Cuomo budget: changes could affect CPAs and their clients

BY RICHARD KORETO
Trusted Professional Correspondent

In his budget speech on Feb. 21, Gov. Andrew M. Cuomo pointed out that under his administration, the state has passed three budgets in a row on-time—something that hadn’t happened in more than 30 years. Now, he said, he’s going for four in a row, which New York hasn’t achieved since Nelson Rockefeller was governor and many current legislators were still learning how to walk. His speech was upbeat—in fact, he had already mapped much of his tax strategy, so there wasn’t much in the way of surprise in that area—but that doesn’t mean there won’t be any push-back as the state’s fiscal year draws to a close on March 31.

The governor outlined his proposals in two documents: a 12-page summary and an 89-page Executive Budget Briefing Book.

The summary highlighted eight tax-reform items, some of which clearly came out of the Tax Reform and Fairness Commission and the Tax Relief Commission, both of which released reports late last year. CPAs should look for these possible changes to tax issues that affect their employers and their individual and corporate clients:

• Corporate tax reform. Not only a reduction of the tax rate on net income to 6.5 percent, but a combination of the corporate franchise and bank taxes to provide simplification and improve voluntary compliance.

• A 20 percent real property tax credit for manufacturers. A refundable credit equal to 20 percent of property taxes paid by manufacturers who own property.

The governor’s proposals for the state budget call for tax changes that will affect CPAs’ employers and their individual and corporate clients.

NYSSCPA 2014–2015 Board nominations announced

BY F. MICHAEL ZOVISTOSKI, CPA
NYSSCPA Secretary/Treasurer

The 2013–2014 NYSSCPA Nominating Committee met on Jan. 9 to decide its nominations for Society officers for the 2014–2015 fiscal year and for NYSSCPA Board of Directors members, with terms beginning June 1, 2014. (The formal report is reprinted in this issue of The Trusted Professional on page 3, and the service record of all nominees is reprinted on pages 4 and 5.) In accordance with the Society’s bylaws, the nominating committee report was emailed to Society members—who provided email addresses to the Society—by Feb. 3, and was posted to the nomination center on the Society’s website on or before Feb. 1. The nomination center is located at nysscpa.org/page/about-us/governance/nomination-center.

On behalf of the entire membership, I would like to thank the members of the Nominating Committee for their work in identifying candidates to serve. Vetting our future leadership is one of the most important tasks we undertake on a yearly basis. A ballot listing the nominees with their service records will be sent to the Society’s voting membership, as part of the April issue of The Trusted Professional, before the Society’s Annual Election Meeting and Dinner, to be held on May 15, 2014. Any independent nominees submitted by March 1, as discussed below, will be included in the proxy ballot. I urge all members to carefully examine the ballot information and vote.

Independent nominations

According to Article X of the Society’s bylaws, independent nominations for an officer or elected director may be made by a petition filed with the Secretary/Treasurer by March 1. (See www.nysscpa.org/society/by-laws.htm.) These candidates are then added to the ballot, along with those individuals nominated by the nominating committee. Pursuant to the bylaws, any submitted petition for independent nominees requires at least 507 signatures of CPA members (2 percent of the CPA membership as of the beginning of the fiscal year, which totaled 25,348 this year), other than that of the nominee.
An important reminder for busy season

Change is inevitable in our profession, but this year, we enter a busy season that seems especially ripe with new and shifting developments. That includes the tax implications stemming from the Affordable Care Act and the demise of the Defense of Marriage Act; new local, state and federal tax codes; an increased regulatory environment in the wake of legislation such as the Dodd-Frank Act and the Consumer Protection Act; and a host of new accounting and auditing standards. Indeed, New York CPAs will have their work cut out for them in 2014.

To succeed during this demanding time, you’ll need to utilize every resource at your disposal. But as you reach for your agency phone numbers and your reference guides, keep in mind that the NYSSCPA can be one of the most useful tools in your arsenal.

Often, what you need most during the busy season is the human element—contact with other professionals who can act as a sounding board or fully understand your concerns.

The Society affords you the opportunity to meet and maintain an open dialogue with your fellow CPAs through its 15 chapters and more than 60 statewide committees. It also offers an exclusive, members-only benefit that can become crucial during tax season: the technical hotline, which makes it easy for members to get help with confusing technical queries. (To contact the technical hotline, dial 212-719-8309 or email technical@nysscpa.org.) There are the Society’s online and print publications, including The CPA Journal and The CPA Journal: Tax Stringer, which shed light on the profession’s legislative, regulatory and administrative developments, particularly as they concern tax and audit policies. And of course, the Foundation for Accounting Education (FAE) continues to offer educational seminars and conferences that speak to the hot-button issues of the season, such as the current health care law and accounting and auditing standards.

In addition, the Society may be of use to you in a very tangible way this busy season, with a new program for renting state-of-the-art office space and conference rooms at its 14 Wall Street headquarters. Visit nysscpa.org for more details and instructions on making a rental request.

We’re entering a period that could prove challenging for even the most veteran of professionals, but you don’t have to go it alone. Make the most of your membership and take full advantage of the NYSSCPA’s resources. Remember: We’re here to help you.

Create change in Albany

By representing more than 29,000 members, the NYSSCPA acts as the unified voice for CPAs throughout New York State. While we are often able to use our strength in numbers to take action, political advocacy sometimes requires a more grassroots approach. This is why the NYSSCPA is inviting its members to become a part of its Key Contact Program. Much in the same way networking is vital to professional advancement, developing a strong political network of connections is important to any government advocacy program.

To Become a Key Contact:
Click on the Government Affairs tab on the NYSSCPA website and then click on the “Get Involved” link.

Or type the web address directly into your internet browser: nysscpa.org/page/key-contact

Members can also call: 212-719-8385

J. Michael Kirkland
OFFICERS: to hold office for one year, from June 1, 2014:

**PRESIDENT**
Scott M. Adair automatically succeeds J. Michael Kirkland as President in accordance with Article VIII, Paragraph 5 of the Bylaws.

**PRESIDENT-ELECT**
Joseph M. Falbo, Jr.
Inovesco Sergey & Associates LLP

**VICE PRESIDENTS**
Harold L. Deiters III
Baker Tilly Virchow Krause, LLP

TIMOTHY P. HEDLEY
KPMG LLP

SCOTT D. HOSLER
Bonadio & Co., LLP

CYNTHIA A. SCARINCI
College of Staten Island (CUNY)

SECRETARY/TREASURER
F. Michael Zovistoski
M. J. Renick & Associates LLC

DIRECTORS-AT-LARGE: to hold office for a term of three years, from June 1, 2014:

**TERMS EXPIRING IN 2015:**

PAUL E. BECHT,
Baker Tilly Virchow Krause, LLP

ROSEMARIE GIOVINAZZO-BARNICKEL,
Rosemarie Giovinazzo-Barnickel, CPA

JACQUELINE E. MILLER,
Pinto, Mucenski, Hooper, VanHouse, & Co.

WILLIAM A. GIESE,
Farrell Fritz, P.C.

M. J. ROSENBLATT,
Long Island University

KEVIN MATZ,
Kevan Matz & Associates PLLC

JEAN G. JOSEPH,
Joseph Fox & Consulting Services LLC

M. JACOB RENICK,
M. J. Renick & Associates LLC

**TERMS EXPIRING IN 2016:**

BETH VAN BLADEL,
Day Seckler LLP

MARK ULRICH,
TRACY D. TARSIO,
Day Seckler LLP

**TERMS EXPIRING IN 2017:**

SCOTT M. CHESLOWITZ,
Cynthia A. Scarinci, College of Staten Island (CUNY)

ANTHONY T. ABBoud,
Freib, Heuer, Feen & Evers, LLP

WILLIAM AIKEN,
Retired

CYNTHIA D. BARRY,
Ann M. Berenbeim, P.C.

ANTHONY S. CHAN,
Sino-Global Shipping America, Ltd.

JACK F. CRAVEN,
John F. Craven, CPA, LLC

MICHAEL E. MILISITS,
Hunter Group CPAs LLC

BARBARA L. MONTOUR,
St. John’s University

STEPHEN T. SURACE,
Adroit Management, Inc.

TRACY D. TARSO,
Tarsio, LLC

SCOTT M. ADAIR,
Rochester Genesee Regional Transportation Authority

**DIRECTORS: to succeed: (provided the above nominees are duly elected):**

**DIRECTOR AS CHAPTER REPRESENTATIVE:**

DAVID G. YOUNG
Rochester Institute of Technology

KATY M. BENTON
Baker Tilly Virchow Krause, LLP

WILLIAM AIKEN
Retired

**DIRECTOR AS CHAPER REPRESENTATIVES:** to hold office for three years, from June 1, 2014:

JACQUELINE E. MILLER
Pinto, Mucenski, Hooper, VanHouse, & Co.

NASSAU
ERIC M. KRAMER
Fernel Fritz, PLLC

ROCHESTER
STEVEN M. MORSE
Richard M. Morse, CPA

STATEN ISLAND
CYNTHIA A. SCARINCI
College of Staten Island (CUNY)

SUFFOLK
JOHN SHILLINGSFORD
Alberico, Vigliano, Zarek & Company, PC.

UTICA
SCOTT D. HOSLER
Brennabic & Co., LLP

**RESPECTFULLY SUBMITTED,**
2013–2014 Nominating Committee

ANN BURSTEIN COHEN
Chair

ANTHONY T. ABBoud

CYNTHIA D. BARRY

ARTHUR BLOOM

CHRISTOPHER G. CAHILL

SCOTT M. CHESLOWITZ

SHERRY L. DELLEBOVI

BARBARA S. Dwyer

STUART KESSLER

MARK L. MEYERNS

RAYNARD ZOLLO
OFFICERS: TO HOLD OFFICE FOR ONE YEAR, FROM JUNE 1, 2014:

**PRESIDENT-ELECT**
**JOSEPH M. FALBO, JR.**, Partner, Tronconi Segarra & Associates LLP, Williamsville, N.Y. Member of the Society since 1994; member of the Buffalo Chapter. **STATEWIDE:** Currently serving as the Chair of the Chapter Task Force and as a member of the Legislative Task Force. Previously served as Society Vice President, Secretary/Treasurer and Executive Committee member. Previous committee service includes the Computers in Tax Practice, Finance (Chair), Governance (Chair), Information Technology (Chair) and Nominating (Chair) committees. Past member of the NYSSCPA/FAE Affiliation Task Force. **CHAPTER:** Previous chapter service includes Buffalo Chapter President, President-elect, Vice President and Executive Board member. Previous chapter committee service includes the Technology (Chair) and Buffalo Chapter Young CPA committees.

