

# The Trusted Professional

THE NEWSPAPER OF THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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## 2014-2015 NOMINATING COMMITTEE REPORT, PAGE 3

### NYSSCPA announces 2015-2016 nominations for board, officer positions

BY F. MICHAEL ZOVISTOSKI, CPA  
NYSSCPA Secretary/Treasurer

The 2014-2015 NYSSCPA Nominating Committee met on Jan. 8, 2015, to decide its nominations for Society officers for the 2015-2016 fiscal year, as well as for NYSSCPA Board of Directors members, with terms beginning June 1, 2015. (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](http://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 14, 2015. Any independent nominees submitted by March 1, 2015, 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/

### Taking to the airwaves



NYSSCPA member John R. Lieberman appeared on New York City's NBC 4 News on Feb. 3 to offer tax filing tips. The more than 5 million households that tuned in learned how to work with a CPA and about red flags that often trigger an IRS audit, among other things. To see the full video, visit [TrustedProfessional.com](http://TrustedProfessional.com).

Treasurer by March 1, 2015. (See [www.nysscpa.org/society/bylaws.htm](http://www.nysscpa.org/society/bylaws.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 486 signatures of CPA members (2 percent of the CPA membership as of the beginning of the fiscal year, which totaled

**See Nominations, on page 13**

### As trouble brews at IRS, practitioners brace for "miserable" tax season

BY CHRIS GAETANO  
Trusted Professional Staff

Facing a combination of reduced funding and increased responsibilities, officials at the IRS have cautioned that this tax year will be one of the worst

in recent memory, with significant processing delays and drastically reduced support for taxpayers and the practitioners who serve them.

Just how much pain is the country in store for? During a speech last November, IRS Commissioner John A. Koskinen predicted

that the tax year would be "miserable," while in her annual report to Congress last month, National Taxpayer Advocate Nina E. Olson said the IRS would be "unlikely to answer even half the telephone calls it receives." And those callers who do get a human being on the phone will, in all likelihood, have waited an

average of 30 minutes or "considerably longer at peak times." This comes in stark contrast to 2004, when, according to Olson, the IRS was able to answer 87 percent of calls, with an average hold time of 2.5 minutes.

**See Tax Season, on page 13**

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# PRESIDENT'S COMMENTARY

## A leader who led by example

As many of you know, our profession lost one of the greats last month: Our 2009-2010 Society President **David J. Moynihan**, or "Dave from Syracuse," passed away on Jan. 9 after battling cancer, a disease that impacts far too many lives.

David (as I liked to call him) brought life to our profession. He was quick with a smile and always ready with a friendly "hello." He made everyone comfortable and could deliver news you didn't want to hear in a way that made you realize it would all work out.

Long before I became involved with the Society, I'd heard about Dave—this CPA in Syracuse whom clients loved and competitors feared—since he and I shared a common interest in government and government clients. Our first face-to-face introduction came at a Society board meeting. I was impressed by the way he moved about the room, talking to everyone and leaving them smiling, if not laughing. It made me realize that he was not the typical CPA. During Dave's presidency, I was honored to serve on his Executive Committee, which is where I learned about his leadership style firsthand. He always welcomed the opposing viewpoint on matters—of which there were many—and he always credited the people around him for any accomplishments. Dave was one of a kind in his blending of professional talent, compassion and political acumen. After his term ended, he continued to serve the profession through a host of state and local activities, so that others in the world would know that CPAs were not just number crunchers.

I, for one, will always remember Dave as a very special friend and mentor. In the past month, NYSSCPA Executive Director Joanne S. Barry, NYSSCPA President-elect

**Joseph M. Falbo Jr.** and I have been having many conversations to determine how to best honor his commitment to the profession and to the Society. Stay tuned: In the very near future, you'll be hearing plenty more about this. We hope that all of you will join us in celebrating this "Dave from Syracuse" who was so much more than that simple introduction.

### Navigating tax season

For months, officials at the IRS have warned that this busy season could be the worst in recent memory, thanks to a potent mix of budget cuts and new responsibilities stemming from the Affordable Care Act and the Foreign Account Tax Compliance Act. This is no exaggeration; already, some NYSSCPA members have reported experiencing delays and difficulty getting IRS agents on the line.

With its 15 chapters and more than 60 statewide technical committees, the Society is an important resource year-round, but in challenging times like these, it's clearer than ever: It pays to be a member. Though you may have trouble in the months ahead, getting the IRS to take your call—according to National Taxpayer Rights Advocate Nina E. Olson, the IRS will be "unlikely to answer even half the telephone calls it receives"—you'll always find a colleague with a willing ear or with some light to shed on tricky technical matters here at the NYSSCPA. In fact, the Society offers a members-only benefit designed to provide just such a service: our technical hotline, which you can reach at 212-719-8309 or by

emailing [technical@nysscpa.org](mailto:technical@nysscpa.org).

The hotline is operated by NYSSCPA committee members who, most often, make referrals to appropriate standards-setting bodies or to authoritative literature in order to answer queries regarding tax, accounting, auditing or consulting services. The setup is fairly straightforward. Once an inquiry is made, Society staff pair the caller with the appropriate hotline volunteer, who will respond to the member directly. This may be of particular benefit to sole practitioners who often need a sounding board. In fact, in recent years, sole practitioners have comprised the majority of hotline callers.

The Society's online social networking platform, Exchange, can also be a helpful resource this tax season. It acts as a virtual hotline, with members crowdsourcing their tax season challenges. (No matter what the medium, however, keep in mind that a fellow member's guidance is not a substitute for your own research and judgment.)

In addition to providing assistance to tax practitioners, this spring, the Society will continue its annual tradition of offering expert tax advice to the public. For more than 30 years, the Society's volunteer tax panels, which take place across the state, have connected our members with residents and small business owners who have pressing tax questions. If you'd like to donate some of your time and expertise to a tax panel in your community, contact Alonza Robertson, the NYSSCPA's media relations manager, at [arobertson@nysscpa.org](mailto:arobertson@nysscpa.org).

[president@nysscpa.org](mailto:president@nysscpa.org)



Scott M. Adair

- PRESIDENT  
Scott M. Adair, CPA
- PRESIDENT-ELECT  
Joseph M. Falbo Jr., CPA
- SECRETARY/TREASURER  
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- April issue—March 12
- May issue—April 10
- June issue—May 14

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## 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](http://nysscpa.org/page/key-contact)

# NOMINATING COMMITTEE REPORT

Jan. 14, 2015

**OFFICERS: to hold office for one year, from June 1, 2015:**

**PRESIDENT**

Joseph M. Falbo, Jr., automatically succeeds Scott M. Adair as President in accordance with Article VIII, Paragraph 5 of the Bylaws.

**PRESIDENT-ELECT**

**F. MICHAEL ZOVISTOSKI** to succeed  
*UHY LLP*

**JOSEPH M. FALBO, JR.**  
*Tronconi Segarra & Associates LLP*

**VICE PRESIDENTS**

**CHRISTOPHER G. CAHILL** to succeed  
*Deloitte & Touche LLP*

**HAROLD L. DEITERS III**  
*Baker Tilly Virchow Krause, LLP*

**JENNIFER R. GEORGE** to succeed  
*Vanacore, DeBenedictis, DiGiovanni & Weddell, LLP*

**TIMOTHY P. HEDLEY**  
*KPMG LLP*

**STEPHEN T. SURACE** to succeed  
*Adjusters International Inc.*

**SCOTT D. HOSLER**  
*Bonadio & Co., LLP*

**MICHAEL M. TODRES** to succeed  
*Todres & Company, LLP*

**CYNTHIA A. SCARINCI**  
*College of Staten Island (CUNY)*

**SECRETARY/TREASURER**

**John J. Lauchert** to succeed  
*Bestway Enterprises, Inc.*

**F. MICHAEL ZOVISTOSKI**  
*UHY LLP*

**DIRECTORS-AT-LARGE: to hold office for three years, from June 1, 2015:**

**EDWARD L. ARCARA** to succeed  
*Edward L. Arcara, CPA PC*

**CHRISTOPHER G. CAHILL**  
*Deloitte & Touche LLP*

**JACK M. CARR** to succeed  
*Bailey, Carr CPAs, P.C.*

**PETER H. FRANK**  
*Cornick, Garber & Sandler, LLP*

**ELLIOT L. HENDLER** to succeed  
*Partner Emeritus, Friedman LLP*

**ARTHUR J. ROTH**  
*Retired*

**BARBARA A. MARINO** to succeed  
*The Hackett Group Inc.*

**YEN D. TRAN**  
*PricewaterhouseCoopers LLP*

**MITCHELL J. MERTZ** to succeed  
*Wei Wei & Co., LLP*

**RICHARD T. VAN OSTEN**  
*Ernst & Young LLP*

**DIRECTOR-AT-LARGE: to hold office for one year, from June 1, 2015 (should Stephen T. Surace be elected to the position of Vice President):**

**JEFFREY F. ALLEN** to succeed  
*EisnerAmper LLP*

**STEPHEN T. SURACE**  
*Adjusters International Inc.*

**DIRECTORS AS CHAPTER REPRESENTATIVES: to hold office for three years, from June 1, 2015:**

**BUFFALO**  
**PATRICIA A. JOHNSON** to succeed  
*Canisius College*

**GREGORY J. ALTMAN**  
*Health Sciences Charter School*

**MANHATTAN/BRONX**  
**IRALMA POZO** to succeed  
*Baruch College*

**WILLIAM AIKEN**  
*Retired*

**SOUTHERN TIER**  
**JANEEN F. SUTRYK** to succeed  
*Piaker & Lyons, P.C.*

**SCOTT M. HOTALEN**  
*Vieira & Associates, CPAs, P.C.*

**SYRACUSE**  
**STEVEN A. STANEK** to succeed  
*Daley LaCombe & Charette P.C.*

**ANTHONY T. ABBOUD**  
*Firley, Moran, Freer & Eassa, CPA, P.C.*

**WESTCHESTER**  
**DENISE M. STEFANO** to succeed  
*Mercy College*

**BARBARA E. BEL**  
*O'Connor Davies, LLP*

**ALL OF THE NOMINEES HAVE CONSENTED TO SERVE IF ELECTED.**

Scott M. Adair automatically becomes Director for one year as Immediate Past President in accordance with Article VI, Paragraph 1 of the Bylaws.

