State of New York, the New York Council on Nonprofits, the United Way and the Financial Management Institute. He also presented on the need for audit quality at NYSSCPA chapter events and at several FAE conferences, including the NYSSCPA Ethics Conference in New York City.

Moynihan's quality matters message was also disseminated through articles, among them one published by WebCPA in May 2010; in the November 2009 issue of Westchester County's e-newsletter; and in the October 2009 newsletter of the Institute of Internal Auditors Rochester Chapter. The Society also published several articles in *The Trusted Professional* about Moynihan's quality matters message and his speaking engagements.

During the 2009/10 fiscal year, 56 press releases that informed media of major NYSSCPA milestones and other issues of importance to CPAs and other financial professionals were issued. Some were intended to inform the public, including one issued on July 24 announcing the enactment of the accounting reform law, and another in October offering year-end tax guidance. Other press releases were issued to alert media to Society events of topical significance, including breakfast briefings on health care reform, the estate tax and financing retirement.

The NYSSCPA's Public Relations Department continued using the Society's blog and Facebook page to help publicize Society activities, such as its Breakfast Briefings panel series, its Excellence in Financial Journalism awards, awards for distinguished service by New York CPAs and other programs.

The NYSSCPA also informed the public of the new, expanded role of the CPA resulting from the 2009 New York State Accountancy Reform Law through its communications outreach plan. This included the creation of a quiz on the accountancy reform law for its Facebook page, which was taken by more than 150 visitors.

The NYSSCPA also reached out to several other state societies and associations to inform them of the requirements of the accountancy reform law and to urge them to spread the word to CPA members. As a result, the New Jersey, Connecticut, and Florida societies partnered with the NYSSCPA in this effort, as did the New York and New Jersey chapters of the National Association of Black Accountants, the Association of Chartered Accountants in the United States, the Association of Government Accountants, the Association of Latino Professionals in Finance and Accounting and the New York chapter of the Society of Financial Professionals.

Materials about the new law were distributed through an announcement to AICPA members and via an external advertising campaign. Ads announcing the new law ran in two issues of *Accounting Today* and the July 20, 2009 issue of *Compliance Week* and *Compliance Week Online*. A public service announcement also ran in the August 2009 issue of *Tax Analysts*. The ad campaign focused on CPA audiences affected by the new law: taxation, industry, government, academia and attest. Each ad directed the reader to the NYSSCPA's Web site page on the new law.

Objective 4.2: To promote the image of CPAs with the public at large

The Society helped to increase the visibility and image of its members and the CPA profession during the past fiscal year by continuing its Breakfast Briefings series on topics of particular interest to the public as well as to those in the CPA profession. This effort featured opportunities to introduce media to Society-supported legislative initiatives and establish CPAs as expert sources on financial topics. These briefings were attended by 230 individuals in person, while another 440 joined via webcast.

Three Breakfast Briefings were held this fiscal year, focusing on the issues of retirement tax planning options (October 2009), the estate tax (January 2010) and health care reform (April 2010). The briefings were well attended by members, nonmembers and the media, and they featured speakers from the New York State Comptroller's Office, the Retirement Income Industry Association, Bloomberg News and the New York State Health Foundation, among others.



Tax panel volunteers Martin Leventhal, seated left, and Joseph Acquavella help taxpayers find answers to their tax questions during the pre-April 15 NYSSCPA/Daily News tax panel, a three-day event where Society members volunteer to answer *Daily News* readers' questions about taxes and tax filing. The calls were so voluminous that even *Daily News* reporter Meredith Kolodner helped out by queuing the calls for Society members.

Members who are experts in a particular area of the profession are linked with the press through various media placements, an important service provided by the Society. These placements also serve to maintain the NYSSCPA as a valuable source for reputable and reliable accounting professionals to interview.

This fiscal year, 492 media interviews were conducted through the NYSSCPA Public Relations Department. This included contributions to Fox Business, CBS, NY1, CNN Money, CCH, Marketwatch, *Tax Analysts*, *The New York Times*, Bloomberg News and *The Wall Street Journal*. Members were also featured in a personal financial planning series with Association for the Advancement of Retired Persons and three personal financial planning interviews with Bloomberg on Demand.