**SECRETARY/TREASURER**
**F. MICHAEL ZOVISTOSKI,** Partner, UHY LLP, Albany, N.Y. Member of the Society since 1987; member of the Northeast Chapter. **STATEWIDE:** Currently serving on the Board of Directors as Secretary/Treasurer and on the Executive Committee. Currently serving on the FAE Board of Trustees. Current committee service includes Finance (Chair) and Professional Liability Insurance committees. Previous committee service includes the Governance, Professional Liability Insurance (Chair), Member Benefits (Chair), Public Relations, FAE Curriculum, Investment and Construction Contractors committees. **CHAPTER:** Previous chapter service includes Northeast Chapter President, President-elect and Secretary. Previous chapter committee service includes the Tax (Chair) and Members in Industry committees (Cochair).

**VICE PRESIDENT**
**SCOTT D. HOSLER,** Manager, Bonadio & Co., LLP, Clinton, N.Y. Member of the Society since 2004; member of the Utica Chapter. **STATEWIDE:** Currently serving on the Board of Directors (Director as a Chapter Representative for the Utica Chapter). **CHAPTER:** Current chapter committee service includes Utica Chapter Executive Board. Previous chapter committee service includes Utica Chapter President, President-elect, Secretary and Treasurer.

**VICE PRESIDENT**
**HAROLD L. DEITERS III,** Partner, Baker Tilly Vinchow Krause, LLP, Malville, N.Y. Member of the Society since 1998; member of the Suffolk Chapter. **STATEWIDE:** Currently serving on the Board of Directors (Director-at-Large). Current committee service includes the Business Valuation Committee. Previous committee service includes the Relations with the Legal Community and Member Benefits committees. **CHAPTER:** Previous chapter service includes Suffolk Chapter Executive Board (Immediate Past President), President, President-elect, Vice President and Treasurer. Current chapter committee service includes the Forensic and Valuation Services Committee. Previous chapter committee service includes the Cooperation with Attorneys (Chair), Public Relations (Chair), Young CPAs (Chair), One-on-One Program (Vice Chair), and Accounting and Auditing committees.

**VICE PRESIDENT**
**TIMOTHY P. HEDLEY,** Partner, KPMG LLP, New York, N.Y. Member of the Society since 2002; member of the Manhattan/ Bronx Chapter. **STATEWIDE:** Currently serving on the Board of Directors (Director-at-Large). Current committee service includes the Litigation Services, Audit (Chair) and Business Exit and Succession Planning committees. Previously served on the Consulting Services Oversight (Chair), Anti-Money Laundering and Counter Terrorist Financing (Chair and Vice Chair), Awards and Professional Ethics committees.

**VICE PRESIDENT**
**JOSEPH M. FALBO, JR.**, Partner, Tronconi Segarra & Associates LLP, Williamsville, N.Y. Member of the Society since 1994; member of the Buffalo Chapter. **STATEWIDE:** Currently serving on the Auditing Standards and International Accounting and Auditing committees. Previous committee service includes the Accounting and Auditing Oversight, Auditing Standards (Chair and Vice Chair), and International Accounting and Auditing committees.

**VICE PRESIDENT**
**KYNTHIA A. SCARINCI,** Professor, College of Staten Island School of Business (CUNY), Staten Island, N.Y. Member of the Society since 1990; member of the Staten Island Chapter. **STATEWIDE:** Currently serving on the Board of Directors (Director as a Chapter Representative for the Staten Island Chapter). Previous committee service includes the Awards Committee. **CHAPTER:** Previous chapter service includes Staten Island Chapter President, President-elect, Vice President and Charter Executive Board (Trustee). Previous chapter committee service includes One-on-One Program, Technology and Education (Chair).

**VICE PRESIDENT**
**KEVIN MATZ,** Attorney, Kevin Matz & Associates PLLC, White Plains, N.Y. Member of the Society since 1993; member of the Manhattan/Bronx Chapter. **STATEWIDE:** Currently serving on the Board of Directors (Director-at-Large). Currently serving on the Chapter Task Force. Current committee service includes the Estate Planning (Chair), Family Office, Trust and Estate Administration, International Taxation, Entertainment Arts and Sports, and Private Equity and Venture Capital committees. Previously served on the TDOC Rapid Response Subcommittee. Previous committee service includes the Entertainment, Arts and Sports (Chair and Vice Chair), Estate Planning (Vice Chair), Family Office, Industry Oversight, International Taxation, Investment Management, Private Equity and Venture Capital, and Trust and Estate Administration committees.

DIRECTORS-AT-LARGE: to hold office for three years, from June 1, 2014:

**JAN C. HERRINGER,** Auditor, BDO USA, LLP, New York, N.Y. Member of the Society since 2005; member of the Manhattan/Bronx Chapter. **STATEWIDE:** Currently serving on the Auditing Standards and International Accounting and Auditing committees. Previous committee service includes the Accounting and Auditing Oversight, Auditing Standards (Chair and Vice Chair), and International Accounting and Auditing committees.

**SCOTT D. HOSLER,** Manager, Bonadio & Co., LLP, Clinton, N.Y. Member of the Society since 2004; member of the Utica Chapter. **STATEWIDE:** Currently serving on the Board of Directors (Director as a Chapter Representative for the Utica Chapter). **CHAPTER:** Current chapter committee service includes Utica Chapter Executive Board. Previous chapter committee service includes Utica Chapter President, President-elect, Secretary and Treasurer.
DIRECTORS-AT-LARGE: to hold office for three years, from June 1, 2014:

JEAN G. JOSEPH, Managing Member, Joseph Tax & Consulting Services LLC, Brooklyn, N.Y. Member of the Society since 1998; member of the Queens/Brooklyn Chapter. CHAPTER: Current chapter service includes Queens/Brooklyn Chapter Executive Board. Previous chapter service includes Queens/Brooklyn Chapter President, President-elect and Executive Board. Current chapter committee service includes the Queens/Brooklyn Chapter MAP Committee (Chair). Past member of the COAP LIU Advisory Board.

M. JACOB RENICK, Retired, M. J. Renick & Associates LLC, New Rochelle, N.Y. Member of the Society since 1973; member of the Westchester Chapter. STATEWIDE: Currently serving on the Bankruptcy and Financial Reorganization and Litigation Services committees. Previous committee service includes the Accounting and Auditing Oversight, Apparel and Textile, Auditing Standards, Bankruptcy and Financial Reorganization (Chair and Vice Chair), Committee Operations, Construction Contractors, Consulting Services Oversight, Financial Accounting Standards, Financing and Leasing Companies, Firm Coordinators, Litigation Services (Chair and Vice Chair), Management and Financial Reorganization (Chair and Vice Chair), and the Executive Committee. Previous committee service includes the Bankruptcy and Auditing Oversight, Apparel and Textile, Auditing Standards, Bankruptcy and Financial Reorganization and Litigation Services committees.

JEAN G. JOSEPH, Managing Member, Joseph Tax & Consulting Services LLC, Brooklyn, N.Y. Member of the Society since 1998; member of the Queens/Brooklyn Chapter. CHAPTER: Current chapter service includes Queens/Brooklyn Chapter Executive Board. Previous chapter service includes Queens/Brooklyn Chapter President, President-elect and Executive Board. Current chapter committee service includes the Queens/Brooklyn Chapter MAP Committee (Chair). Past member of the COAP LIU Advisory Board.

WARREN RUPPEL, Partner, Marks Paneth & Shron LLP, New York, N.Y. Member of the Society since 1981; member of the Manhattan/Bronx Chapter. STATEWIDE: Currently serving on the Board of Directors (Vice President and the Executive Committee). Previously served as President and President-elect of the FAS Board of Trustees. Current committee service includes the Government Accounting and Auditing Committee (Past Chair). Previous committee service includes the Audit (Chair), Accounting and Auditing Oversight, Finance, and Non-Profit Organizations committees, and the Government Audit Quality Task Force.

DIRECTORS AS CHAPTER REPRESENTATIVES: to hold office for three years, from June 1, 2014:

ADIROINACK:
JACQUELINE E. MILLER, Partner, Pinto, Mucenski, Hooper, VanHouse, & Co., Potsdam, N.Y. Member of the Society since 1998; member of the Adirondack Chapter. STATEWIDE: Current committee service includes the Awards Committee. CHAPTER: Current chapter service includes Adirondack Chapter President. Previous chapter service includes Adirondack Chapter President-elect and Executive Board member.

NASSAU:
ELIZABETH A. HAYNIE, Consultant, Katz, Bernstein & Katz, LLP, Syosset, N.Y. Member of the Society since 1990; member of the Nassau Chapter. STATEWIDE: Current service includes the COAP Adelphi and COAP Hofstra Advisory boards. Previous committee service includes the Membership Committee. CHAPTER: Previous chapter service includes Nassau Chapter President, President-elect, Vice President, Secretary and Executive Board member. Previous chapter committee service includes Women’s Focus Group (Chair), Estate and Personal Financial Planning (Chair), Federal Taxation, General Meetings and Membership (Chair), High School Recruitment, Membership (Chair) and Newsletter (Chair) committees.

ROCHESTER:
DAVID G. YOUNG, Partner-in-Charge, Young & Company CPAs, LLP, Rochester, N.Y. Member of the Society since 1998; member of the Rochester Chapter. CHAPTER: Current chapter service includes the Rochester Chapter Executive Board. Previous chapter service includes the Rochester Chapter Executive Board. Current chapter committee service includes the Taxation Committee.

STATEN ISLAND:
ROSEMARIE GIOVINAZZO-BARNICKEL, Sole Practitioner, Rosemarie Giovinazzo-Barnickel, CPA, Staten Island, N.Y. Member of the Society since 1989; member of the Staten Island Chapter. STATEWIDE: Current service includes the Strategic Planning Task Force. Previously served as Society Vice President, Director-at-Large and Executive Committee member. Previous committee service includes the Audit (Chair), Annual Leadership Conference, Awards, Finance, Legislation, Member Benefits (Chair), NC Petitioners and Nominating committees. Past member of the Task Force on Chapters. CHAPTER: Previous chapter service includes Staten Island Chapter President, President-elect, Vice President, Secretary and Executive Board member. Previous chapter committee service includes the Education, One-on-One Program, COAP, Public Relations and Sponsorship committees.