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

**TERMS EXPIRING IN 2016:**

- SCOTT M. ADAIR**, Rochester Genesee Regional Transportation Authority
- JEFFREY F. ALLEN**, EisnerAmper LLP
- CHRISTOPHER G. CAHILL**, Deloitte & Touche LLP
- ANTHONY S. CHAN**, Sino-Global Shipping America, Ltd.
- JACK F. CRAVEN**, John F. Craven, CPA, LLC
- JENNIFER R. GEORGE**, Vanacore, DeBenedictis, DiGiovanni & Weddell, LLP
- JOHN J. LAUCHERT**, Bestway Enterprises, Inc.
- MICHAEL E. MILISITS**, Hunter Group CPA LLC
- BARBARA L. MONTOUR**, Saint Regis Mohawk Tribe
- STEPHEN T. SURACE**, Adjusters International Inc.
- TRACY D. TARSIO**, Day Seckler LLP
- MICHAEL M. TODRES**, Todres & Company, LLP
- MARK ULRICH**, St. John's University
- BETH VAN BLADEL**, EYP Architecture & Engineering, P.C.
- MARK WEG**, Daszkowski, Tompkins, Weg & Carbonella, P.C.
- DAVID J. WOJNAS**, Fitzgerald, DePietro & Wojnas CPAs, P.C.

**TERMS EXPIRING IN 2017:**

- PAUL E. BECHT**, Baker Tilly Virchow Krause, LLP
- ROSEMARIE GIOVINAZZO-BARNICKEL**, Rosemarie Giovinazzo-Barnickel, CPA
- JOSEPH M. FALBO, JR.**, Tronconi Segarra & Associates LLP
- ELIZABETH A. HAYNIE**, Katz, Bernstein & Katz, LLP
- JAN C. HERRINGER**, BDO USA, LLP
- JEAN G. JOSEPH**, Joseph Tax & Consulting Services LLC
- KEVIN MATZ**, Kevin Matz & Associates PLLC
- JACQUELINE E. MILLER**, Pinto, Mucenski, Hooper, VanHouse, & Co.
- M. JACOB RENICK**, M. J. Renick & Associates LLC
- WARREN RUPPEL**, Marks Paneth LLP
- DAVID G. YOUNG**, Young & Company CPAs, LLP

**TERMS EXPIRING IN 2018:**

- EDWARD L. ARCARA**, Edward L. Arcara, CPA, PC
- JACK M. CARR**, Bailey Carr CPAs, P C
- ELLIOT L. HENDLER**, Partner Emeritus, Friedman LLP
- PATRICIA A. JOHNSON**, Canisius College
- BARBARA A. MARINO**, The Hackett Group Inc.
- MITCHELL J. MERTZ**, Wei Wei & Co., LLP
- IRALMA POZO**, Baruch College
- STEVEN A. STANEK**, Daley LaCombe & Charette P.C.
- DENISE M. STEFANO**, Mercy College
- JANEEN F. SUTRYK**, Piaker & Lyons, P.C.
- F. MICHAEL ZOVISTOSKI**, UHY LLP

**RESPECTFULLY SUBMITTED,**  
2014-2015 Nominating Committee

- RENEE RAMPULLA** (Chair)
- FRIEDA T. ABOYOUN**
- ANTHONY S. CHAN**
- DAVID EVANGELISTA**
- GEORGE T. FOUNDOTOS**
- ROSEMARIE GIOVINAZZO-BARNICKEL**
- JEREMY NOBLE**
- FELIX RUSSO**
- JOHN S. SHILLINGSFORD**
- LIREN WEI**
- ALAN E. WEINER**

# NYSSCPA 2015–2016 NOMINEES

**OFFICERS:** To hold office for one year, from June 1, 2015:



## **PRESIDENT-ELECT**

**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 as a member of the Executive Committee. Current Treasurer of the Foundation for Accounting Education Board of Trustees. Current Chair of the Finance Committee and a member of the FAE Investment and Member Relations committees. Past Chair of the Governance, Member Benefits and Professional Liability Insurance committees, and past member of the Professional Liability Insurance, Public Relations, FAE Curriculum, FAE Investment and Construction Contractors committees. CHAPTER: Past Northeast Chapter President, President-elect and Secretary. Past Chair of the Northeast Chapter Tax Committee and Past Cochair of the Members in Industry Committee.



## **VICE PRESIDENT**

**MICHAEL M. TODRES**, Partner, Todres & Company, LLP, Westbury, N.Y. Member of the Society since 1974; member of the Nassau Chapter. STATEWIDE: Past Chair of the Management of an Accounting Practice Committee. Past member of the Community Affairs, Continuity of Practice, Cooperation with Commercial Credit Grantors, Cooperation with the Financial Media, Entertainment and Sports, Large and Medium-Sized Firms Practice Management, Local Practitioners and Small Firms and Public Relations committees. CHAPTER: Past Chair of the Manhattan/Bronx Chapter Cooperation with Bankers and Other Credit Grantors Committee.



## **VICE PRESIDENT**

**CHRISTOPHER G. CAHILL**, Partner, Deloitte & Touche LLP, New York, N.Y. Member of the Society since 1991; member of the Manhattan/Bronx Chapter. STATEWIDE: Current Director-at-Large of the Board of Directors. Current member of the Audit Committee. Past member of the Banking and SEC Practice committees.



## **SECRETARY/TREASURER**

**JOHN J. LAUCHERT**, CFO, Bestway Enterprises, Inc., Cortland, N.Y. Member of the Society since 1981; member of the Utica Chapter. STATEWIDE: Past Vice President and member of the Board of Directors. Past member, President-elect and President of the Foundation for Accounting Education Board of Trustees. Current member of the Bankruptcy and Financial Reorganization, Chief Financial Officers and COAP Syracuse Advisory committees. Past Chair of the Bylaws Revision Task Force. Past member of the Audit, Awards, Financial Executives in Closely Held Companies, Hospitality, Industry Oversight, Membership, NC Petitioners, Nominating, Not-for-Profit Organizations and Quality Enhancement Policy committees. CHAPTER: Past Buffalo Chapter Executive Board member. Past Chair of the Buffalo Chapter Members in Industry Committee. Past Utica Chapter Executive Board member. Past Chair of the Utica Chapter Industry Committee.



## **VICE PRESIDENT**

**JENNIFER R. GEORGE**, Partner, Vanacore, DeBenedictus, DiGiovanni & Weddell, LLP, Newburgh, N.Y. Member of the Society since 2000; member of the Mid Hudson Chapter. STATEWIDE: Past member of the Board of Directors and Executive Committee. Past member and President-elect of the Foundation for Accounting Education Board of Trustees. Current member of the Peer Review and FAE Curriculum committees. Past member of the Chapter Task Force, Finance, Financial Accounting Standards, Membership and Young CPAs/NextGen committees. CHAPTER: Past Mid Hudson Chapter President, President-elect, Vice President and Executive Committee member. Past Chair of the Mid Hudson Chapter Membership Committee. Past Cochair of the Mid Hudson Chapter Young CPAs Committee. Past member of the COAP New Paltz Advisory Committee.



## **VICE PRESIDENT**

**STEPHEN T. SURACE**, CFO, Adjusters International Inc., Utica, N.Y. Member of the Society since 2000; member of the Utica Chapter. STATEWIDE: Current Director-at-Large on the Board of Directors. Current member of the Real Estate Committee. CHAPTER: Current member of the Utica Chapter Executive Board. Past Utica Chapter President and President-elect. Current member of the Syracuse COAP Advisory Board. Past Cochair and member of the Utica Chapter Industry Committee.



**DIRECTORS-AT-LARGE:** to hold office for three years, from June 1, 2015:

**EDWARD L. ARCARA**, Sole Practitioner, Edward L. Arcara, CPA PC, Buffalo, N.Y. Member of the Society since 1986; member of the Buffalo Chapter. STATEWIDE: Past member of the Board of Directors. Past member of the Continuity of Practice, Member Benefits and Small Firms Practice Management committees. CHAPTER: Past Buffalo Chapter President, Vice President, Secretary and Treasurer. Past Chair of the Buffalo Chapter Public Relations Committee. Past member of the Buffalo Chapter Accounting and Auditing, Cooperation with the Bar, Cooperation with Commercial Grantors and Management of an Accounting Practice committees.



**JACK M. CARR**, Shareholder, Bailey, Carr CPAs, P.C., Rochester N.Y. Member of the Society since 1991; member of the Rochester Chapter. STATEWIDE: Current Chair of the Professional Ethics Committee. Current member of the Anti-Money Laundering and Counter Terrorist Committee. Past Vice Chair of the Professional Ethics Committee.