The NYSSCPA also submitted three 30-second public service announcements to New York state radio stations. These public service announcements received 2,243 airings on 39 stations, with 4,523,700 audience impressions and \$132,795 in total donated media value. The 30-second Energy Tax Credit spot received the most airings overall, with 897 airings, followed by the Homebuyers Credit spot with 591 airings; the Installment Plan spot with 429; and, finally, the 60-second Energy Tax Credit spot with 326 airings.

This was also the second full year of regular TV interviews for Rochester members on WROC-TV. The morning show spots featured chapter members three mornings per month, in which they took turns being interviewed on tax and personal financial topics.

The Society also helps to establish chapters as a presence in their communities and to demonstrate the expertise of CPA members. Press coverage was obtained for chapter events, including World of Accounting in Rochester and Syracuse, Treats for Troops in Suffolk County and Toys for Tots in Suffolk County.

Similarly, the Society utilizes the media to participate in regular FAE events in order to promote FAE's programs and the role of CPAs. The NYSSCPA obtained David Weidner, of *The Wall Street Journal* and Marketwatch, as the luncheon speaker for the Investment Companies Conference, as well as Jonathan Weil of Bloomberg News, who spoke at the Ethics Conference.

Press releases were distributed to announce new officers, directors and various award winners; and for all 10 COAP programs, which resulted in pieces in *The Times-Union*, *The Journal News* (Westchester), *Buffalo Business First*, *Rochester Daily Record*, *The Democrat and Chronicle* (Rochester) and *The Times Herald-Record* (Mid Hudson).

In October 2009, the NYSSCPA proposed the Simple Exact Transparent (SET) Tax to President Barack Obama's Economic Recovery Advisory Board. In a letter sent to 110 members of Congress, the SET Tax was explained in detail and proposed as an alternative to the current lengthy and overcomplicated tax code. The letter was also sent with the intention of making members of Congress aware of the possibility of working with the NYSSCPA on tax reform.

The NYSSCPA sponsors tax panels, hosted by newspapers throughout New York state, which accept tax questions from the public in a call-in center format. This offers expert guidance to the public while providing publicity for the Society and the CPAs who participate.

(Continues on page 17)

Tax panels were published this year in *The Buffalo News*, *Syracuse Post-Standard*, *Poughkeepsie Journal*, *The Westchester Business Journal* and *The Daily News*. All panels were hosted at daily or weekly newspapers and received significant coverage.

Objective 4.3: To increase the Society's visibility and credibility with the media

The Society recognizes reporters from national and local press who contribute to a better understanding of business topics through its annual Excellence in Financial Journalism Awards. Journalists were contacted and encouraged to enter the competition through media advisories and advertisements. Selected members of the Society and the New York Financial Writers Association determined the 21 winning entries from 15 different categories according to length of the piece and media type, such as print, electronic and radio. The winners were announced at an awards luncheon at the Yale Club in New York City on May 4, 2010.

The annual Michael H. Urbach CPA Community Builder's Award, co-sponsored by the Society and the New York Council of Nonprofits, was presented to **Lewis Kramer** in October 2009. The award recognizes exemplary achievements of a CPA who serves on the board of directors of a charitable organization.

Objective 4.4: To maintain *The Trusted Professional* as the public, unified voice of all New York state CPAs

The Trusted Professional, now in its 12th year of publication, printed 23 issues during the 2009/10 fiscal year, which included a special July 2009 issue detailing the state's newly adopted regulations implementing the 2009 New York State Accountancy Reform Law.

A special issue of *The Trusted Professional* was devoted to explaining for members the requirements and provisions of the 2009 New York State Accountancy Reform Law. More specifically, this issue and articles in several other issues addressed and detailed proposed regulations issued by the state that would implement the law.