SUFFOLK:
PAUL E. BECHT, Partner, Bakar Tilly Vichow Krause LLP, Melville, N.Y. Member of the Society since 1998; member of the Suffolk Chapter. STATEWIDE: Previous committee service includes the Awards Committee. CHAPTER: Previous chapter service includes Suffolk Chapter President, President-elect, Vice President, Treasurer, Immediate Past President and Executive Board member. Previous chapter committee service includes the Accounting and Auditing (Chair), Members in Industry, Nominating (Chair), Public Relations, Scholarship, Sponsorship (Chair) and Young CPAs (Chair) committees.
Marc A. Siegel, Financial Accounting Standards Board member

BY CHRIS GAETANO
Trusted Professional Staff

NYSSCPA member Marc A. Siegel was appointed to the Financial Accounting Standards Board (FASB) in 2008 and reappointed for a second term in 2013. A forensic accounting expert with a wide-ranging background in industry, he has helped to bring an investor perspective to the board. Siegel recently spoke with The Trusted Professional about what we can expect from the FASB in 2014.

What are the FASB’s main priorities this year?

The board is looking forward to a productive year. We expect to finalize guidance on revenue recognition with the International Accounting Standards Board (IASB) during the first half of the year. We also hope to complete our work to improve accounting standards for financial instruments in the areas of classification and measurement, and for public development-stage entities as well. As a result, the board took on a short-term project and issued a proposed Accounting Standards Update to take costs out of the system for both public and nonpublic development-stage entities.

The Private Company Council (PCC) has been active for more than a year. How well has it been fulfilling its mission?

The dedication, commitment and passion of the PCC members—who, by the way, are volunteers—have been impressive. They met five times in 2013 and have made significant progress. Their input was critical in the recently finalized decision-making framework that will help guide the board for years to come on how to think about recognition, measurement, presentation, effective date, transition and disclosure issues in the private company context. The PCC has moved forward on a number of issues for private companies, recommending an option to amortize goodwill after an acquisition and an option to apply a more simplified approach to hedge accounting for certain interest rate swaps when the intent is to mirror fixed-rate debt. They are also considering other topics such as identifying and recognizing separately intangible assets in a business combination, and consolidation accounting in related-party lease situations. And it also held a town hall late in 2013 to make sure that any emerging issues in the private company landscape are identified. So, they’ve made great progress so far.

Is there any work, internally, that remains to be done to the structure of the PCC?

Not so much to the structure, but one thing we have discussed doing differently is to change the timing of the consideration of public businesses in the issues that the PCC identifies. In the first couple of issues the PCC discussed, the board deferred the question about whether the identified problem is solely a private company issue, or if it also is applicable to public companies. Going forward, we want to think about that up front. One example where we did this is with development-stage entities. The PCC identified significant costs in applying GAAP requirements for development-stage entities. We worked with some of these companies and their investors, and learned that the requirements produced high costs and low benefits conducted by the dedicated staff on the project teams. Now that the PCC is in place, we look to them as an advisory group on current agenda topics, in addition to the work that the project teams do.

What lessons did you learn in your first term and how will you apply them to your second?

Patience is one of the biggest things I learned during my first term. The due process that we follow takes quite some time, but may be the best way to ensure that the board has the information needed in order to assess the costs and benefits of proposed changes to accounting standards. It’s also become more and more clear how interconnected all the parts of the financial reporting system are. Any changes that we propose have to be implemented by preparers, evaluated by auditors and understood by users. This also has to take place in an environment where there is second-guessing about judgments made along the way. So, in some cases, we have found creative ways to put all parties together in a room to discuss the relative tradeoffs. In one example, the Center for Audit Quality sponsored and co-hosted with us two forums to discuss the Disclosure Framework. Preparers, auditors, regulators, attorneys and investors were all represented. In the case of disclosures for revenue recognition, we held focus meetings with preparers and investors.

The Financial Accounting Foundation (FAF) has expressed a desire for the FASB to be more closely involved with the IASB, even after the convergence projects are completed. What will be the nature of these two bodies’ interactions once the convergence projects are concluded?

The FASB has worked closely with the IASB for many years, with the unique ability to deliberate accounting topics at the same table. Once the convergence projects are complete, this unique standing among all other standards setters will change. We will, however, remain very involved with the IASB. The FASB is a member of the IASB’s Accounting Standards Advisory Forum, a technical advisory body made up of standards setters throughout the world. It meets regularly with the IASB to provide input into their standards-setting activities. Additionally, we have excellent relationships with other standards setters around the world and frequently meet to discuss accounting topics of mutual interest. Our objective is to continue to work to improve and converge U.S. GAAP for preparers and investors who are using it around the globe.

Getting into one of the specific convergence projects, there has been concern that the proposed lease standard, even after revision into a Type A and B model, is still too complex and relies too much on management judgment. To what degree do you feel the proposal will need to be further simplified by the time a final standard is issued?

The boards are just beginning to reevaluate the issues in our second exposure draft on accounting for lease contracts, and the feedback on complexity will be one of the main elements of those deliberations. Complexity is sometimes a difficult term to define, though.

“One thing we have discussed doing differently is to change the timing of the consideration of public businesses in the issues that the PCC identifies.”
For example, some might say that the model would be much less complex if there were only one type of lease. In this way, preparers wouldn’t have to assess all their leases in order to classify them. However, the feedback was not unanimous as to which model (Type A or Type B) better reflects the economics for all leases, especially in different industries. Complexity might be perceived to be added if preparers believe that a simpler, one-lease-type model doesn’t reflect the economics and they have to explain the accounting to their users, potentially creating additional non-GAAP metrics. Stay tuned.

Again on leases, the FASB and IASB have disagreed on some key points regarding the proposed standard, such as lease types. How confident are you that these differences can be resolved, and what would the FASB’s course of action be in the case of irreconcilable differences on the matter? So far, for the most part, the FASB and IASB have made substantially converged conclusions in the latest exposure draft. Going back to your last question about complexity, additional complexity would certainly be added if we diverge now. The boards will be receiving briefing memos written by staff from a joint project team and together will be deliberating all the issues, often at the very same table. This puts us in the best position to achieve converged answers, but there are no guarantees, as there are more than 20 individual board members between the two boards.

You plan to issue the final version of the revenue recognition standard early this year. Do you anticipate this to be the final word on the matter?

A smooth transition to the new revenue recognition standard is certainly everyone’s goal. To try to achieve that objective, one of the things we will do is establish a Joint Transition Resource Group with the IASB. The group will be made up of 10 to 15 specialists representing preparers, auditors, regulators and investors, and will solicit, analyze and discuss issues that apply to common transactions that could reasonably create diversity in practice. The discussions will help the boards determine what action, if any, will be needed to resolve the diversity. The group itself will not issue guidance, but these meetings will be held in public and minutes will be drafted and made available to our stakeholders. In the past, we have tried different techniques aimed at fostering a smooth transition, and those efforts and experiences will help this group’s effectiveness.

Where do you think practitioners will face the most difficulty in terms of implementing the new revenue recognition standard?

The implications of the revenue recognition standard and the complexity of implementation really will vary from industry to industry, and the challenges will be different depending on the sector. In many cases, the outcomes may not appear very different under the new approach as compared to the current guidance. In those situations, communicating trend information and explaining future implications to public company investors will not be very difficult, but those preparers still might have to reassess and document internal processes and controls. In other cases, new judgments will have to be made that don’t exist today. For one example, the new model differentiates between certain types of licenses of intellectual property, and preparers will have to assess which license falls into which classification. The boards discussed this area many times, and we are drafting implementation guidance and examples that will help preparers distinguish between these licenses. Another area that requires judgment today and will continue to require judgment is estimating variable consideration. Under the new model, in situations where the agreed-upon transaction price is not fixed or is subject to a contingency, a preparer will be estimating a constrained transaction price, which could be a new area of judgment.

How does the FASB consider the auditability of its standards in the standards-setting process?

Audibility is one element of cost that the FASB analyzes when comparing the benefits of a proposal. As part of our normal due process, we do outreach with audit firms large and small in order to understand the auditability of our proposals. Our advisory groups and any project-specific resource groups always include auditor representatives. Moreover, the majority of our staff members and many of our board members were auditors at one point, so the auditor perspective is provided to the board. An example of how we consider this perspective is the phrase “probability-weighted expected cash flows.” We have learned that using this phrase in a new standard carries a high cost because of what many auditors expect to analyze when they audit an estimate using that measurement. FASB members, therefore, have to take that into account when deciding whether or not to use that phrase when drafting a measurement requirement for a particular line item.

What’s a financial accounting issue that you think is getting too little attention?

A presentation issue that is really important to me is how performance is reported in the basic financial statements. The proliferation of non-GAAP measures is a phenomenon that is seen as useful communicators of performance to investors, and will solicit, analyze and discuss issues that apply to common transactions that could reasonably create diversity in practice.

The discussions will help the boards determine what action, if any, will be needed to resolve the diversity. The group itself will not issue guidance, but these meetings will be held in public and minutes will be drafted and made available to our stakeholders. In the past, we have tried different techniques aimed at fostering a smooth transition, and those efforts and experiences will help this group’s effectiveness.

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The implications of the revenue recognition standard and the complexity of implementation really will vary from industry to industry, and the challenges will be different depending on the sector. In many cases, the outcomes may not appear very different under the new approach as compared to the current guidance. In those situations, communicating trend information and explaining future implications to public company investors will not be very difficult, but those preparers still might have to reassess and document internal processes and controls. In other cases, new judgments will have to be made that don’t exist today. For one example, the new model differentiates between certain types of licenses of intellectual property, and preparers will have to assess which license falls into which classification. The boards discussed this area many times, and we are drafting implementation guidance and examples that will help preparers distinguish between these licenses. Another area that requires judgment today and will continue to require judgment is estimating variable consideration. Under the new model, in situations where the agreed-upon transaction price is not fixed or is subject to a contingency, a preparer will be estimating a constrained transaction price, which could be a new area of judgment.

How does the FASB consider the auditability of its standards in the standards-setting process?