**DIRECTORS-AT-LARGE:** to hold office for three years, from June 1, 2015:

**ELLIOT L. HENDLER**, Partner Emeritus, Friedman LLP, New York, N.Y. Member of the Society since 1962; member of the Manhattan/Bronx Chapter. STATEWIDE: Current member of the Professional Ethics and SEC committees and the *CPA Journal* Editorial Board. Past Vice President, Secretary and member of the Executive Committee. Past Secretary of the Foundation for Accounting Education Board of Trustees. Past Chair of the Membership and Accounting and Review Services committees and the Annual Study Conference. Past

member of the Accounting & Auditing Oversight, Accounting & Auditing Services Practice Management, Advisory Committee on Appointments, Annual Conference, Audit, Auditing Standards and Procedures, Committee Coordinator Advisory Group, Committee Operations, Construction Contractors, Curriculum, Finance, Financial Accounting Standards, Interim Financial Statements, Nominating, Peer Review, Real Estate Accounting and Relations with the Internal Revenue Service committees. CHAPTER: Past Manhattan/Bronx Chapter Executive Board member. Past Chair of the Manhattan/Bronx Chapter Membership Committee.



**MITCHELL J. MERTZ**, Director of Quality Assurance, Wei Wei & Co., LLP, Flushing, N.Y. Member of the Society since 1979. Member of the Nassau Chapter. STATEWIDE: Current member of the SEC Committee. Past Chair of the SEC Committee. Past Chair and Vice Chair of the Accounting and Auditing Oversight Committee. Past member of the Accounting and Review Services, Auditing, Awards and Stock Brokerage committees. CHAPTER: Past member of the Manhattan/Bronx Chapter Cooperation with Bankers and Other Credit Grantors Committee. Past Cochair and member of the Nassau Chapter Cooperation with Bankers and Other Credit Grantors Committee.



**BARBARA A. MARINO**, Director, The Hackett Group Inc., Westchester, N.Y. Member of the Society since 1992; member of the Manhattan/Bronx Chapter. STATEWIDE: Current member of the Finance Committee. Past Chapter Representative and Vice President of the Board of Directors. Past member and Vice President of the Executive Committee. Past Chair and Vice Chair of the Promoting CPA Careers Committee. Past member of the Awards, Nominating and Practice Management Oversight committees. Past member of the Selections Subcommittee. CHAPTER: Current member of the Manhattan/Bronx Chapter Executive Board as Immediate Past President and Manhattan/Bronx Chapter Promoting CPA Careers Committee. Past Manhattan/Bronx Chapter President, President-elect and Vice President.

**DIRECTOR-AT-LARGE:** To hold office for one year, from June 1, 2015 (should Stephen T. Surace be elected to the position of Vice President):

**JEFFREY F. ALLEN**, Partner, EisnerAmper LLP, New York, N.Y. Member of the Society since 1980; member of the Manhattan/Bronx Chapter. STATEWIDE: Current member of the Tax Division Oversight Committee. Current member of the C Corporations and Relations with the Internal Revenue Service committees. CHAPTER: Past Syracuse Chapter Executive Board member and Trustee. Past member of Syracuse Chapter committees.

**DIRECTORS AS CHAPTER REPRESENTATIVES:** To hold office for three years, from June 1, 2015:**BUFFALO**

**PATRICIA A. JOHNSON**, Assistant Professor, Canisius College, Buffalo, N.Y. Member of the Society since 1977; member of the Buffalo Chapter. STATEWIDE: Current member of the Foundation for Accounting Education Board of Trustees and the FAE Curriculum and FAE Scholarship Awards committees. Current member of the Anti-Money Laundering and Counter Terrorist, Litigation Services and Not-for-Profit Organizations committees. Past Chair of the Academic

Advancement and Higher Education and Public Sector Oversight Committees. Past member of the Awards Committee. CHAPTER: Current member of the Buffalo Chapter Executive Board. Past Buffalo Chapter President, President-elect and Treasurer. Past Chair of the Buffalo Chapter Not-for-Profit Committee.

**SOUTHERN TIER**

**JANEEN F. SUTRYK**, Partner, Piaker & Lyons, P.C., Binghamton, N.Y. Member of the Society since 2002; member of the Southern Tier Chapter. CHAPTER: Past Southern Tier Chapter President, President-elect, Secretary/Treasurer and Executive Board member. Past Chair of the Southern Tier Chapter Revitalization Committee.

**MANHATTAN/BRONX**

**IRALMA POZO**, Adjunct Lecturer, Baruch College, New York, N.Y. Member of the Society since 2004; member of the Manhattan/Bronx Chapter. STATEWIDE: Current member of the Not-for-Profit Organizations Committee. Past member of the Academic Achievement and Higher Education Committee. CHAPTER: Current Manhattan/Bronx Chapter President. Past Manhattan/Bronx Chapter President-elect, Treasurer and Executive Board member. Past Chair of the Manhattan/

Bronx Chapter One-on-One Committee.

**SYRACUSE**

**STEVEN A. STANEK**, Partner, Daley LaCombe & Charette P.C., Manlius, N.Y. Member of the Society since 2008; member of the Syracuse Chapter. STATEWIDE: Past member of the Awards Committee. CHAPTER: Current member of the Syracuse Chapter Executive Board. Past Syracuse Chapter President, President-elect and Secretary. Current Cochair of the Syracuse Chapter Public Relations Committee. Past member of the Syracuse Chapter Budget Committee.

**WESTCHESTER**

**DENISE M. STEFANO**, Assistant Professor and Accounting Department Chair, Mercy College, Dobbs Ferry, N.Y. Member of the Society since 1998; member of the Westchester Chapter. STATEWIDE: Member of the Academic Advancement and Higher Education Committee. Member of the COAP Statewide Advisory Board and Membership Committees. Past Member of the Quality Enhancement Policy and SEC Practice committees. CHAPTER: Current member of the Westchester Chapter Executive Board as Immediate Past President. Current Cochair of the Accounting Careers Committee. Current Member of the COAP Westchester Advisory Board. Past Westchester Chapter President, President-elect, Vice President, Secretary and Treasurer. Past Westchester Chapter Political Action Committee Trustee. Current Member of the Westchester Chapter Accounting and Auditing Principles Committee. Past Chair of the Accounting and Auditing Principles Committee. Current Member of the Westchester Chapter High School Scholarship Committee. Current Member of the Accountants in Industry Committee.

# In Memoriam

As the birthplace of the profession, New York state has given rise to a certain kind of CPA leader—one who does not set out simply to make his or her personal mark on the accounting world, but to leave it a better place. We lost three such men and women in recent months. Though they had very different stories—as you’ll gather in the next few pages—their legacies hold lessons for us all.

## A Society president who lived his mantra “Quality matters”

BY COLLEN LUTOLF  
*Trusted Professional Staff*

**N**YSSCPA Past President **David J. Moynihan** (2009–2010), an audit partner in The Bonadio Group’s Syracuse office, died on Jan. 9, after a nearly yearlong battle with cancer. He was 59 years old.

“Today is a sad day for the New York State Society of CPAs,” said Society President **Scott M. Adair**. “The loss of David is being felt by all of us in the Society. Whether it was his sage advice on a matter, a well-timed story during an ethics presentation or his quick smile with a laugh, we have all felt the touch of David Moynihan, a true gentleman and leader. Please keep David’s family in your thoughts and prayers.”

Moynihan’s presidency was one of transition and transformation. The state had just passed the Accountancy Reform Law—the first significant amendment to the law that regulates the CPA profession in New York in more than 50 years—and Moynihan was at the Society’s helm as the State Education Department drafted and adopted its implementing regulations. He also represented the NYSSCPA when the state drafted the rules for New York’s first peer review oversight program, which was also borne out of the reform law, and was one of the first CPAs to be appointed to the State Board for Public Accountancy’s Quality Review Oversight Committee, the body charged with monitoring the state’s mandatory peer review program for public accounting firms.

Under Moynihan’s leadership, the NYSSCPA’s Board of Directors voted unanimously to support cross-border practice mobility, a provision of the Uniform Accountancy Act that had not been written into the reform law. That was in January 2010. By September 2011, Gov. Andrew Cuomo had signed a bill that allowed cross-border practice mobility in New York, one of only a handful of states that had not yet adopted the standard.

“Dave’s leadership of the Society was transformative. As an organization, we are currently reaping what Dave sowed as president,” said NYSSCPA Executive Director Joanne S. Barry. “He not only recognized that the Society needed to evolve,

but because of his leadership and his ability to build consensus, he made it happen. Cross-border practice mobility, which had been anathema to the state Legislature in the past, was a concept lawmakers began to warm [up] to because of Dave’s leadership, and adoption followed soon after. Dave was an icon in the profession.”

Moynihan tackled more than regulatory issues during his presidency. A lifelong auditor who began his career at Coopers & Lybrand and continued it at Testone,

Marshall & Discenza CPAs, until the firm merged with The Bonadio Group late last year, Moynihan leveraged his role as state Society president to remind not only CPAs but also New York business leaders of the importance of audit quality. And he put on notice those firms that lowballed their fees in order to get more work, even if they were ill prepared to perform the services. He said as much in his first president’s column in the June 15, 2009, *Trusted Professional*:

“I joined the CPA profession a decade after my father did, during the 1970s. Back then, you couldn’t advertise your services. You couldn’t really solicit clients, either. Firms still managed to get clients and to grow reputable, thriving businesses. How they did

is ethical, that the CPA can be trusted. It could mean, as we have seen in the recent past, that having a lot of clients can be the result of having no ethical standards at all. And that should prompt each and every one of you to action. The goal of my presidency is to remind the public, and ourselves, that quality still matters.”