Throughout the year, *The Trusted Professional* provided coverage on this and other major issues affecting the accounting profession in New York state, including meetings of the State Board for Public Accountancy and New York State Legislature actions affecting the CPA profession.

A state Senate proposal for mobility for out-of-state CPAs to practice in New York is a major Society initiative and was covered extensively in *The Trusted Professional*, in the NYSSCPA E-zine and on CPA.Blog and the website. Articles in several issues detailed how the state Senate unanimously voted to approve mobility legislation that would provide "no notice, no fee, no escape" mobility for out-of-state CPAs while providing public protection through a seven-year look-back provision of final disciplinary actions taken by any jurisdiction's licensing or disciplinary authority against any professional license, professional misconduct charges, prior suspensions or revocations of a CPA license, criminal charges and licensure denials aside from those due to inadvertent administrative error. The proposal would also prevent New York CPAs from being subject to quid pro quo rules some states have included in their own mobility bills, which preclude CPAs from a non-mobility state from providing cross-border services in those states. Articles detailed how the bill would also remove the current temporary practice permit requirement from the state's law books for out-of-state CPAs performing attest and/or compilation services in New York, as long as their home state is deemed to have licensing requirements that are "substantially equivalent" to those outlined in the UAA.

Another series of articles covered the proposed state system of tax preparer registration for all tax preparers who file tax returns in New York state, including CPAs. The

NYSSCPA was opposed to this measure and successfully advocated for an exemption not only for New York CPAs, but for every CPA who files tax returns with New York state. The Society's advocacy was detailed in a series of articles as the proposal moved through the state legislature.

Other stories covering Society advocacy initiatives included a proposed bill for a master's degree for CPA licensure in New York state and the State Board's approval of course guidelines for education evaluators.

National regulatory changes in the accounting profession, many as a response to the recession and the 2008 financial meltdown that caused it, were also among the key items that appeared in *The Trusted Professional* during the year. Such topics included the FASB's accounting standards codification; a proposed SEC rule which called for a return of surprise audits of the work of investment managers, a response to the Bernard L. Madoff fraud; IASB Vice Chairman Tom Jones's interview about the IFRS at Pace University's Lubin School of Business; the U.S. Treasury plan for regulatory reform; the SEC's efforts to curtail flash trading; the SEC's delayed implementation of Section 404(b) for small publicly traded companies; an IRS proposal for tax return preparer registration; the SEC's adoption of disclosure guidance for climate change; the SEC's reaffirmation of its commitment to IFRS; and the PCAOB's plans for a fraud detection center.

Other current events affecting members covered in *The Trusted Professional* included the Metropolitan Commuter Transportation Mobility Tax; the revised CPA exam; proposed federal legislation requiring the U.S. comptroller general to be a CPA; and the Obama health care reform legislation.

The Trusted Professional continued its commitment of coverage of FAE conferences, including the newsmakers and national experts who appear at them, including New York State Department of Taxation and Finance Office of Enforcement Deputy Commissioner William J. Comiskey at the Taxation of Individuals Conference on Aug. 19, 2009 and Securities and Exchange Commission Chief Accountant James Kroeker at the SEC Conference on Sept. 17, 2009. Articles either focused on these newsmakers or a particularly interesting presentation or widely relevant topic, making coverage of conferences valuable to membership at large, not just those in attendance. Newsmakers were also covered beyond the scope of FAE conferences, with *Trusted Professional* reporters attending important regional events, such as an International Financial Reporting Standards forum held in New York City on April 7, which featured Financial Accounting Standards Board Chair Robert H. Herz and International Accounting Standards Board Chair Sir David Tweedie, and Baruch College's annual Financial Reporting Conference.

The Trusted Professional is also a vehicle for Society leadership to deliver important Society news to members throughout the year. For example, articles were published to call for the formation of the 2009/10 Nominating Committee in July 2009; to announce nominated officers and Board of Directors members for the Society; and to solicit FAE Board of Trustees candidates. An article was also published explaining the importance of members' contributions to the NYSSCPA Political Action Committee. *The Trusted Professional* is also an important vehicle for the Society because it sometimes includes ballots to members for officer elections, bylaws votes and other actions for which a membership vote is required.