Audibility is one element of cost that the FASB analyzes when comparing the benefits of a proposal. As part of our normal due process, we do outreach with audit firms large and small in order to understand the auditability of our proposals. Our advisory groups and any project-specific resource groups always include auditor representatives. Moreover, the majority of our staff members and many of our board members were auditors at one point, so the auditor perspective is provided to the board. An example of how we consider this perspective is the phrase “probability-weighted expected cash flows.” We have learned that using this phrase in a new standard carries a high cost because of what many auditors expect to analyze when they audit an estimate using that measurement. FASB members, therefore, have to take that into account when deciding whether or not to use that phrase when drafting a measurement requirement for a particular line item.

What’s a financial accounting issue that you think is getting too little attention?

A presentation issue that is really important to me is how performance is reported in the basic financial statements. The proliferation of non-GAAP measures is a phenomenon that could be an indicator that operating income, net income or comprehensive income are not seen as useful communicators of performance during the reporting period. A reconsideration of how performance is reflected in the financial statements and how it relates to the other financial statements might really help companies communicate with their stakeholders in a much more efficient way.
Proposed late last year and widely discussed, this proposal would freeze property taxes for two years for many homeowners, but only in jurisdictions that meet extensive and strict standards for fiscal discipline and savings.

Establishment of the residential real property personal income tax credit. The governor estimates that this progressively distributed refundable tax, which would provide property tax relief based on an individual homeowner’s ability to pay, would yield an average benefit of $500 per homeowner. Homeowners aren’t the only ones seeing a break: Cuomo is proposing a refundable credit for renters. He estimates that fundable credit for renters. He estimates that

Establishment of a renter’s personal income tax credit. Homeowners aren’t the only ones seeing a break: Cuomo is proposing a refundable credit for renters. He estimates that the average benefit for a family of four in New York City with income of less than $50,000 would be about $410.

Estate tax reform. Much sought after by taxpayers, Cuomo’s proposal would raise the current state exclusion threshold from $1 million to “eventual conformity” with the federal exemption levels and high rates. According to the Briefing Book, the state’s current policies encourage elderly New Yorkers to leave and makes transfers of small family-owned businesses problematic. Cuomo said he is also suggesting that the value of gifts be added back to the estate and that the state close loopholes that allow certain trusts to avoid paying New York taxes.

Cuomo also lists various tax simplification proposals, including increasing the personal income tax (PIT) filing income threshold from the current $4,000—set in 1987—to the amount of the taxpayer’s standard deduction. This would eliminate the need to file for some 270,000 filers.

Another proposal is the repeal of article 12 of the Tax Law, which covers tax collections on stock sales transfers from financial service companies. Cuomo said these are fully and immediately rebated and that this tax exists only as “an alternative source to repay New York City Municipal Assistance Corporation Bonds,” which have long been retired. CPAs will be particularly interested in two filing changes that the governor is suggesting. One is modifying signature requirements on professionally prepared e-filed returns. Preparers would no longer have to obtain a signed signature document from clients, but could use an electronic certification.

For CPAs who have self-employed clients, the budget includes a provision to let these clients file and pay Metropolitan Transportation Authority (MTA) mobility taxes while they file their personal incomes taxes, simplifying compliance.

Those who want to read the proposed budget, can do so on the state’s Division of the Budget site at www.budget.ny.gov.

Nominations

and must certify that the nominee has consented to serve if elected. To be eligible for the position of a Society officer or director, a nominee must (i) be a CPA member of the NYSSCPA; (ii) have at least five years’ continuous membership in the Society; and (iii) have at least two years of participation either on a Society-level committee or as a member of the executive board of a chapter, or some combination of both.

Independent nomination petition forms may be downloaded from the website’s nomination center, located at www.nysscpa.org/page/about-us/governance/nomination-center, and should be sent to the NYSSCPA Secretary/Treasurer as follows:

F. Michael Zovistoski, CPA
NYSSCPA Secretary/Treasurer
NYSSCPA, 14 Wall Street, 19th Floor
New York, NY 10005

Annual Election Meeting and Dinner: date and place

Based on the votes cast in the ballot, the officers and directors for 2014–2015 will be elected during the 117th Annual Election Meeting and Dinner on Thursday, May 15, at the Marriott Marquis at Times Square in New York City. Official notice of the meeting will be included in the April issue of The Trusted Professional.

Contact information

If you have any questions about this process, please feel free to contact me at secretary@nysscpa.org, or the Society’s Counsel Bradley M. Pryba at bpryba@nysscpa.org.

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NYSSCPA’s journalism contest seeks new judges for 2014

BY ALONZA ROBERTSON
Trusted Professional Correspondent

The NYSSCPA Excellence in Financial Journalism (EFJ) Awards is now accepting submissions from journalists and reporters for its 2014 contest. The Society is also putting a call out for active NYSSCPA members who'd like to volunteer and join this year’s expanded panel of judges.

The EFJ Awards honor professional and student journalists for distinguished reporting that cultivates, promotes and disseminates an understanding of accounting, finance and business topics. This year marks the 31st annual contest.

A panel of judges from the NYSSCPA and the New York Financial Writers Association recognizes reporters from the national and local press whose work—print, broadcast or online—was published or broadcast in 2013; contributed to a better and balanced understanding of accounting, business or financial topics; and was ranked on accuracy, quality and thoroughness of research.

Judging will begin in March, winners are announced in April and a formal awards ceremony will be held May 1.

Past winners of the contest include Kirsten Grind, author of The Lost Bank: The Story of Washington Mutual—The Biggest Bank Failure in American History; David A. Kaplan of Fortune magazine; Rob Cox and Robert Cyran of Reuters Breakingviews; David Voreacos of Bloomberg News; Brian Ross of ABC News; and David Kocieniewski of The New York Times.

If you are interested in being considered as a volunteer judge for the 2014 EFJ Awards, please email Alonza Robertson at arobertson@nysscpa.org.

Society offers a helping hand with annual tax hotlines

BY ALONZA ROBERTSON
Trusted Professional Correspondent

The NYSSCPA is again teaming up with local newspapers to offer tax advice to state residents via the Society’s popular tax hotline program.

The Society’s local chapters, working in tandem with its Communications Department, are organizing the various events; booking the dates with newspapers; and soliciting teams of CPA volunteers to answer questions received from the public via telephone, email and online Web chats.

For more than 20 years, the tax hotline program has allowed the Society’s members to provide a public service to those in need of some person-to-person assistance with preparing their tax returns before the April 15 individual tax return filing deadline. In addition, the program also allows members to subtly market themselves and their firms, as the newspapers traditionally publish news stories including the names and photos of those certified public accountants who participate in the events.

More than 60 volunteers from the NYSSCPA’s Buffalo, Manhattan/Brorns, Mid Hudson, Nassau, Queens/Brooklyn, Staten Island, Suffolk, Utica and Westchester chapters participated last year, fielding more than 1,600 calls in February and March.

The 2014 dates for the Newsday hotline on Long Island are Feb. 18–19; in Westchester County, the event date is March 1. Other times and locations around the state are in the process of being confirmed, but all will be held in late February and March.

If you are interested in volunteering, please contact your local NYSSCPA chapter president or email Public Affairs Manager Robert Busweiler at rbusweiler@nysscpa.org or Media Relations Manager Alonza Robertson at arobertson@nysscpa.org for more information.
NYSSCPA sends message to D.C. about Baucus pitch, firm rotation

BY CHRIS GAETANO
Trusted Professional Staff

The NYSSCPA is urging Sen. Charles E. Schumers (D-N.Y.) to lend his voice to critical accounting issues making the rounds on Capitol Hill.

In a letter dated Dec. 18, the Society wrote to Schumers concerning a proposal put forward by Sen. Max Baucus (D-Mont.), chair of the Senate Finance Committee. In November, Baucus issued a Cost Recovery and Job Protection Act: Released Jan. 2—Comments on bipartisan legislation that would limit the Public Company Accounting Oversight Board (PCAOB) from mandating audit firm rotation among public companies. The Society urged Schumers to co-sponsor the bill, which passed the House in July, and must now go to the Senate for consideration.

The PCAOB has been exploring mandatory audit firm rotation as one way to increase auditor independence, noting in an August 2011 concept release that its inspections “frequently find audit deficiencies that may be attributable to [auditors’] failure to exercise the required professional skepticism and objectivity.”

But in a December 2011 comment letter authored by members of its Auditing Standards and SEC committees, the Society disagreed with the idea, saying that the PCAOB failed to effectively link audit failures with lack of independence. Furthermore, the Society asserted that mandatory auditor rotation would be disruptive to the audit industry.

“While we remain concerned that mandatory audit firm rotation could have unintended consequences and ultimately reduce audit quality,” the Society wrote to Schumers. “Mandatory firm rotation will limit the accumulation of knowledge and experience upon which an audit firm develops an understanding of a specific company’s operations.”

Society gives FASB input on financial instruments and other plans

BY CHRIS GAETANO
Trusted Professional Staff

The NYSSCPA weighed in on several proposals from the Financial Accounting Standards Board (FASB) as part of a recent spate of comment letters.

In a letter released on Dec. 19, the Society responded to the FASB proposal, “Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements,” a measure aimed at reducing the cost and complexity of incremental reporting for development-stage entities, or entities that devote substantially all of their efforts to establishing a new business, and for which planned principal operations have not commenced or have not generated significant revenue. The proposal would strike the definition of this type of entity from the literature entirely, making it no different from any other reporting entity, as well as all differential reporting requirements.

The NYSSCPA, however, felt that the FASB should keep the definition and some, though not all, of the differential reporting requirements. These entities, it said, should still be required to describe the nature of their activities and disclose that they had been in the development stages in prior years during the first fiscal year where it is no longer so. It did agree, however, with the proposed elimination of cumulative information currently presented in development-stage entities’ financial statements.

The Society also responded to a FASB proposal originating from the board’s Emerging Issues Task Force, regarding the nature of hybrid financial instruments. On Dec. 19, the NYSSCPA released a comment letter written in response to an Oct. 23 proposal entitled, “Proposed Accounting Standards Update—Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity.”

The proposal would have entities, when making an evaluation of whether a hybrid instrument is debt or equity, consider all stated and implied substantive terms and features of that instrument, weighing all relevant facts and circumstances. However, the standard itself would require the use of professional judgment when making the final determination as to the nature of the instrument, with the economic characteristics and risks taken as a whole, and the existence or omission of any single term or feature not necessarily being the final word in this evaluation.

The Society largely agreed with the proposal, though it expressed some concern that it could represent a burden to smaller entities and trigger restatements of previously issued financial results, as the standard would require the use of modified retrospective basis. Because of this, the Society recommended that it be permitted, but not required, to use this retrospective basis.