Moynihan fulfilled that goal by crisscrossing the state, speaking before business and government groups, chambers of commerce, and inspiring other CPAs with his message: “Just like my father did every day of his life, you must find that same pride you felt in your heart the day you became a CPA,” he told whatever gathered group of CPAs he was speaking in front of, “and

“Dave’s leadership of the Society was transformative. As an organization, we are currently reaping what Dave sowed as president.”

—NYSSCPA Executive Director Joanne S. Barry

that was by being a good firm. If you grew a good vine, by being a good farmer, you got a good client. ... Since those days, the rules have changed. ... We went from being good farmers to being good hunters. Now quality seems, for some firms and some CPAs, to have taken a back seat. Fees are in the driver’s seat now and the client rides shotgun. Lowballing fees just to get more clients is not offering quality. Quality matters. Ethics matter. ... Today, a CPA with a lot of clients no longer necessarily means that the CPA

you need to carry that into everything you do. If you do that, our profession and the public will be so much better served.”

A graduate of Le Moyne College, in Syracuse, Moynihan served on the board of directors for the Central New York Community Foundation and the Centers at St. Camillus, as a fiscal adviser to St. Patrick’s Church, and a past member of the Syracuse Economic Development Corporation and the New York State Fair Advisory Board. A lifelong Boston Red Sox

From left: David J. Moynihan participating in a 2009 panel discussion on common issues in peer review; accepting an honorary NYSSCPA membership certificate on behalf of his father, Bernard F. Moynihan, who became a CPA at 49 years old; Moynihan championed students, particularly those in the Syracuse Chapter’s Career Opportunities in the Accounting Profession program; with the NYSSCPA’s current President-elect Joseph M. Falbo Jr.; with NYSSCPA award winners Arthur J. Roth and Neville Grusd and Society Past Presidents Stuart Kessler and Robert L. Israeloff at the 115th Annual Dinner.





## NYSSCPA members recall a great CPA and friend

"J. Michael Kirkland often says that the CPA is the gold standard of accounting; Dave, in turn, was the gold standard for CPAs. As a profession, we're conservative; we tend to be a group that doesn't embrace change quickly. But Dave ran counter to that. He had no problem seeing if there was a better way to do something—he believed that the CPA's hallmark was quality, and he wanted to make sure everyone understood that. As a leader, Dave didn't care about being right; he cared about getting it right. He wasn't merely open to everyone's point of view—he insisted on hearing it. I saw it happen dozens of times in meetings.

He had a very kind way about him. He would often take time at the office to help a younger staffer if he or she was having trouble studying for the CPA exam. But, then again, everyone was important to Dave—it didn't matter who you were or where you came from. This came up over and over again among the thousands of people who paid their respects. He left a piece of himself with everyone he met."

—Joseph M. Falbo Jr., NYSSCPA president-elect

"I began working with the accounting firm Testone, Marshall & Disenza following college, which is where I met Dave. He encouraged me to join the NYSSCPA—I believe his exact words were, "Now that you have your license, this is the next step in your career." Dave was always encouraging emerging professionals to become CPAs and to be active in caring for the profession. His constant message was that being a CPA is an incredibly important responsibility and that one must always remember that quality matters.

I'm not entirely sure how to put his impact on the Society—or on the profession—into words. As a leader, he was always willing to be a part of the dialogue. He may not have agreed with you, but he was open to listening and to learning. He had a gift for looking at the big picture and thinking strategically, and tried to get everyone else to do the same. Dave felt that nothing was more important than getting it right, and this extended to just about everything he did. He didn't have a great deal of patience for personal agendas, particularly when they didn't support the greater good.

Dave had such an ability to impact everyone he crossed paths with—whether it was students in the Society's Career Opportunities in the Accounting Profession (COAP) program, or a young waiter at a restaurant he stopped to chat with. It's hard to imagine how he could have so much energy and passion. It's up to the rest of us, now, to continue his legacy."

—Gail M. Kinsella, 2012–2013 NYSSCPA president

"When I met Dave, back in the '80s, my first impression was that he was not only a very likable person, but a great accountant. I could tell that from day one. With the experiences he had in public accounting, as well as a short time he spent in private industry, he could do almost anything put in front of him, even though he, like the rest of us, was very young.

He was a pleasure to work with because he had a very positive outlook; he always had a smile on his face. He was very gregarious, and when he walked into the room, you knew it. But he wasn't just a fun guy—he was a great businessman and partner. He was never afraid to take the firm to the next level, or to push for taking on larger clients and more responsibilities.

His one mantra was always to issue or produce a quality product, no matter what. "Good enough" was never good enough for him. I think this showed throughout his tenure with us, as well as his time as president of the NYSSCPA, and it was this quality that led to his invitation to serve on the AICPA board, which, unfortunately, he never got a chance to do. Dave was an example of a true professional in pretty much every respect, not just in the way he did his work, but in how he treated his associates, his partners—really, anyone he came into contact with."

—Frank P. Disenza, partner at The Bonadio Group

"I knew Dave for at least a decade and would describe him as a genuinely honest, forthright professional. I don't think the Society would be here today if it wasn't for him. He made the changes necessary for our success and set the bar high. Every president since has followed in his footsteps. It's hard to think of him as being gone, and it's a great loss for us all."

—J. Michael Kirkland, 2013–2014 NYSSCPA president

"I met Dave while serving as a member of the NYSSCPA's Board of Directors in 2008. He was a great leader who addressed problems head on and issues as they arose. He also had a great sense of humor and a way of making people feel relaxed. I'll never forget when he asked me to serve on the Executive Committee. I was a sole proprietor at the time and appreciated the fact that he wanted to make sure practitioners like me were being represented. Unless you were a member of the Executive Committee in the year he was president, I don't think you can fully understand or appreciate the tremendous effort put forth by Dave to help the Society in so many ways. He made a dramatic difference at the Society, and I absolutely cherish the time I spent with him."

—David R. Herman, Rockland Chapter past president

fan, he was well known and beloved for his warm, open and social spirit.

In addition to his presidency, Moynihan served on and chaired numerous NYSSCPA committees and task forces, including the Peer Review, Finance, Government Accounting and Auditing, Awards, Nominating and Political Action committees; the Legislative and Task Force; and represented New York state on the AICPA Council. He was recently elected to the AICPA Board of Directors. Moynihan also dedicated extensive service to the Society's Syracuse Chapter, where he served as president, president-elect, treasurer and on the chapter's Career Opportunities in the Accounting Profession Advisory Board.

Moynihan's final column summed up his year as president but could also serve as a coda to his life's work. He was a consummate professional, an ethical and honest CPA, but never one to put on any airs. Anytime a crowd gathered around Moynihan—and one usually did—the people in it would most likely be smiling. Moynihan was just as quick with a joke as he was with his words: "Thank you for the opportunity to be your president. I'm also grateful that I had the opportunity to work with such a great Executive Committee and Board of Directors. ...I am confident, as a result of their hard work, that we have helped lay the foundation for a strong, vibrant Society for years to come. I just have to say thank you to all of you because, really, I had a blast."



# A trailblazer who wouldn't take no for an answer

BY ALONZA ROBERTSON  
*Trusted Professional Correspondent*

**B**ernadine Coles Gines, the first black woman to earn the title of certified public accountant in the state of New York, died on Jan. 23 after a short illness. She was 88 years old.

A native of Charlottesville, Va., Gines graduated from Virginia State University and New York University, where she earned her Master of Business Administration degree.

The NYSSCPA honored her last September, which marked the 60th anniversary of her earning her CPA license; the Society presented her with an official membership parchment and association pin. "It was a joy to have had the opportunity to meet and chat with [her]," said **J. Michael Kirkland**, the NYSSCPA's immediate past president. "I am truly better for having met her and learn of her story firsthand. We should celebrate her life and accomplishments by carrying her story with us and passing it on as an inspiration of what can be accomplished no matter the impediments."

Gines's graduation came right about the time that New York became the first state to require a four-year college education to sit for the CPA

exam. And though she exceeded the requirement, Gines initially had a difficult time finding a position with a CPA firm," as reported in the news accounts in the Society's newspaper, *The Trusted Professional*, and in the book, *A White-Collar Profession: African American Certified Public Accountants Since 1921*, by Theresa A. Hammond.

Although Gines found the discrimination against her race and gender "very sad," she was determined to become a CPA.

"I had an M.B.A. from NYU; I thought I would get a job right away," Gines said. "I was naïve. I sent letter after letter from the YWCA in Harlem, where I lived, but not one person replied," she said. "When I got married and moved to Queens, I got a few more responses with that address."

While working as a bookkeeper at the *New York Age*, an African American newspaper, Gines said she learned about Lucas & Tucker, an African American-owned CPA firm in Manhattan. Her hope deflated, however, when she learned that they didn't hire women.

Feeling as if she had not one but two strikes against her, Gines, who had graduated first in her class at Virginia State University, was undeterred. After two years of rejections, a CPA firm with a predominantly Jewish clientele hired

Gines. She recalled how impressed she was at being met with such "courtesy and respect."

"I think I took them by surprise," she said of the two partners at the first firm who answered her letter of application and who, after "some hesitation," hired her in 1949 to join their small

"If their clients had any problems with me being there," Gines said, "they never showed it."

She went on to have a long career with the City of New York Office of the Comptroller. In her retirement, Gines practiced yoga, traveled and volunteered for the AARP as a tax



From left: Queens/Brooklyn Chapter President-elect Rumbidzai Bwerinofa-Petrozzello, Manhattan/Bronx Chapter President Iralma Pozo and the NYSSCPA's Immediate Past President J. Michael Kirkland presented Bernadine Coles Gines (center) with a commemorative NYSSCPA membership certificate last September.