The "CPAs in Industry" section continued to appear monthly in *The Trusted Professional* and offered updates pertaining to Society committee and FAE events focusing on industry members, the Society's outreach program in industry, networking events with other professional organizations and accountancy reform law informational sessions held at various private industry and governmental entities.

Committee activities resulted in regular features in *The Trusted Professional*. They included the Technology Assurance Committee's discussion of XBRL; an update from the Human Resources Committee; and a profile of the newly created Family Office Committee. In addition, a photo spread of all chairs of the committees appeared during the fiscal year.

The Society's 15 chapters were also regularly featured in *The Trusted Professional*. The "Chapter Newsletters" section included the new "CPA Roundtable" feature, in which CPAs from around the state weigh in with their thoughts on an issue relevant to the profession. The section also featured regular listings of upcoming key chapter events and messages from the chapter presidents.

The 9th Annual Student Section appeared in the November 15, 2009 issue, featuring profiles of successful CPAs and other information intended to encourage students to pursue a career in accounting. Staff also researched and updated information on 58 accounting departments in colleges and universities throughout the state, so that the student issue could be distributed to them.

The September 2009 issue featured an 11-page NYSSCPA annual report, and the January 2010 issue contained the Society's audited and consolidated financial statements for the fiscal year ending May 31, 2009.

The Trusted Professional also regularly provided a listing of upcoming FAE seminars and conferences, announcement of the FAE POP programs and other offers, and coverage of special technical sessions produced by the committees during the year.

Objective 4.5: To maintain *The CPA Journal* as a prestigious and respected professional journal

The CPA Journal continues to remain, and is broadly recognized as, an outstanding, peer-reviewed publication aimed at practitioners, educators, regulators and other financial professionals. In an effort to maintain this reputation, *The CPA Journal* was present at the

(Continues on page 18)



International Fraud and Forensic Accounting Education Conference and Association of Certified Fraud Examiners' Annual Fraud Conference in July 2009 and the American Accounting Association's annual meeting in August 2009. At these events, *The CPA Journal* staff gathered information on topics and solicited manuscripts for future issues. The editorial staff also attended to a booth at the American Accounting Association's Annual Meeting in New York City in August 2009.

Objective 4.6: To make the NYSSCPA website the most valued source for local, state, national and international news affecting the CPA profession

Building on the efforts to migrate the NYSSCPA website to a more advanced and user-friendly interface since January 2009, the Society continued to migrate HTML pages over to its Drupal content management system (CMS).

The website enjoyed another great statistical year, regularly recording between 360,000 and 466,000 visitors, and as many as over 1.4 million views per month. In addition, the site is recording between about 9 million to 11 million hits each month.

These numbers look even better when compared to other related websites. Using a website called Alexa, which tracks Web surfing habits, we are able to get an approximate view of how the nyscpa.org website compares to some of our competitors and other state CPA societies. Alexa, which is used by advertisers to gauge the value of website links, compiles statistics on Web users who voluntarily download a toolbar to their Web browser.

The results for an Alexa search that compiled a rolling three-month average were as follows:

- The site was the most popular of all 50 state CPA societies by a wide margin, well over 1.1 million slots ahead of the second most popular state society website, which has approximately 24,000 members.
- The NYSSCPA site came in as the 10th most popular accounting association site in the world, just four slots behind the AICPA.
- The site came in as the 27th most popular overall accounting site.

The Society keeps its website content up to date by providing the latest information on the 2009 New York State Accountancy Reform Law, where a section was dedicated to the topic on the top of the NYSSCPA homepage. The government center on the NYSSCPA homepage also contains the latest developments in state and federal legislative activities such as changes to the state's tax preparer registration law and proposed legislation on a master's degree for CPA licensure in New York. The tax resources pages were revamped to

offer the latest information on taxation regulations and issues being discussed in the committees within the Society's tax division. The latest NYSSCPA news, e-CPE opportunities, and recent major Society webcasts are just a few additional examples of easily accessible information for members and the general public.