Finally, the Society gave its input on a FASB proposal regarding accounting for share-based payments. On Dec. 19, it released a comment letter, written in response to the FASB proposal “Proposed Accounting Standards Update—Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period,” which also came from the board’s Emerging Issues Task Force. The proposal is intended to provide a framework to account for share-based compensation linked to a reward target that can be completed after a requisite service period, something that U.S. Generally Accepted Accounting Principles currently does not have.

In general, the FASB proposal would require that a performance target that could be achieved after the requisite service period be treated as a performance condition that affects the vesting of the award. In other words, compensation cost would be recognized if it is probable that the performance condition would be achieved, with the total amount of compensation reflecting the number of awards that are expected to vest, with a later adjustment to reflect the ones that ultimately do vest.

The Society largely agreed with the proposal, noting that the treatment would simplify valuation and that separate calculations would not need to be done for those employees remaining prior to the estimated performance target date. By using the performance target as a performance condition, the Society said, compensation cost would not be recognized for performance targets that may have a “more likely than not” expectation of achievement, thereby reporting more accurate financial results.

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NYSSCPA comment letters

The following list includes all comments letters released by the NYSSCPA between Jan. 1 and Jan. 31. To read all comment letters published by the NYSSCPA, visit nysscpa.org/page/society-comment-letters.

Comments to the AICPA on Exposure Draft, “Omnibus Proposal, Proposed Revised and New Interpretations,” AICPA Professional Ethics Division, Nov. 26, 2013: Released Jan. 24—The AICPA Professional Ethics Executive Committee (PEEC) is exposing for comment revised Interpretation No. 102-2, “Conflicts of interest for Members in Public Practice,” and new Interpretation No. 102-7, “Conflicts of Interest for Members in Public Practice,” and Job Protection Act: Released Jan. 2—Comments on bipartisan legislation that would limit the Public Company Accounting Oversight Board (PCAOB) from requiring mandatory audit firm rotation for public companies and bring the lingering firm rotation debate in the United States to a swift conclusion.

Comments on Regulation Crowdfunding Under the Securities Act of 1933 and the Securities Exchange Act of 1934 to Implement the Requirements of Title III of the Jumpstart Our Business Startups Act, File No.: S7-09-13: Released Jan. 21—Comments to the SEC, which is proposing new regulations on crowdfunding under the Securities Act of 1933 and the Securities Exchange Act of 1934 to implement the requirements of Title III of the Jumpstart Our Business Startups Act that would prescribe rules governing the offer and sale of securities under new Section 4(a)(6) of the Securities Act of 1933.

Comments to Senator Charles E. Schumers on S. 1526, the Audit Integrity and Job Protection Act: Released Jan. 2—Comments on bipartisan legislation that would limit the Public Company Accounting Oversight Board (PCAOB) from requiring mandatory audit firm rotation for public companies and bring the lingering firm rotation debate in the United States to a swift conclusion.

In a letter dated Dec. 18, the Society wrote to Schumers concerning a proposal put forward by Sen. Max Baucus (D-Mont.), chair of the Senate Finance Committee. In November, Baucus issued a Cost Recovery and Job Protection Act: released Jan. 2—Comments on bipartisan legislation that would limit the Public Company Accounting Oversight Board (PCAOB) from mandating audit firm rotation among public companies. The Society urged Schumers to co-sponsor the bill, which passed the House in July, and must now go to the Senate for consideration.

The PCAOB has been exploring mandatory audit firm rotation as one way to increase auditor independence, noting in an August 2011 concept release that its inspections “frequently find audit deficiencies that may be attributable to [auditors’] failure to exercise the required professional skepticism and objectivity.”

But in a December 2011 comment letter
Don’t like a tax rule? The state is going to give you a chance to change it. The State Administrative Procedure Act (SAPA) generally requires agencies to review existing rules at five-year intervals. To that end, the New York State Department of Taxation and Finance (NYSDTF) is putting up for review a series of 2009 (or older) rules and inviting comments. These rules have already been in effect for at least five years, and the department is not saying it will change all of them—or even any of them. But if you want them left alone, expanded or rolled back, now is the time to put in your two cents.

The full list of rules open for comment is posted on the NYSDTF’s website, www.tax.ny.gov, along with instructions for submitting comments, which are due by Feb. 24. Below are some of the key rules likely to be of interest to CPAs.

**Department communications.** In 2009, the department changed rules to cover communications to tax preparers and the general public, using the Web and email. It changed advisory opinion policy to improve timeliness and protect taxpayer confidentiality. Are you happy with the current status? Can the department find still more ways to communicate? Is anonymity necessary in advisory opinions?

**Consumer Bill of Rights.** Also five years old is the mandated flier entitled, “Consumer Bill of Rights Regarding Tax Preparers.” What do you think of this bill of rights: Should it be expanded or modified in any way? Is it satisfactory as is?

**Permanent place of abode (PPA).** Nothing gets CPAs worked up like a discussion of this thorny issue. Five years ago, the idea was to exempt any dwelling maintained by fulltime undergraduate students from a definition of a PPA. Dorms were already exempt because they didn’t meet older PPA standards, but this 2009 rule exempted undergraduate apartments as well. Should undergrads still be entitled to the PPA exemption whether they live in a dorm or apartment? Or is anyone living in a traditional apartment automatically living in a PPA?

**Meals and lodging.** This rule, which goes back to 1999, greatly simplified regulations regarding employee meals and lodging. It retained only the provisions that meals and lodging furnished by certain employers to employees are not subject to sales tax if the employers receive no consideration from employees and the values of the meals and lodging are not included as income for the employees for income tax purposes. Is this rule still clear? Does it need to be modified or simplified even further?

**Abatement of penalties.** This especially extensive rule expanded the application of “reasonable cause” to various other penalties imposed by the state tax law that allowed for abatement upon a showing of reasonable cause and an absence of willful neglect. According to the department, the rule created a “broad, uniform reference applicable to various taxes by including penalties that were not previously covered by the regulations and tax articles that have penalties that are jointly administered.” Is this abatement rule comprehensive enough—or too comprehensive?

**Offers in compromise.** This rule codified the department’s policy on offers in compromise. It provided written guidance regarding the grounds for an offer in compromise and the procedures for submission, review and acceptance or rejection of an offer. Is the rule still suitable? Should additional conditions or procedures be added to make offers in compromise harder or easier to get?
FAE offers primer on working with new nonprofit comp rules

BY CHRIS GAETANO

Trusted Professional Staff

It's been more than six months since Executive Order 38 (EO38), which changed how nonprofits can allocate certain resources, took effect, and for some organizations, grappling with the regulation has been a challenge.

But according to David M. Rottkamp and Anita L. Pelletier, there are best practices for navigating the new rules that may help to cut through the confusion. The two shared tips on becoming compliant with the order at the Foundation for Accounting Education’s 36th Annual Nonprofit Conference on Jan. 16.

EO38 sets caps on how much nonprofit organizations that receive funding from the state government can compensate their executives (directors, trustees, officers or key employees, as defined on Form 990) and spend on administrative costs. In general, if a nonprofit organization gets more than $500,000 from the state government and at least 30 percent of their revenues over a two-year period, they cannot pay their executives more than $199,000 a year, and can devote no more than 25 percent of their resources toward administrative expenses.

While the regulation sounds simple, it can actually get rather complex, as suggested by its sheer length, said Rottkamp, chair of the NYSSCPA’s Not-for-Profit Organizations Committee.

“It’s 174 pages long, double-sided, so it’s good reading material when you’re on the beach somewhere in the Caribbean,” he joked.

Not every type of nonprofit organization is included in the regulation. Pelletier noted that, for executive compensation, exemptions include government units, people who provide childcare services unilaterally, which leaves out some practitioners like physicians, she said.

According to Pelletier, there is the possibility that someone could occupy a dual capacity, seemingly to both fit and not fit in the exempt category—for example, someone who is both a hospital’s executive director and its director of nursing or clinical services. How would an organization go about negotiating this?

“You can allocate their salary between the two positions,” she said. “So, if they spend 50 percent in administration and 50 percent in their capacity as nursing director, and they make $300,000, it would be $150,000 and $150,000 … they’re under the cap.”

Still, Rottkamp warned that, when executing such a split, organizations must pay particular attention to funding sources, specifically to how much comes from the state and how much comes from other sources, lest they draw the attention of government auditors.

“That allocation should be hand in hand with your general ledger and financials, as well as what goes on your cost reporting and contract reporting,” he said.

Another exception to this executive order is if the cap would put compensation at less than the 75th percentile of comparable organizations, which can be determined through an approved compensation survey, Pelletier said. To determine whether an organization fits this exemption, she said that organizations can use an existing industry survey, or even commission their own. However, she cautioned that if an organization wants to create its own survey, it needs to include reasonably similar organizations from the same sector. The comparison organizations need to be the same size, in terms of revenue, assets and budgets; be in the same general physical location where services are rendered; and include similar executives, in order to be a true "apples to apples" comparison.

“If you’ve got a brand new executive working only a few years, you can’t compare [his or her] salary to what a 20-year veteran is earning and receiving because that is not comparing comparable information,” she said.

Reading the fine print

Pelletier emphasized that all of these exemptions will only apply if an organization uses nonstate funds to pay any compensation over $199,000. Because these exemptions are so strict, she also stressed the importance of documenting as much as possible. If an organization is trying to justify an exemption, she said, there needs to be supporting documentation justifying that exemption.

“Don’t just pull those contracts out of thin air, you really need to do due diligence and review whether an allocation is reasonable or not,” she said.

Rottkamp said that, a lot of the time, compensation questions are decided during executive sessions at board meetings, where people seldom take any notes.

“You’ve got to reiterate to your clients that when you go into executive session someone has to maintain documentation of that conversation, of who was in the room, what the discussion points were, what materials were used and all deliberation points that went on,” he said.

The administrative expenses provision of the executive order, similarly, has exemptions. Pelletier said that program expenses are exempt, though what is and is not a program expense can sometimes be a matter of judgment. For example, she elaborated, the salary and benefits of IT personnel might seem like they’re connected to administrative functions, but at the same time, they can also provide support for program activities. Office supplies can have a similar ambiguity. Rottkamp said that legal expenses can also occupy a gray area, as it could mean working on program issues in addition to providing legal support for the administration. Much like with compensation, eligibility for exemptions starts with making sure resources are properly allocated and documented.