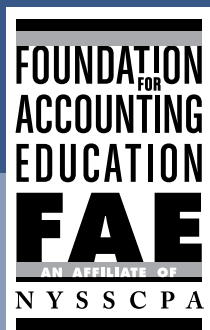
business in Manhattan's Flatiron Building.

One of the firm's partners felt the need to send a letter to all of his clients to notify them of their new hire. The one client with objections was quickly dropped. The firm's other partner conducted business as usual, taking Gines on client visits as he would any employee.

counselor during tax filing season.

"She was a trailblazer and a history maker," said **Rumbidzai Bwerinofa-Petrozzello**, president-elect of the NYSSCPA's Queens/Brooklyn Chapter, "who has [been] and will continue to be an inspiration for generations to come."

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# A champion for small practices

BY JASON WONG  
Trusted Professional Staff

**E**dwin J. Kliegman, a longtime and outspoken advocate of small and medium-sized firms who cofounded the national firm Marcum LLP, died on Jan. 21. He was 89 years old.

In a statement on the firm's website, Marcum's Managing Partner **Jeffrey M. Weiner** called him a "visionary who was widely respected, not only by his clients and colleagues, but throughout the accounting profession." The firm, Weiner added, "is proud to carry on his legacy."

A lifelong New Yorker, Kliegman attended the City College of New York, and, upon graduating in 1946, accepted a junior accounting position at a small CPA firm. Six years later, he and his colleague Ed Marcum struck out on their own and founded Marcum & Kliegman, CPAs. It would go on to become one of the nation's largest independent firms. "Legend has it that they shared a single desk in an office above a retail strip on Northern Boulevard in Flushing, Queens," Weiner said.

Though the firm later moved to Long Island, Kliegman, Weiner added, could not have predicted how it "would be transformed over the ensuing decades." Today, Marcum has 22 offices throughout the United States, Grand Cayman and China.

Around the time he founded the firm, Kliegman also became a member of the NYSSCPA and a charter member of the Society's Nassau Chapter.

In a profile published by the Nassau Chapter just a month before his death, Kliegman recalled the 1940s and 1950s as "fascinating times for the CPA profession," filled with both promise and challenges.

Back then, he said, there was "little recognition of newly minted CPAs who, having served their apprenticeships, opted to start a practice of their own." But, he added, small firms and sole practitioners grew in number nonetheless, many of them moving to Long Island, which was fast becoming a center of growth. As he recalled, firms grew very slowly. "Advertising was forbidden, as were marketing and soliciting," he said. "All you were allowed to do was accept referrals. So, we tried to become known, joined organizations and networked."

Kliegman didn't limit his concern to his own firm, however, but championed small practices throughout the state and country as well, as a frequent lecturer and prolific author. He wrote for several publications, including *The CPA Journal*, the *Journal of Accountancy* and the *Practical Accountant*.

"Ed was a tireless advocate for the issues facing small and medium-sized accounting firms," Weiner said. "He understood

innately the need to keep bringing in new talent to grow the firm and to cultivate the future leadership."

For example, in a 2008 issue of *The Trusted Professional*, Kliegman greeted the recent creation of a Treasury advisory committee charged with examining issues fac-

ing the auditing profession by questioning the lack of representation of small practices. "The panel includes distinguished people representing government, academia, banking, business, investors, the AICPA and the Big Four," he said. "There is one group, how-

ever, that seems to have been overlooked—the 48,000 CPA practitioners in the United States who have no representation on the panel."

In 1979, he founded the Nassau/Suffolk Chapter of the National Conference of CPA Practitioners (NCCPAP), serving as its first president. He would later become president of the national organization itself. He also took his passion to the global stage: After traveling to Russia in 1991 to educate business professionals about American business practices, he went on to establish the first privately held accounting firm in Saint Petersburg.

In addition to advocating for practitioners, Kliegman frequently tackled broader issues within the profession. He criticized old stereotypes about CPAs and encouraged a more holistic view of the accountant's role.

"... [T]he CPA is a 'people person' not merely a 'number cruncher,'" he wrote. "The number crunching is a means to an end—a tool that the CPA uses to help a client to grow."

An active member of the Society right up until his death, Kliegman described his time in the organization, particularly as part of the Nassau Chapter, with great enthusiasm: "It was an exciting experience to be the first to be part of a new organization, participate in its growth and [have] the opportunity to meet other practicing CPAs, to learn how and what they were doing to build and develop business and to be able to discuss problems of practice with others in the same situation," he said.

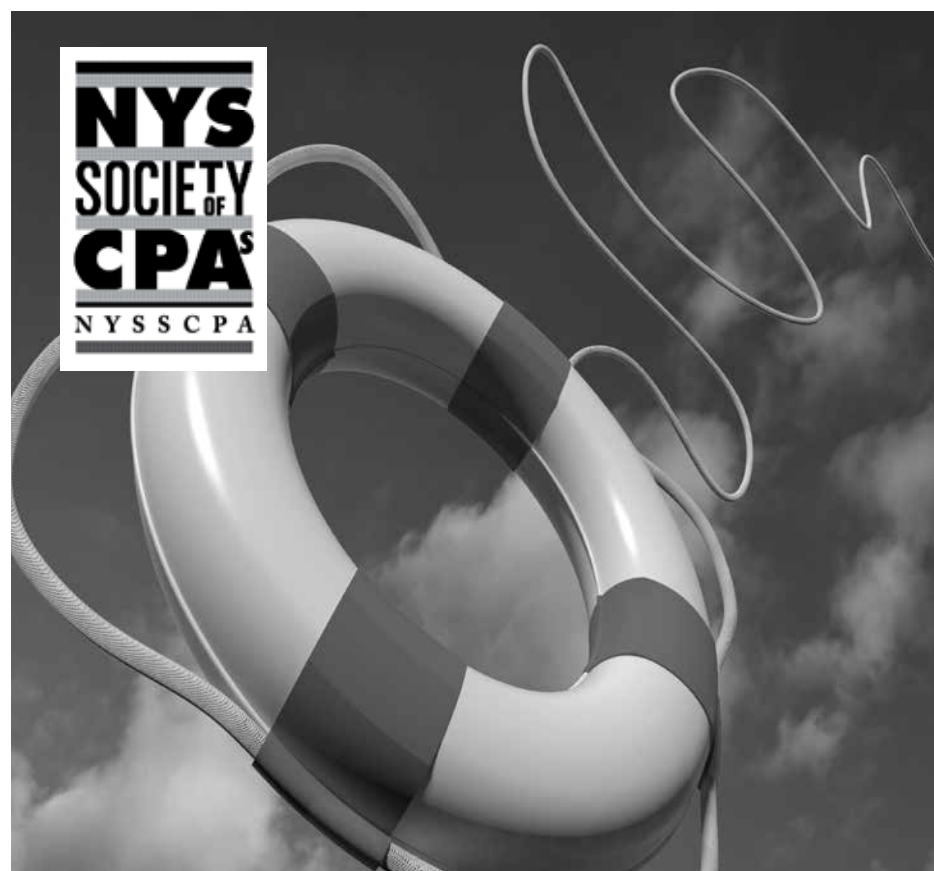
NYSSCPA members who worked closely with Kliegman had nothing but praise for him.

"Ed supported our Society and chapter, but never lost sight of the individuals involved. He worked tirelessly to advance the profession and its members," said **Robert S. Barnett**, the Nassau Chapter president.

Kliegman, who penned the book, *For Presidents Who Want to Change the Future: A Leadership Manual*, was also active in his local synagogue and was the first CPA to be elected trustee of the Village of Massapequa Park. He is survived by four children, as well as eight grandchildren, according to a death announcement released by the family. Doris, his wife of 61 years, passed away in 2009.



Edwin J. Kliegman



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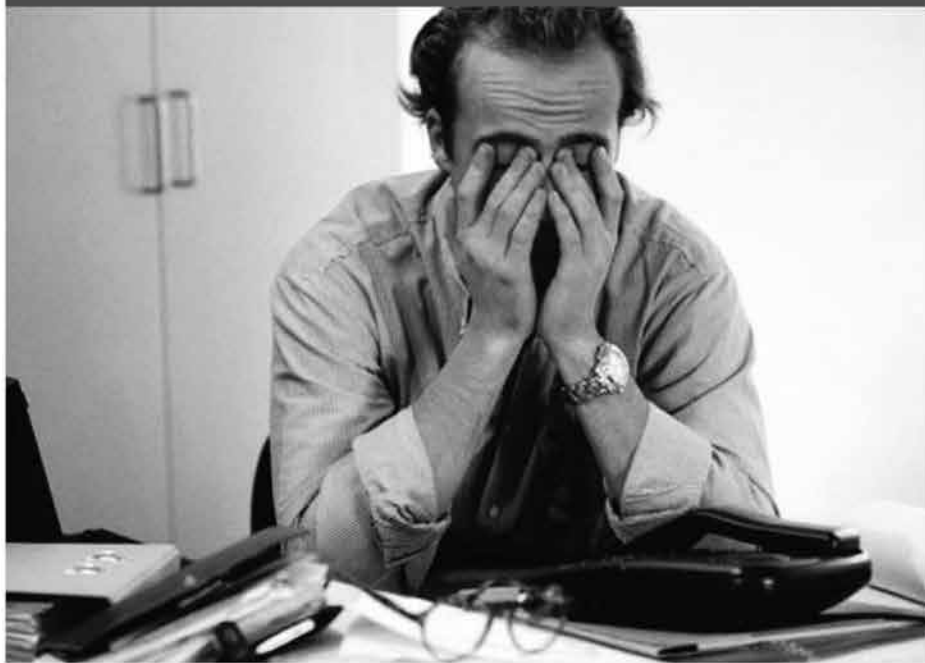
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## F&E speaker: A nonprofit's future could hinge on its ability to allocate properly

BY CHRIS GAETANO

*Trusted Professional Staff*

**G**ov. Andrew Cuomo's Executive Order 38 (EO38), which set caps on how much nonprofits that receive funding from the state can compensate their executives and spend on administrative costs, has made proper cost reporting to government agencies more important than ever—and the cost of mistakes even more drastic, according to **Allan M. Blum**, a speaker at the Foundation for Accounting Education's Nonprofit Conference on Jan. 15.