Also accessible on the NYSSCPA homepage is CPA.Blog. The blog features multiple daily postings of items interesting and relevant to the New York CPAs, as well as a broader national and international CPA audience. The popularity of this new service has grown substantially. During the past fiscal year, the CPA.blog had more 445 postings with more than 456,000 reads. The Society also spreads the word about CPA.blog on Twitter and Facebook.

In May 2010, CPA.blog began liveblogging certain events. Liveblogging offers members real-time updates from various offerings, including FAE conferences, Breakfast Briefings, and other Society events. These liveblogs were promoted in advance via various social media. CPA.blog was honored as a "superstar finance blogger" by the accounting blog (www.bloggingsuits.com) in July 2009.

The Society also recently created a Facebook account where users may stay connected with the Society on a number of topics.

Objective 4.7: To prepare comment letters on significant legislative, standards setting and regulatory actions

The comment process positions the Society as a prominent and respected leader on accounting, tax, and financial issues. This is an effective mechanism to advocate for and influence the creation and adoption of sound policy and regulations in the areas of accounting, tax and finance and for the profession. It also promotes the professional interests of our members in conjunction with the interest of the profession and the public.

The Society produced 36 comment letters during this past fiscal year, which were sent to such federal regulatory bodies as the PCAOB, the SEC, the FASB, the IASB, the IRS and the Treasury Department, as well as state and city agencies like the New York State Department of Taxation and Finance and the New York City Department of Finance. These letters covered practically every discipline within the profession on matters both technical and policy oriented. See page 13 for a full list of NYSSCPA comment letters submitted during the 2009/10 fiscal year.

Goal: Recruitment & Retention

As part of the Strategic Plan, it is the goal of the NYSSCPA to attract and retain highly competent individuals in the profession and the Society.

Objective 5.1: To attract and encourage every CPA, CPA candidate and CPA firm employee to become a Society member

The fiscal year began with a membership of 28,011. During the fiscal year, the Society successfully recruited and admitted 1,628 members in the following categories: public accounting firms (563), private industry (317), government (18), academia (19) and associate members, which include CPA candidates, students and employees of CPA firms (711). As of May 31, the Society had 27,672 members, representing a net loss of 339 members.

The Society actively recruits new members through direct visits to accounting firms and organizations in private industry, government and academia. Nonmembers who participate in Society and FAE programs are also encouraged to become members. This year, these programs included a series of sessions on the new state accountancy law, as well as the general educational offerings from FAE.

Firm and company visits were conducted at Deloitte; Goldman Sachs; Testone, Marshall & Discenza, CPAs; and Perelson Weiner LLP during this fiscal year. College job fairs the NYSSCPA attended included those held at Touro College, Baruch College and Adelphi University. In addition, the Society attended a career fair at the ASCEND Annual Convention. ASCEND is a national professional organization focused on Pan-Asian financial professionals and businesspeople.

Objective 5.2: To reach out to college students to encourage them to pursue accounting as a profession

The NYSSCPA hosted regular information sessions about the CPA profession for college students throughout the state. These meetings are organized by the Society's 15 chapters and are usually referred to as Education Night. Chapter leaders coordinate with local college accounting faculty to invite some of their most promising students. At the event, which usually involves a formal program, college students meet and hear from local CPAs from different sectors of the profession.

FAE also sponsors the Excellence in Accounting scholarship, given to accounting majors on the basis of their scholastic achievement and economic need. In 2009/10, FAE provided 60 scholarships totaling \$146,000. Students are selected via an application process that involves a professor at each New York state college that hosts an accounting program that can lead to CPA licensure.



Photo credit: Michael Gonzalez

Hundreds of students across New York state participated in the NYSSCPA/FAE 2009 Career Opportunities in the Accounting Profession program.