“You need documentation to include how you allocated it and why you allocated it,” Pelletier said.

Rottkamp added that there are some types of expenses that are exempted entirely from this rule, including capital expenses, property rentals, mortgage or maintenance, tax payments, equipment rental, depreciation of interest expenses, and salaries and benefits of research staff. Also excluded are “nonrecurring or unanticipated expenses greater than $10,000.”

“For example, if you have an unanticipated lawsuit and can’t allocate it to program services, and if it’s more than $10,000 and not covered by insurance, you could exclude that from the calculation of limitation,” Rottkamp said. “So, they did put a safety net there for organizations that have unanticipated expenses.”

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Pending FASB guidance raises questions about operations

BY CHRIS GAETANO
Trusted Professional Staff

As part of a wide-ranging effort to improve how nonprofits present their financial statements, the Financial Accounting Standards Board (FASB) has put forth a tentative definition of what counts as nonprofit operations—and, in the process, has raised new questions about how organizations should discuss their assets, speaker Hilda H. Polanco said at the Foundation for Accounting Education’s 36th Annual Nonprofit Organizations Conference on Jan. 16.

Polanco, the founder and managing director of a firm that advises nonprofits, led a session on strategies for reporting operating results, in anticipation of changes in guidance from the FASB. The board has been deliberating on adjustments to the nonprofit financial reporting model for the past several years.

What a nonprofit includes in its operating measure would be defined along two key dimensions: whether resources are from or directed at carrying out a not-for-profit organization’s purpose for existence (mission-based), and whether these resources are available for the current period of operations, reflecting both external limitations and internal actions (availability). The definition, she said, could be incorporated into an eventual exposure draft on nonprofit accounting at the conclusion of the overall project or be a separate consideration.

However, while the definition itself might seem clear-cut, things can be more complicated than they sound, she noted. For example, she said that while certain organizations have very large endowments, only a fraction might be used for operations, and so the true size of the endowment might not immediately be apparent in the statement of activity. Furthermore, there is also the question of how much of the endowment is available for immediate use, since part of it could be tied up in investments that may take a while to become fully liquid.

Another issue, according to Polanco, is how income associated with a capital campaign will be treated.

“It remains an open question, in the new definition of operations—will there be an inclusion of assets created by the building from a capital campaign, or [will it be] a donation of assets being valued?” she said. “There’s no real answer right now in terms of which they are going with it.”

She posed, as an example, the scenario of a nonprofit receiving a building. Most organizations, she said, would simply recognize the entire building the year it goes into operation and depreciate its value over time. This, however, can lead to swings in the financial information, since the nonprofit is suddenly recognizing a huge asset. A less used option is to recognize the depreciation and income of the building over its lifetime, which has zero impact to operations; those taking this option, she said, are typically organizations that don’t want an inflated change in their net assets this year.

Say the organization, instead, used fund-raising to buy the building. If the capital campaign is just starting, she said, and the organization is collecting donations in the first year of it, the monies raised would not show as being available for operations, though they would when the building is ready to be used. However, she said, there would still be the question of what exactly gets’ bottom line? We don’t know. If it’s counted in the way most nonprofits do it today, then yes, it will affect operations, big time,” she said. “If the guidance goes in the direction of [saying] revenue and expenses are the same, it wouldn’t have an impact….

This whole idea of connecting capital to operating is going to continue to be an important one.”

Hopefully, she said, there will soon be some clarity on differentiating between capital and operating monies, especially considering that the recent trend in giving has been leaning more toward in-kind goods rather than cash donations.

Another area where it might not be so clear what does and does not fall under operations is reserve funds, though this could mainly be a function of the variability between how these funds could be managed, such as requiring repayment for funds drawn down, or requiring an interest payment. Also, she asked, what are the circumstances in which someone can consider these funds to be available to them?

“If the operating measure becomes the measure of success or evaluation, what are the areas in which we really want to be clear and make sure that the guidance is being straightforward and is not able to be easily manipulated?” she said. “We want a guideline that really reflects what an organization intends to do and not necessarily what it thinks is a good thing in order to affect the operations [presentation].”

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Speaker: Nonprofits must cover their bases under Revitalization Act

BY CHRIS GAETANO
Trusted Professional Staff

As the first major reform of not-for-profit corporation laws in 40 years, the Nonprofit Revitalization Act brings significant changes to how organizations are expected to operate within New York state, Michael J. Cooney, Esq., a member of the committee that helped to craft the legislation, said at the FAE’s 36th Annual Nonprofit Conference.

The law, which cleared the Legislature last June and takes effect this July, will, among other changes, require that the boards of organizations with more than $1 million in gross revenues perform active oversight over financial audits. (They would, for example, need to retain independent auditors and review the results of their audit.) It would also require that transactions between a nonprofit organization and insiders who stand to benefit from them be fully disclosed, and that nonprofit boards determine that these transactions are fair, reasonable and in the best interests of the organization.

Cooney, who served on New York Attorney General Eric Schneiderman’s Leadership Committee to Revitalize Nonprofits, said that the law now clearly and specifically states how audit functions relate to nonprofit boards and committees, whereas it had been somewhat ambiguous before. He also mentioned that these requirements are probably not that different from what many developed nonprofits are doing already.

“These requirements are not earth-shattering—they won’t be such a shock to all of you,” he said. “But the fact is, like so much of what gets written into law, you’ve got to make sure you’re touching all the right bases.”

He added that organizations must also be careful about whom they assign oversight of the audit function to, since the committee needs to be composed of members of the larger board itself. An organization cannot just say, “we’ve got Joe and Josephine who are great at audit, let’s have them on!” That’s a problem,” he said. The committee needs the power to act on behalf of the board as a whole, which is why its members must be board members themselves.

Another change is that nonprofit organizations with 20 or more employees and an annual revenue over $1 million must adopt specific whistleblower policies for reporting illegal or fraudulent activity, as well as a conflict of interest policy. The challenge for nonprofits, Cooney said, is that today it’s not typical for many to have formal policies of any kind in place.

“How many have had the joy of talking to a charitable entity and asking ‘where is your policy book?’ And someone looks at you like you’re crazy and says… ‘we don’t even use the word policy in this office!’” he said. “It’s that difficult.”

However, he impressed upon his audience the importance of making sure their nonprofit clients have a policy book in place that can be produced in the event of an audit.

“I ask you to raise these issues when you’re there with your clients, not because I understand you to be responsible for them... but there’s a tremendous amount going on that impacts what you do,” he said. “And from my perspective, the clients owe it to you to ensure [that] they’ve got their act together under this, so you can do the good work you do and be a help for them.”

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UPCOMING INDUSTRY COMMITTEE MEETINGS

Chief Financial Officers
Construction Contractors
Entertainment, Arts and Sports
Internal Audit
Investment Management
Private Equity and Venture Capital

Wed., Feb. 19
Thurs., Feb. 20
Wed., March 5
Tues., Feb. 11
Tues., Feb. 4
Tues., March 11

This is a partial listing, which is subject to change. For a complete and updated listing of meetings, visit www.nysscpa.org, click on “About Us,” and choose “Committees” from the drop-down menu.

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Fill out an application online or contact Nereida Gomez, Manager of Committees and Administrative Services, at 212-719-8358 or ngomez@nysscpa.org, to find out more information.

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Practice continuation for small firms: an action plan

BY SUZANNE M. HOLL, CPA

T

hough no one likes to think about it, there may be times in a CPA’s professional life when he or she is called away from business for long stretches. As baby boomers, Generation Xers and other demographics continue to age, some of us will become critically ill or experience a long-term disability that may take several months—or years—to recover from. Even if poor health isn’t a factor, other concerns, such as family emergencies or unexpected personal obligations, can keep a CPA on the sidelines.

What would happen to your clients if you experienced such a scenario? When a client needs attestation services to obtain financing or satisfy loan covenants, or must have a tax return prepared by a certain deadline, who would complete the work?

Several risk exposures, including possible damage to a client’s business and the potentially negative effects of missed opportunities, come into play when a CPA is unable to work, but has not made arrangements for a suitable replacement. Indeed, those CPAs who have not taken the time to develop a continuation plan may be 1) inviting future lawsuits against themselves or their estates and 2) leaving their spouses, families and heirs with the daunting task of trying to figure out what to do.

Fortunately, if you don’t already have a contingency plan in place, there are actions you can take this very minute to get one under way. Just taking the first steps in the planning process will go a long way toward facilitating the continuation of your practice, making sure that clients are taken care of and preserving the value of the practice.

CPAs interested in detailed guidance for developing practice continuation plans may want to consult Practice Continuation Agreements: A Practice Survival Kit, Second Edition, by John A. Eads, CPA (AICPA, 1992). Additional articles on the topic are also available online, such as the Journal of Accountant’s “Who Would Run Your Firm?” by Joel Sinkin and Ira Rosenbloom (February 2011), and Loanna Overcash’s “CPAs Share Continuation Strategies” (February 2011).

Here are some basic tips from these and other sources on how to get a plan started:

1. Create a checklist of important resources and phone numbers, such as your professional liability insurance carrier, state board of accountancy and appropriate contacts at the NYSSCPA, including the Society’s tech hotline. Other important resources may include your office building manager, computer technical help, telephone service and other utilities.

2. Assemble a set of practice and operating documents. These documents can be divided into sections, such as:
   - A profile of the proprietorship, including types of services offered, names of key employees, location of accounting records, bank account information and the location of contracts and lease agreements;
   - A client list, including key contacts, services provided and important deadlines (this will need to be much more detailed if you are interested in negotiating a buy/sell agreement as part of a contingency plan);
   - Procedures used to monitor work in progress (this will enable others to determine the status of unfinished work);
   - A guide to using the firm’s computers;
   - The location of workpapers;
   - A description of the filing system;
   - Office procedures for handling the receipt and return of client information;
   - Billing schedules and collection policies;
   - Procedures for identifying and paying accounts payable; and
   - The location of personnel files.

3. Decide on a continuation arrangement/agreement. There are three basic types:
   - A one-to-one agreement with a local CPA firm that you have identified as a good fit/culture for your firm. The agreement established between the firms should cover the critical areas that are necessary to ensure a smooth transition (both short-term and long-term), if it becomes necessary. The agreement usually has a buy-sell component, with a clear formula for calculating the sales price of the firm, along with payment period and terms in the event of the CPA’s permanent disability or death.
   - A group agreement, in which several CPAs may act as successors/partners to each other’s firms. CPA firm alliances or associations generally serve this purpose, as well as others.
   - A CPA society or group that will assist the member, spouse or heirs in finding a successor/partner.