That's because if a nonprofit organization funded by taxpayer money doesn't allocate its expenses properly, it may not only face significant monetary impacts, but dents to its reputation that could make donors more hesitant to give, he explained.

Blum, a member of the NYSSCPA's Not-for-Profit Organizations Committee and the senior audit partner at Loeb & Troper LLP,

said that through proper governance, an organization can minimize its risk of state auditors sweeping in and unearthing an expensive mistake. However, he added, this can be harder than you might think.

"Everyone thinks they're clean and counted [regarding allocations], but when the auditors come back and say, 'We don't agree with the methodology you used,' you have to scratch your head and say, 'What position should I take?'"

He also noted that nearly every allocation method that an organization might think to use can have problems. For example, one common technique for presenting expenses is to break them down by costs per "unit of service." But since how a unit of service is defined by the funding source, that unit might not be a representative statistic for the cost to be allocated.

Another common method used is square footage, in which funds are allocated based on the amount of space a particular program takes up in an office or building. But this can also raise questions, like whether common space should or should not be included if multiple programs are housed within the same building.

Some organizations will also use the overall number of sites serviced, but Blum pointed out that this can be a problem when there are multiple programs, as the basis of the allocation may not be consistent based on the needs

of the participants within each site.

Regardless, he said, what the government is looking for in an organization's allocation methodology is consistency and reasonableness. If an organization fundamentally changes how it does its allocations from one year to the next, Blum said, that will raise questions as to why the organization felt such a change was needed. In terms of reasonableness, he said it's important to make sure that the method fits the particular item an organization is expensing.

Another consideration is how well a particular method can be documented. Blum said that his mantra is "documentation,



**Allan M. Blum at the F&E's Jan. 15 Nonprofit Conference**

documentation, documentation," and that a major way internal governance can play a role in allocations is by keeping good records so that methodologies can be better explained if an auditor comes around.

Overall, organizations must be proactive, he advised, challenging staff to make sure that allocations

are properly documented. He asked attendees, "When was the last time you talked to your staff about preparing cost reports or doing allocations, even in the general ledger? When was the last time you documented square footage? Or read the manual applicable to the organization's programs?"

Regular internal testing is also important—including payroll and reviewing the basis of the charges that were allocated—particularly to determine if expenses have been charged to the appropriate program or site, if allocations of employees charged to multiple job functions were done according to the program's requirements, and if the methodology was appropriate and reasonable. This should be done, he said, on an ongoing basis, and if the staff doesn't have the expertise to do so, the work should be outsourced.

Still, even having a good system in place won't matter if the "tone at the top" isn't appropriate. If the board doesn't take this seriously, it will be difficult to implement any governance measures that would make sure allocations don't become a problem, he said. This, he added, is an issue that affects both large and small organizations.

"I walk into a \$50 million organization and, sometimes, they don't get it either. But, again, it's tone at the top, the way the board looks at things," he said.

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# Nominations

*Continued from front page*

24,337 this year), other than that of the nominee, 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](http://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

Meeting and Dinner on Thursday, May 14, at the Eventi Hotel 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 questions, please contact me at [secretarytreasurer@nysscpa.org](mailto:secretarytreasurer@nysscpa.org), or the Society's Counsel Bradley M. Pryba, at [bpryba@nysscpa.org](mailto:bpryba@nysscpa.org).

## Annual Election Meeting and Dinner

Based on the votes cast in the ballot, the officers and directors for 2015–2016 will be elected during the 118th Annual Election

# Tax Season

*Continued from front page*

What's more, even the quality of support offered will be lower than in years past: The IRS will answer only basic tax law questions during the filing season, and won't answer *any* tax law questions once the filing season is over.

According to Olson's report, the IRS has simply reached its tipping point: Over the past decade, the number of individual returns processed by the service has increased by 11 percent; business returns, in the same time period, have increased 18 percent. In addition, the IRS is also expected to administer the Affordable Care Act (ACA) and oversee compliance with the Foreign Account Tax Compliance Act, which "are both expected to add considerable new work." Yet, the IRS's budget has been reduced by about 17 percent since 2010, which has caused the agency to shed some 12,000 employees. The training budget for the employees who remain has been reduced by 83 percent.

"Like any agency, the IRS can operate more effectively and efficiently in certain areas," Olson said. "However, we do not see any substitute for sufficient personnel if high-quality taxpayer service is to be provided."

While grappling with areas of uncertainty is nothing new when it comes to the IRS, said **Jonathan M. Horn**, chair of the NYSSCPA's Relations with the Internal Revenue Service Committee and a past chair of its Taxation of Individuals Committee, he noted, however, that the service has offered little guidance on how to proceed in the difficult days ahead.

"I normally go into tax season hoping for the best and expecting the worst, but this year, I don't have a lot of hope," he added.

As a result, Horn said, while he doesn't plan to change his overall approach to the season—noting that as always, he'll be "honest and straightforward with clients"—he does plan to reconsider certain client policies.

For example, Horn said that he'll be re-instituting a practice that he had stopped a few years ago of proactively asking each client, when doing a return, to sign a Power of Attorney form. This way, he'll get a copy of any correspondence, rather

than having to wait for the client to convey information.

Indeed, for weary practitioners, maintaining a high level of service, while receiving less support from the IRS, will likely require some adjustments, greater candor with clients and a "tough love" approach when enforcing deadlines, NYSSCPA members said.

Concerned that there will be considerable delays this tax season, **Eric J. Engelhardt**, also a member of the Relations with the Internal Revenue Service Committee, said he had disclosed potential issues regarding the IRS's ability to process tax returns and refunds with clients. Moreover, he said he had put them on notice that last-minute scrambling would not be feasible, and informed them that their tax work would need to be in much earlier this year.

Further, Engelhardt said that, to avoid dealing with both delays and identity theft, he would advise clients to apply refunds to 2015, as opposed to revealing direct deposit information on tax returns or hoping to receive refund checks on a timely basis from the IRS.

As tax representation and tax cases comprise the bulk of his tax practice, Engelhardt said he is carefully examining prior tax strategies; given the IRS's understaffing problems, "tax matters will take much longer to resolve now, so the accumulation of interest and penalties will be much more of a factor to consider at this time," he said. He suggested that IRS tax notices be met with a rapid response that included a phone call backed up with a fax and certified mail, return receipt requested.

**Thomas H. Zick**, another member of the Relations with the Internal Revenue Service Committee and a former IRS agent himself, said that when he recently called the IRS to set up an installment plan for a client, it took more than three hours to reach someone, let alone set up the plan. During that time, he said, his call was dropped twice—first, after 90 minutes on hold, and then again after about 30 minutes into the conversation—and this was using the Practitioner Priority Service, which, he noted, has gotten progressively worse over the years.

Zick said he was particularly concerned about all the new complications that have been added by the ACA which "will probably involve unanticipated time and unanticipated fees," though he has tried to get in front of potential issues by sending letters to clients outlining areas of the law that will affect them. He also worried that an underfunded IRS will have fewer resources to combat identity theft. Last year, the IRS said it had seen a significant rise in refund fraud, in which thieves file false claims for refunds using strangers' Social Security numbers. In

2013, the service launched 1,492 identity theft-related criminal investigations—an increase of 66 percent, compared to 2012. In total, the IRS reported that direct investigative time spent on identity theft had increased by 216 percent.

In the end, Horn felt that this year will require a significant amount of patience on the part of tax practitioners. When asked what advice he would have for his fellow professionals, he thought for a moment and, then, putting it bluntly, said, "Pray."

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# Experts: Bitcoin's virtual, but the reporting requirements are real

BY KEITH MILLER, RICHARD E. PETERSON AND JOSEPH P. CUTLER

**Y**ou or your client decides to jump into the exciting but volatile world of Bitcoin and virtual currencies. What are some of the most important tax-related implications of dealing in virtual currency, and what are the hidden reporting requirements associated with such transactions?

Virtual currency is a term used to describe several different mediums of exchange, from “convertible” virtual currencies like Bitcoin and prepaid digital credits that have equivalent values in regular currency and can be converted into real currency, to nonconvertible currencies like airline miles or in-game tokens and credits used to “pay” for goods or services. This article focuses on convertible virtual currencies and, in particular, “decentralized” convertible virtual currencies, like Bitcoin, which are tracked using a decentralized ledger.

On March 18, 2013, the U.S. Department of the Treasury's enforcement body, the Financial Crimes Enforcement Network (FinCEN), released guidance in FIN-2013-G001, defining virtual currency as “a medium of exchange that operates like a currency in some environments, but does not have all the attributes of real currency.” While

virtual currency does not have legal tender status in any jurisdiction, it is, nevertheless, used both for investment purposes and to pay for goods and services. In the aftermath of FinCEN's guidance, many wondered how the IRS would treat virtual currency for tax purposes.