Objective 5.3: To reach out to high school students to encourage them to pursue accounting as a profession

The Career Opportunities in the Accounting Profession (COAP) program is an effort by FAE and the NYSSCPA to educate high school youth about the opportunities available in the accounting profession. COAP focuses on minority youth and was held at 11 college campuses across New York state. The 2009/10 program proved to be a record-breaker for COAP, with an all-time high of 340 students registered. There has been a nearly 40 percent increase in the number of COAP participants since 2006, when 206 high school students attended COAP, and the number of participants has increased every year since. The first COAP program was offered at Pace in 1987, and they have proliferated over the years.

Hofstra's COAP program saw the largest participation, with 56 students from the Long Island area in the group. The Hofstra program also offered a special feature in the 2009/10 fiscal year—program alumni were eligible for an internship at one of several local firms

(Continues on page 19)

Objective 5.6: To increase the diversity level of Society membership

COAP, with 11 programs, focuses on recruiting minority groups historically underrepresented in the accounting profession. FAE also provides a college scholarship program for COAP graduates, offering selected students \$2,000 per year for up to five years. A total of 340 students participated in the fiscal year.

The COAP program provides an opportunity for the NYSSCPA and FAE to work with other organizations during the recruiting phase of the programs, including the New York chapters of ASCEND, a Pan-Asian accounting and financial professional group; the National Association of Black Accountants (NABA); and the Association of Latino Professionals in Finance and Accounting (ALPFA).

Objective 5.7: To offer Society membership benefits that will enable CPAs to be more efficient and effective

The Society offers numerous member benefits that include CPA review courses, insurance programs, publication discounts and more. In fiscal year 2009/10, the NYSSCPA added three more member benefits: discount wireless phones and accessories; discounted group travel, including cruises; and a Carnegie Hall discount. Many of these programs also provide the NYSSCPA with a volume-based royalty. A full list of NYSSCPA member benefits can be found on the Society website at www.nysscpa.org/membership/benefits.htm.

Objective 5.8: To upgrade and maintain an efficient and effective association management system to match the needs of the Society's stakeholders and customers.

Aptify was selected in the 2009/10 fiscal year as the Society's new association management system, based on its advanced technologies and versatility. Aptify's design upgrades will allow members and FAE customers to interact with the NYSSCPA via the Internet. A number of initiatives this year helped to progress the soon-to-be-launched Aptify project. These included:

- the implementation of new content management system SiteFinity, to enhance online FAE event registration and member service;
- the migration of the legacy AM4 association management system to the SQL 2008 database on the Microsoft .NET platform;
- the integration of the Great Plans accounting system;
- the development of a real-time credit card processing system;
- the implementation of multiline orders for coupon registration for the FAE's Pay One Price (POP) program; and
- the enhancement of the peer review and ethics database workflow for easier processing.

www.nysscpa.org

Lawrence W. Smith, CPA, Board Member, Financial Accounting Standards Board

Learn about the newly issued pronouncements, proposals, and recent activity related to International Financial Reporting Standards (IFRS), Technical Plan Updates, and other technical developments at FASB.

SEC Conference

A new era with an even greater need for sound market regulation.

Tuesday, September 28, 2010

8:40 a.m.–5:05 p.m.

Current Developments at the FASB

You'll hear crucial updates from the leaders at the:

- Division of Corporation Finance, *SEC*
- Division of Enforcement, *SEC*
- Office of the Chief Auditor, *PCAOB*
- Office of Inspections, *PCAOB*
- Board of Directors, *FASB*

Conference Information

In-Person Course Code: 25157111

Live Webcast Course Code: 25157112

CPE Credit Hours: 8:

4 hours Accounting;

4 hours Auditing

Fees: Members \$385;

Nonmembers \$485

Two Ways to Attend

In Person at
New York Marriott Marquis at Times Square
1535 Broadway, at 45th Street
New York, NY 10036

To register, please visit
www.nysscpa.org/fae, or call 800-537-3635.

Via Live Webcast on your PC

Can't attend the event in person?
Attend via Live Webcast from your PC.

To register, please visit
www.nysscpa.org/e-cpe or call 877-880-1335.