4. Identify, approach and partner with a suitable firm(s). Practices that have certain niches or specialties will need to be addressed, in the event that a permanent replacement of the CPA who is unable to work is required. Keep in mind, though, that people can be disabled for several months and must still make a return to full-time work. Therefore, you might want to consider also including a buyback provision in the agreement;
   - Specify responsibilities to be performed by the assisting party, including financial terms or compensation for assistance, and provisions for billing, collection, record retention, confidentiality, and noncompete and restrictive covenants.

5. Implement the plan. Contact your attorney to draft any agreements required by the plan. Discuss the plan with your spouse and successor/partner. Communicate in writing the instructions for all parties, and set up dates for annual reviews of the plan.

The worst time to craft notifications to clients is during a crisis. Prepare template notifications to clients and referral sources ahead of time. There’s a chance that the CPA being replaced will not be available for guidance during a crisis, so the CPA who is stepping in should be well apprised of as much information as possible.

Major goals for practice continuation planning include avoiding losses of clients, keeping them happy and allaying their fears about changes in service and operations. An organized transition that is well communicated to clients is a big step toward attaining those goals.

Suzanne M. Holl, CPA, is vice president of loss prevention services with CAMICO (www.camico.com).

“A practice continuation agreement addresses temporary disability vs. permanent disability, definitions of the covered disabilities under the agreement should be included. Other applicable provisions, including client transition requirements, should also be addressed, in the event that a permanent replacement of the CPA who is unable to work is required. Keep in mind, though, that people can be disabled for several months and must still make a return to full-time work. Therefore, you might want to consider also including a buyback provision in the agreement; specify responsibilities to be performed by the assisting party, including financial terms or compensation for assistance, and provisions for billing, collection, record retention, confidentiality, and noncompete and restrictive covenants.”
Information technology has taken a starring role in the risk assessment process that accompanies the planning, execution and conclusion of the audit, now that the capturing, processing, storing and reporting of information have become almost exclusively computerized. Given how central its use is, it’s always a good idea to review the basics and understand just what the audit standards say with respect to IT.

Fortunately, the requirements for auditors, as detailed in Statement on Auditing Standard (SAS) 109, Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement, are very clear. According to the SAS, “the use of IT also affects the fundamental manner in which transactions are initiated, authorized, recorded, processed, and reported.” Accordingly, auditors are required to comply with SAS 109’s basic premise: “The auditor must obtain a sufficient understanding of the entity and its environment, including its internal control, to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures.”

What SAS 109 says to auditors is that by reviewing these areas of risk, they can produce a higher quality audit, defend their audit process and provide additional value to clients in the form of recommendations and support, not only during the audit, but throughout the year.

What does IT control?

Just as there are manual controls—those tasks and checks-and-balances that are performed by people (e.g., bank reconciliation), there are automatic controls that are preprogrammed and performed by machines (e.g., allocating expenses between departments). In its widest scope, there are two types of IT controls: processing controls and general controls. An example of a processing control could be that the allocation of expenses between departments is something other than 100 percent, but if a program has an error in it, the result would not be available. This may be trivial for some clients but, for others, it could result in severe consequences. For example, if the previous year’s or legacy systems’ data are not available for inspection by a regulatory agency, there could be consequences for the company. The auditors are typically even more interested in the general controls of access. Access controls determine whether a solid segregation of duties is maintained within the IT environment. So for example, even if 10 people are situated in 10 offices throughout the United States, if their access controls are not properly configured, an auditor should be able to evaluate that the level of segregation of duties is diminished, increasing the control risk.

Other general controls include hardware maintenance, operating system updating, network and middleware configuration, software development change control, business continuity and disaster recovery planning, physical controls, and training and human monitoring.

Auditors, in compliance with SAS 109, should recognize that the risk assessment of the IT environment is critical for the overall risk assessment process. A properly designed IT environment could give the coveted “comfort” to auditors that the client is running a tight ship. Of course, only testing these controls could actually enable the auditor to reduce control risk—and these tests are becoming more commonplace, in part because auditors are maturing in their understanding of these systems, and in part because the tests are relatively easy to implement.

Delivering value
Beyond the compliance with Generally Accepted Auditing Standards, auditors are also in an excellent position to deliver the good and bad news about the design of the IT environment. At times, there are weak points that could be strengthened, and the person who knows how to deliver this news to the client now becomes a trusted and valuable adviser. Auditors, who completed a deep analysis of their clients’ IT environment, are in an excellent position to provide such feedback and, at times, may be required to do so. For example, if a client’s firewall is so poorly designed that it imposes an immediate risk to the client’s database of customers and their banking information, the auditor should inform the client right away, and further, issue a comment as required by SAS 115 for a control deficiency, significant deficiency or a material weakness (the discussion of SAS 115 is beyond the scope of this article).

At the end of the day, a back-to-basics approach when it comes to the risk assessment in the information technologies environment could result in more efficient audits, more compliant audits and more valuable advice to clients.
Manhattan/Bronx takes closer look at financial forensics

BY CHRIS GAETANO
Trusted Professional Staff

With its new continuing professional education (CPE) series on financial forensics, the Manhattan/Bronx Chapter has something for everyone interested in the specialization, whether you’re a young CPA investigating potential career moves, or a seasoned forensic accountant looking for a refresher course.

The series, initiated and organized by the chapter’s Past President Roman Matatov, examines forensic accounting—the use of the CPA’s financial skills and acumen for investigative purposes—from a wide variety of angles, in order to highlight the diversity of this growing field. The chapter held its first session, an introductory overview, this past October. A second session on Jan. 9 focused on the different services that someone trained in financial forensics can offer.

The next event in the series will be held on Feb. 26 and will focus on the industry side of forensic accounting, followed by another session on April 23 focused on practice management. And the final session, scheduled for May 21, will give an outlook on the current state of the practice area and discuss where the field is headed in the future, so people who are looking to specialize in it will know what to expect. (See page 20 for session course codes, times and locations.)

“I wanted everyone to get a sense of what this is all about,” said Matatov, who himself specializes in forensic accounting and serves as moderator for each of the sessions. “... We all know about auditing and about taxation … I wanted to highlight even further that there are a number of services that a practitioner may specialize in.”

Current Manhattan/Bronx Chapter President Barbara A. Marino said that members last year had expressed a great deal of interest in forensic accounting and wanted more detail than could be covered in just one class.

“We used the ‘series’ concept several times before with other topics, and it has always been well received by our members, so we decided to try it with this topic,” she said, adding that the panelists Matatov has lined up are “top notch” in the forensic field.

Matatov emphasized that the series provides several different points of view. “I think anyone that attends any one of these sessions will feel satisfied,” he said. “It’s the kind of thing where someone could pop in at any session and get value out of it.”

Buffalo Chapter co-hosts CPE session, announces scholarship winners

BY PATRICIA A. MCGRATH
Buffalo Chapter President

We would like to thank Christine A. Learman and her Small MAP Committee for organizing the annual IRS/New York State update session on Jan. 7. It is difficult to believe that all of the new tax regulations can be communicated in a half-day seminar, but somehow it happens. Thanks again!

The Risk Management Association (RMA) and the Buffalo Chapter co-sponsored a CPE/Networking session on the AICPA’s New Reporting Framework on Jan. 16 at Soho Burger Bar in Buffalo. The CPE session was led by Stephen T. LoVullo and Christopher S. Ruminski. Thank you, Paul E. Kiel and our friends at the RMA, for coordinating this event in the middle of January.

Samantha C. Leet and her Small MAP Committee were the driving force behind organizing the annual IRS/New York State update session on Jan. 7. The session started with a general update on tax regulations and then proceeded to discussion of specific issues. The session concluded with a panel discussion on the New Reporting Framework.

Congratulations to all four! These students will be honored at the Education Night at Salvatore’s Italian Gardens in Depew on April 22.

Finally, on behalf of all of the members of the Buffalo Chapter, we would like to extend our sincere congratulations to the State Society on the opening of its new offices on Wall Street. We can’t wait to visit when the snow melts in May.

Happy busy season to us all!

Patricia A. McGrath
Buffalo Chapter President

Southern Tier YCPAs give back with food drive

The Southern Tier Young CPAs Committee recently held two food drives to support the Community Hunger Outreach Warehouse (CHOW) in conjunction with two Chapter events. We set up a collection bin and a donation can at the Annual Ethics Session and Officer Visitation held Oct. 10 and at the Southern Tier Tax Conference held Oct. 25. All told, we collected more than $125 and 100 pounds of food. This contribution was greatly appreciated by the staff at CHOW. We hope to continue to work with them in the future. Thank you to all who donated! For more information on CHOW, visit broomecouncil.net/CHOW/home.html

—Marisa Colonna-Garrow
Member, Southern Tier Young CPAs Committee
mcolonna@pnlcpa.com

Happy busy season to us all!

Patricia A. McGrath
Buffalo Chapter President

pmcgrath@tsacpa.com
BY BARBARA A. MARINO
Manhattan/Bronx Chapter President

If you are interested in serving on the Manhattan/Bronx Chapter Board of Directors, starting June 1, 2014, please read the Call for Nominations letter below, prepared by the chapter’s Nominating Committee, and express your interest by Feb. 21.

Nominations for Manhattan/Bronx Chapter Officers and Directors—2014/15

Dear Members:

There are several officer/board openings due to expiring terms of current members. Officer terms are for a one-year period and director terms are for two years. All terms become effective at the beginning of the chapter’s new fiscal year, which starts on June 1, 2014.

The Manhattan/Bronx Chapter Nominating Committee invites chapter members to submit names (you can submit your own name) for officers (vice president, treasurer and secretary) and directors.

Please submit your nomination(s) as soon as possible, but no later than Friday, Feb. 21, and indicate Board Position in the subject area. All nominees must be in compliance with CPA licensing rules and membership requirements. Nominations, along with a brief professional background or biography, should be sent to Sherif Sakr at ssakr@deloitte.com.

Becoming an officer/director of the chapter board is an important contribution to the profession. It provides numerous opportunities to lead the chapter and drive the strategy and execution of its many initiatives, while allowing you to enhance your own professional network, leadership skills and career goals.