The IRS issued Notice 2014-21 on March 25, 2014, to provide tax guidance regarding transactions involving virtual currency. In this notice, the most significant tax-relevant determination is the classification of Bitcoin and similar virtual currencies as “property.” Prior to the IRS notice, it was not clear whether trans-

actions or holdings of virtual currency were to be treated as property or foreign currency for tax purposes. Somewhat paradoxically, despite characterizing virtual currency as property for tax purposes, the IRS adopted the definition of virtual currency in FIN-2013-G001, which equated virtual currency with real currency, without any indication that it should be characterized or treated as property.

## Payments made using virtual currency are subject to IRS tax reporting, just as other payments made in money or property are.

actions or holdings of virtual currency were to be treated as property or foreign currency for tax purposes. Somewhat paradoxically, despite characterizing virtual currency as property for tax purposes, the IRS adopted the definition of virtual currency in FIN-2013-G001, which equated virtual currency with real currency, without any indication that it should be characterized or treated as property.

A close reading of the notice, however, suggests the IRS's rationale for treating virtual

currency as property is that unlike “real currency,” it is not “the coin and paper money of the United States or of any other country that is designated as legal tender, circulates, and is customarily used and accepted as a medium of exchange in the country of issuance.” Because of this distinction, virtual currency is not the same as legal tender and, hence, is property for tax purposes. Thus, similar to any transaction involving property, income generated by convertible virtual currency transactions should be treated as either ordinary income or capital gain, as applicable. Conversely,

if virtual currency was treated like foreign currency, foreign currency gains attributable to fluctuating currency values would be taxed as ordinary income. For those who participate in the virtual currency ecosystem, there are a number of significant issues raised in the IRS notice. In spite of the guidance, however, there remain many unanswered questions, even for the regulators themselves. In any event, the IRS asserts that the notice “describes how general tax principles

apply to transactions using virtual currency” and is a clarification, not a new interpretation. However, as developments and advances in the virtual currency technology and ecosystem continue to occur, so will new issues evolve. Therefore, taxpayers should consult tax advisers or counsel who have a solid understanding of the present regulatory standing of virtual currency regulation in both taxation and any other area applicable to their particular business or situation. It is important to note that the IRS will apply the rules and principles discussed in its notice to past transactions as well as future transactions.

Although for any audit that involved a virtual currency transaction that occurred prior to the March 25, 2014, release date of the notice, taxpayers may be able to avoid penalties due to the lack of prior guidance by the IRS, such a waiver of penalties is not guaranteed.

Despite the uncertainty surrounding virtual currency issues, the IRS notice did provide some helpful answers to questions that it posed. The IRS covered certain issues by focusing on the context in which the taxpayer was tendering



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or receiving virtual currency. The following are some of the areas that were addressed.

### Investors

Because virtual currency is characterized as property, the IRS notice is generally good news for taxpayers who hold virtual currency as investments, because lower capital gains tax rates may be applicable to sales or exchanges of their virtual currency held for more than one year.

So, an investor who purchased an investment with bitcoins would recognize gain in an amount equal to the difference between the purchase price and the investor's basis in the bitcoins. If the bitcoins were held for more than a year, long-term capital gains tax would apply (with a maximum of 20 percent) and possibly net investment income (subject to a 3.8 percent surtax, if the taxpayer has adjusted gross income in excess of \$200,000).

### Miners

In decentralized virtual currency ecosystems like Bitcoin, the virtual currency is "mined" by either solving complex mathematical algorithms or verifying "blocks" of transactions on the decentralized ledger to verify the ledger's accuracy. In either circumstance, a taxpayer who successfully mines virtual currency is taxable on the mined bitcoins. Obviously, a taxpayer who mines virtual currency is not engaged in a sale or exchange—that could potentially trigger capital gain. Instead, the IRS considers the income from mining as ordinary (with a maximum rate of 39.6 percent) as well as self-employment income—subject to Social Security and Medicare taxes—with respect to a taxpayer who is self-employed and actively mines virtual currency.

On the other hand, some advisers disagree with the IRS's position, arguing that that if mining bitcoins is similar to producing or mining an asset, rather than realizing income upon the receipt of the virtual currency, then there should be no taxable event until the virtual currency is sold or exchanged for money or other property.

### Exchanges

There are a number of commercial services that enable consumers to either buy or exchange virtual currency. Some services directly sell virtual currency either online or at kiosks that function like vending machines—sometimes called "Bitcoin ATMs"—while other services function more like a stock exchange, matching consumers who want to sell virtual currency with consumers who want to buy virtual currency, and then handling the exchange between the consumers through an open order book and hosted deposits of the virtual and real currencies.

Clearly, virtual currency held mainly as inventory for sale to customers will likely be treated as a noncapital asset. For example, an

exchange that sells virtual currency in the course of its trade or business to customers must recognize ordinary income to the extent the amount received exceeds the basis (the amount paid for the virtual currency).

As to registration and information-reporting requirements unrelated to tax issues, none of the federal agencies have decided whether virtual currency constitutes a security or a commodity, where brokers in virtual currency would be subject to the same rules that are applied to brokers in securities and commodities.

### Persons who use virtual currency as a method of payment

Because the IRS notice characterizes virtual currency as property, any exchange or payment of virtual property for other property is a taxable event, triggering potential gain or loss for the payer. Although in the notice, an answer to a question regarding the payment of virtual currency as wages focuses only on the tax consequences to the employee, the payment would

also trigger gain or loss to the employer to the extent that the fair market value of the virtual currency exceeded the employer's basis in the virtual currency. The same concept would apply to a buyer in a retail transaction if the value of the merchandise purchased exceeds the buyer's basis in the virtual currency tendered.

### Reporting and withholding requirements

Payments made using virtual currency are subject to IRS tax reporting, just as other payments made in money or property are. For example, a person in a trade or business making a payment in excess of \$600—or its equivalent fair market value in virtual currency—to a nonexempt recipient would have to report such payment to the IRS on a Form 1099.

Backup withholding rules also apply if the person reporting the transaction (i.e., the payer) does not know the recipient's taxpayer identification number (TIN). Similarly, although not directly addressed in the IRS notice, a payment of U.S. source income to a foreign person generally would be subject to 30 percent tax withholding as well as reporting the transaction to the IRS. Moreover, all withholding of U.S. taxes must be in U.S. dollars, even if the payment was made in virtual currency. Significantly, the failure

of a payer to report the transaction to the IRS does not excuse the recipient from the obligation to pay U.S. income taxes in U.S. dollars on such income.

### Employees and independent contractors

Any taxpayer paid in virtual currency for the performance of services as an employee or an independent contractor is taxed in the same manner as if the amounts paid were in U.S. dollars. Employees are subject to wage withholding, as well as Social Security and Medicare taxes, and independent contractors are liable for income and self-employment tax. With respect to compensation paid in virtual currency, the taxes on that compensation must, nevertheless, be paid in U.S. dollars.

### Payment processors

The IRS information reporting rules applicable to third-party settlement organizations (TPSO) also apply to payment processors that settle transactions in virtual currency.



## Weighing in on Bitcoin

Last spring, the Society established a Virtual Currency Task Force to identify the associated risks and benefits of electronic currencies. To read the task force's recent comment letter regarding efforts by the state's Department of Financial Services to regulate virtual currency, go to [nysscpa.org/comment-letters-by-type.html](http://nysscpa.org/comment-letters-by-type.html).

If a virtual currency payment processor is a TPSO, it must report payments made to a merchant if, for the calendar year, the number of transactions settled for the merchant exceeds 200 and the gross amount of payments to the merchant exceeds \$20,000. The dollar value of payments denominated in virtual currency is based on the fair market value of the currency on the date of payment.

FinCEN recently published an opinion concluding that a payment processor that assisted online merchants in converting payments by consumers in virtual currency to payments of real currency—so that the merchants could advertise that they accepted virtual currency as a form of payment—was considered a "money transmitter," required to register with FinCEN as a "money service business" under FinCEN's anti-money laundering regulations. Any taxpayer who offers payment processor services dealing with virtual currency should seek not only tax advice but also regulatory advice related to its status as a potential money service business, subject to other federal anti-money laundering regulations.

One consequence of the IRS characterization of virtual currency as property will be to prevent it from becoming an independent benchmark for pricing goods and services

without reference to U.S. dollars or other real currency. In other words, in any transaction or exchange involving virtual currency, the amount realized would by necessity be expressed in U.S. dollars, either directly or by reference to an exchange price.

Another consequence of the IRS notice may likely be an increased need for virtual currency exchanges. The immediate tax cost of mining activities and the tax cost incurred upon the purchase of goods, among others, will create an even greater need for U.S. taxpayers to convert virtual currency into U.S. dollars.

At this point, it is an open question as to whether the IRS position on virtual currency will reduce the number of people using virtual currency in retail transactions, especially for numerous small transactions. These taxpayers may opt to exchange virtual currency directly for U.S. dollars in fewer, larger transactions. Moreover, retailers will need to increase their recordkeeping in order to keep track of the basis they have in the virtual currency received for purchased goods.

Additionally, the New York State Department of Taxation and Finance (NYSDTF) recently issued guidance—Technical Memorandum (TSB-M) 14(5)C, (7)I, (17)S—indicating that the same treatment of virtual currency set forth in IRS Notice 2014-21 will apply for New York state tax purposes. The TSB-M also indicates that for sales purposes, the use of virtual currency is treated as a barter transaction. In other words, the buyer is purchasing the goods or services from the seller in exchange for the goods and services, whereas, the seller is treated as purchasing the virtual currency in exchange for the goods or services it is providing to the buyer. Thus, even though the buyer pays for the goods or services in virtual currency, this part of the transaction is subject to sales tax payable by the buyer. On the other hand, because the seller is viewed as buying virtual currency—an intangible asset, exempt from sales tax—no sales tax is imposed on this part of the transaction.