What is required of a board member:
• A board member must attend board meetings in person or via conference call. There are approximately 10 board meetings per year.
• A board member must participate and attend, where possible, CPE seminars, social, professional and charitable events sponsored by the chapter, as well as identify and coordinate chapter events.

Information on the chapter’s activities can be found on the Society’s web site at www.nysscpa.org (select About Us, Chapters, Manhattan/Bronx) or on our Facebook page at https://www.facebook.com/?sk=welcome#!/ManhattanBronxChapter.

If you have any questions, please feel free to contact any member of the Nominating Committee:
Sherif Sakr, Chair
(ssakr@deloitte.com)
Maya C. Khan
(mkhan@recp.com)
Todd K. Ichihara
(ichihara@coned.com)

bmarino@thehackettgroup.com

BY GINA LINSS
Westchester Chapter President

It’s that time of year again, when we need to take some time for ourselves, sit back and reflect on all that we’ve accomplished and finalize our plans to meet our goals for the year ahead.

On Feb. 11, the Westchester Chapter will be hosting its annual college planning event, presented by college planning and consulting expert Gary E. Carpenter, at Mercy College in Dobbs Ferry. Gary is the owner of College Planning Services and will speak on various topics relating to the college planning process, including the admissions process, the costs of attending college, the financial aid process, student loans, educational tax benefits, 529 college savings plans and scholarships. A question-and-answer discussion will follow the presentation. I would like to stress that, as one of the chapter’s many events, this event is free of charge with no obligations for attendees. Please be sure to check the Westchester Chapter’s page on www.nysscpa.org for registration details.

In 2013, our Accounting Careers Committee made a number of presentations to local high schools, including Maria Regina High School in Hartsdale, Fox Lane High School in Bedford and Eastchester High School. Arrangements for additional presentations this year are in the works. I would like to thank all of the Westchester Chapter members who volunteer their time to speak to students about career choices and professions in accounting and other business-related fields.

The Westchester Chapter, in cooperation with The Journal News, will host its annual tax hotline on March 1, 2014 at The Journal News offices at 1133 Westchester Ave, White Plains. We are looking for volunteers to answer phone in and web chat questions. This is a wonderful way to provide community service and to get publicity for our profession. We need your assistance in helping our county residents with any tax questions they may have. Volunteers will be asked to participate in two-hour time slots:
• 10:00 a.m. -12:00 p.m.
• 12:00 p.m.-2:00 p.m.

If you are interested in participating, please respond to Robert Winton by email at rwinton@citrincooperman.com or by phone at 914-949-2990 ext. 3326. Make sure that you help with the Food Bank of Westchester.

On Dec. 13, members of the Young CPA Committee donated their time by volunteering at the Food Bank of Westchester in Elmsford. Twenty-two participating young CPAs represented local accounting firms including Citrin Cooperman, Pellegrino & Company, Marks Paneth & Shron LLP, and Rosen Seymour Shappis Martin & Company LLP, among others. The volunteers packed 291 knapsacks of food to be sent home with local school children for the long holiday weekend. The volunteers also packed bags of apples to be sold at a mobile food pantry to Yonkers. I would like to thank all of the volunteers and their firms for their time and personal commitment. This charitable event also offered team-building activities, which boosted the Young CPA Committee’s spirit and unity while helping the less fortunate members of our community.

Please save the dates for the following events:
• Feb. 11—Annual College Planning event, Mercy College, Dobbs Ferry
• May 13—Annual Golf Outing and Networking event, Glen Arbor Golf Club, Bedford Hills
• May 15—Young CPA Wine Tasting event

glinss@citrincooperman.com
CHAPTER EVENTS AND CPE

MANHATTAN / BRONX

Financial Forensics Series: 3. Industry Focus
When: Feb. 26, 6–8 p.m. (5:30 p.m. check-in)
Where: FAE Learning Center, 14 Wall Street
Cost: $20 members; $30 nonmembers; $40 walk-ins
CPE: 2 (specialized knowledge and applications)
Course Code: 29155412 (in-person); 29155413 (teleconference)
Contact: Shan Hicks at shan.hicks@shancpa.com

Financial Forensics Series: 4. Practice Management Focus
When: April 23, 6–8 p.m.; (5:30 p.m. check-in)
Where: FAE Learning Center, 14 Wall Street
Cost: $20 members; $30 nonmembers; $40 walk-ins
CPE: (pending)
Course Code: (pending)
Contact: Roman Matatov at romanmatatov@yahoo.com

Financial Forensics Series: 5. Capstone Event
When: May 21, 6–8 p.m. (5:30 p.m. check-in)
Where: FAE Learning Center, 14 Wall Street
Cost: $20 members; $30 nonmembers; $40 walk-ins
CPE: (pending)
Course Code: (pending)
Contact: Roman Matatov at romanmatatov@yahoo.com

NASSAU

Family Financial Literacy Fair
When: May 3, 10 a.m.
Where: YES Community Counseling Center, Commerce Plaza, Massapequa
Course Code: 45030413
Contact: Karen Tennenbaum at ktenenbaum@litaxattorney.com

Nassau Chapter’s 61st Annual Installation Dinner
When: May 8, 6:30 p.m.
Where: Great Neck Country Club, Woodbury
Course Code: 45030414
Contact: Ashley Flynn at aflynn@cbmslaw.com

QUEENS / BROOKLYN

Leaving the Closely Held Business
When: Feb. 13, 6–9 p.m.
Where: St. John’s University, Bent Hall, Room 227B, 8000 Utopia Parkway, Jamaica
Cost: Free
CPE: 3 (taxation)

WESTCHESTER

Westchester Chapter’s Annual College Planning Event
When: Feb. 11, 6:15–9 p.m.
Where: Mercy College, 555 Broadway, Dobbs Ferry
Cost: Free
Course Code: 45110406
Contact: Patricia Galatino at pgalatino@citrincooperman.com or Denise Stefano at dstefano@marcy.edu

Annual Golf Outing and Networking Event
When: May 13
Where: Glen Arbor Golf Club, 234 Bedford Center Road, Bedford Hills
Contact: Jeff Schwartz at jeff@stantonandleone.com
Check the website for pricing.

For more Chapter News, visit www.TrustedProfessional.com
How do you stay sane during the busy season?

Amy B. Caraher, Syracuse Chapter

Although I work full time, I have a flexible work arrangement at my current firm, which allows me to have a better work-life balance than some. With that said, I have plenty of busy season experience, which allows me to share some pointers on remaining sane during this trying time.

One is to stay organized—I believe that’s crucial during busy season. I happen to be an individual who thrives on organization both at work and at home: I make lists for everything and I have an incredible support network at home that allows me to keep things running like a well-oiled machine. This also allows me to focus on what needs to be accomplished when I am in the office.

Another thing is to avoid procrastinating. I am not a procrastinator. I like things done well in advance of deadlines. While it requires the cooperation of both clients and my tax team to get the work through the door on time, I would like to say that I am persistent, so this does not become an issue, in most cases.

Finally, remember to treat yourself and have fun. Keeping yourself—and others around you—happy during busy season can also help you to remain sane. I like to treat myself when I find the strain of tax season getting me down. Whether it is a quick trip to the mall or a special treat to eat, I like to find something to brighten my day when times are rough. We also have a great group in the tax department at my firm. We work well together and support each other. I can honestly say that I enjoy coming to work every day.

Good luck to everyone as we gear up for busy season!

caraher@fcc-cpa.com

Jason T. Giordano, Mid Hudson Chapter

Many times, our year-end is as insane as tax season. While this means that there isn’t one but two intense periods at work a year, it also means that I’m more prepared for the long road ahead. In both cases, I find it helpful to take it one week at a time, focusing on my next handhold, instead of looking up at the entire mountain. I also make it a point to stay hydrated and well fed. At the same time, I do my best to stick with my exercise routine, as well as other routines that help me maintain my sanity.

There’s also preparation to make sure that the busy season isn’t as busy as it might have been if you hadn’t planned. Meeting with clients throughout the year and making sure they are organized, for example, can lighten your workload during the busy season. Our firm worked hard in the off-season preparing our internal process, so that we were ready for the busy season. We recently made changes to our computer system, as well as our overall processing procedures, but we made sure that they ran efficiently in the months leading up to the season so that we weren’t hit with unexpected problems.

Finally, the support of a good staff and my fellow partners makes the season easier to handle. When you’re around good people, even a stressful job may not be so bad.

jgiordano@gpcc.com

Iola Damante, Nassau Chapter

You have to prepare. Think of it as if there’s a storm blowing in off the coast and you have to get ready: Board up the windows, stock up on supplies and get some candles out. When it comes to busy season, you prepare professionally through things like taking seminars and keeping up with new legislation and regulations so that you know what to expect and don’t get any surprises.

Equally important, though, is making sure to take some time for yourself, if your workload allows it. When I’m feeling like the walls are closing in, I take walks outside for a bit. Others may go to the gym or go out to eat. A quick change of scenery can definitely help your day; while it won’t shorten it, it will help you get through it better.

Of course, another thing to do is just power through it. When you’re at the height of the busy season and returns are moving all around you, for some, the only thing that gets you through it all is to forge ahead, knowing that soon it will all be over and, soon, you’ll be able to relax. Keep your eyes on the prize and know that there is a light at the end of that tunnel.

Finally, your co-workers can be a great help too. They know what you’re going through (they’re going through it too), and it can be great to joke or laugh for a bit, even if sometimes, our work is really focused and needs concentration. A little levity can really help, under the right circumstances.

campit1@aol.com

JohnPaul Crocenzi, Nassau Chapter

Tax season is always a very stressful time of the year, but after almost 15 years in practice, I’ve learned how to make clients happy and lived to tell about it. In general, coming in early can be great. I am an early riser and I try to get in the office as early as possible to read professional publications or tackle a difficult project. You’ll be surprised at how much can be done in those couple of hours before everyone else gets in. I also make sure my to-do list is up-to-date and prioritized before I leave the office in the evening, so that I have a clear picture of what I need to accomplish the next day.

As tax season progresses, I try to keep my desk and office organized and uncluttered. The time spent searching for documents that are buried under piles of paper and file folders is wasted and stressful, and it cannot be billed to clients. To stay sane, I take time for myself, even if I can only fit in a few minutes. Taking a short walk, especially outdoors, is perfect. Time away from my desk recharges my batteries so that I can remain focused for the rest of the day.

jcrocenzi@hem-co.com

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