Practitioners who assist individual clients should consider providing recordkeeping logs or software to help their clients keep track of virtual mining transactions, including mining or spending, in addition to exchanges of virtual currency for U.S. dollars or other assets.

*Keith Miller is a partner in the litigation practice of Perkins Coie LLP, an international law firm, and serves as the firmwide chair of the white collar and investigations practice. Richard E. Peterson is also a Perkins Coie partner and is the firmwide chair of the federal tax practice. Joseph P. Cutler is counsel in Perkins Coie's litigation group and a member of the privacy & security subgroup.*

*This story was first published in the NYSSCPA's Tax Stringer.*

# War Story Quiz:

## When a client withholds payment, what's the best way to resolve the dispute?

BY SUZANNE M. HOLL, CPA

*Editor's Note: "War Stories," drawn from the claims files of Camico, a CPA-directed insurer and risk management program for accountants, illustrate some of the dangers and pitfalls in the accounting profession. All names have been changed.*

A longtime nonprofit audit client that relies on federal grants to sustain itself has, with no explanation, decided to withhold payment of its fees. Upon receiving its audit report, the organization paid only \$20,000 instead of the \$35,000 owed for audit services.

After numerous failed efforts to collect the remainder of the fee and learn why the organization did not make the full payment, the auditor ultimately disengaged from the client. Without considering a clause in the engagement letter that called for both mediation and arbitration for fee disputes, the

firm hired an attorney to pursue the \$15,000 balance. The client then countersued, claiming negligence by the auditor and a refund of the audit fees.

**Which of the following best describes how your firm would approach the preceding collection issue?**

**1. Proceed with the lawsuit.** After all, the firm is entitled to the outstanding fees.

**2. Monitor the balances due.** Any client with outstanding fees of 90 days or more would receive written notification that our services would cease until the firm received payment and a substantial retainer. We would disengage if the client didn't comply in a timely manner.

**3. Inform the client that the firm plans to initiate mediation.** The firm's engagement letters contain clauses initially calling for mediation to resolve all disputes, and binding arbitration for fee disputes only. If faced with this scenario, we would inform

the client in writing that, unless paid within 10 days, we will initiate mediation or binding arbitration to settle the matter. We'd also promptly terminate our audit relationship.

**4. Take no action** and hope that the client will ultimately pay the outstanding balance.

**5. None of the above.**

### Unpacking the answers

**1. Incorrect.** The cost of pursuing this route may well exceed the remaining fees owed to the firm. Initiating a lawsuit, and defending yourself against the almost guaranteed countersuit, can be expensive, and there is no guarantee that there will even be collections at the end.

**2. Correct.** This is the best approach to nip fee collection issues in the bud. Keep up with the firm accounts receivable on a regular basis and document with the client what you will be doing, per the signed engagement letter that both sides agreed upon. The services can continue if the payment conditions are met. Avoid waiting until right before deadlines or due dates to stop work, as this could lead to a breach of contract suit being brought by the client.

**3. Correct.** Using the mediation and arbitration process to settle fee disputes is more effective than litigation, though there is no guarantee that the whole amount owed will

be collected. Clients will sometimes see what is in front of them and pay some or all of the fee. The auditor must be concerned about the independence issue that may arise when the client doesn't pay the fee in full.

**4. Incorrect.** This approach gets many firms in trouble, with regard to fee collections. The firm or a particular member of the firm might be too concerned about client service and not losing the client. As a result, the amount due rolls forward and grows into a sum that the firm will never be able to collect. This can cause financial stress on the firm and even tear firms apart. It can also cause independence issues for future audited financial statement services provided to the client by the firm.

**5. Incorrect,** as explained above.

*Suzanne M. Holl, CPA, senior vice president of loss prevention services at Camico (www.camico.com), has more than 18 years of experience in Big Four public accounting and private industry.*

**For information on the Camico program, call Camico directly at 800-652-1772, or contact: (Upstate) Reggie DeJean, Lawley Service, Inc., 716-849-8618, and (Downstate) Dan Hudson, Chesapeake Professional Liability Brokers, Inc., 410-757-1932.**



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## DISCIPLINARY MATTERS

**Kirk Demou, of Commack, N.Y.,** was admonished by the NYSSCPA, effective Dec. 8, 2014, as a result of a settlement agreement reached in the investigation of an alleged violation of NYSSCPA Code of Professional Conduct, Rule 101-Integrity, with respect to an error he committed in the preparation of a client's 2010 New York state tax return. Instead of informing his client of the error, Demou attempted to coerce the client into believing that the client had participated in a scheme to purposely misrepresent the client's own educational status on the return.

**Jack Egan, of New Rochelle, N.Y.,** was expelled from membership in the NYSSCPA effective Jan. 14, 2015, under the automatic provisions of the Society's bylaws in connection with the disciplinary action taken by the Securities and Ex-

change Commission (SEC). Specifically, the SEC suspended Egan from appearing or practicing before the Commission as an accountant. This decision was based on the SEC's allegations that Egan knew or was reckless in not knowing that recognition of fraudulent revenue did not comply with Generally Accepted Accounting Principles in connection with a "Company's" financial statements, and that, nevertheless, Egan signed the Company's public filings and included the revenue in the Company's financial statements for the fourth quarter and fiscal year ended Oct. 28, 2007; and for certifying the Company's annual reports on Forms 10-K for its fiscal years ended 2007 and 2008, when he knew or was reckless in not knowing that the financial statements were materially false and misleading.





## Buffalo hosts state tax experts, plans next Summer Symposium

BY THOMAS BURNS  
*Buffalo Chapter President*

**O**n Nov. 18, I woke up to three feet of snow and had to shovel a path in my backyard just so I could let my dogs out. I spent the next few days hunkered down in my house with my family. My village had received seven feet of snow in three days, which, believe it or not, is unusual in Buffalo. During the storm, however, I was able to participate in an early morning teleconference with the Buffalo Chapter A&A Committee to plan the next



**Thomas Burns**  
*Buffalo Chapter President*

Summer Symposium. I was impressed with the passion the committee showed so early in the morning, when most of us could not leave our homes due to weather-related driving bans. Stay tuned for more details about the two-day symposium, which is scheduled for July and will cover a range of topics. I would like to give a shout-out to our NextGen Committee, led by **Amelia Wright**, for volunteering at Autism Services, Inc.'s (ASI) holiday gift-wrapping booth at Walden Galleria Mall. At least a dozen members signed up for four-hour shifts in December, wrapping gifts

and raising money to support the programs and services provided to the Western New York community by ASI.

Our Small MAP Committee, led by **Christine A. Learman**, organized a New York State Tax Update on Jan. 15. The event featured Suzanne Reusch, a taxpayer services specialist at the New York State Department of Taxation and Finance, who covered New York state tax law and e-file updates; John Dobis, who discussed corporation tax reform; and Mwisia Chisunka, New York state's business ombudswoman and director of business tax services and education, who addressed Start-Up NY and Empire State Development initiatives. I would like to express my appreciation to the committee for

its efforts to put on this session.

Our chapter held its Managing Partner/Town Hall meeting at the Buffalo Club on Jan. 22. Managing partners had an opportunity to meet with NYSSCPA President **Scott M. Adair**, President-elect **Joseph M. Falbo Jr.** and Joanne S. Barry, the Society's executive director, to ask questions and hear firsthand what the NYSSCPA is doing to promote our members and the profession.

I thank everyone who participated in these events. Please contact me with suggestions, or if you would like to join one of our committees or help out at an event.

*tburns@lumsdenncpa.com*

## Call for nominations to serve on the Manhattan/Bronx Chapter board

BY IRALMA POZO  
*Manhattan/Bronx Chapter President*

**I**f you're interested in serving on the Manhattan/Bronx Chapter Board of Directors, starting June 1, please read the Call for Nominations letter below and express your interest by Feb. 27.



**IRALMA POZO**  
*Manhattan/Bronx Chapter President*

come effective at the beginning of the chapter's new fiscal year, which starts on June 1.

The Manhattan/Bronx Chapter Nominating Committee invites chapter members to submit names (you may also submit your own) for officer (vice president, treasurer and secretary) and director positions.

Please submit your nomination(s) as soon as possible, but no later than Friday, Feb. 27,

and indicate the board or officer position in the subject area. All nominees must be in compliance with CPA licensing rules and NYSSCPA membership requirements. Nominations, along with a brief

professional biography, should be sent to **J. Michael Kirkland** at [jmk@nysscpa.org](mailto:jmk@nysscpa.org).

Becoming an officer/director of the chapter's board allows members to make an important contribution to the profession and provides numerous leadership opportunities. You can help the chapter develop strategies and execute its significant initiatives, while enhancing your own professional network, leadership skills and career goals.

What is required of a board member?

- Attendance at board meetings in person (preferably) or via conference call. There are approximately 10 board meetings per year.

- Participation, when possible, in CPE seminars and social, professional and charitable events sponsored by the chapter, in

addition to developing and helping to coordinate chapter events.

Information about the chapter's activities can be found on the Society's website at [www.nysscpa.org/ManhattanBronx](http://www.nysscpa.org/ManhattanBronx), or on our Facebook page at <https://www.facebook.com/?sk=welcome#!/Manhattan-BronxChapter>. If you have any questions, please feel free to contact a member of the Nominating Committee.

### Nominating Committee

**J. Michael Kirkland**, chair ([jmk@nysscpa.org](mailto:jmk@nysscpa.org))  
**William Aiken** ([billpoetry@aol.com](mailto:billpoetry@aol.com))  
**Sherif Sakr** ([ssakr@deloitte.com](mailto:ssakr@deloitte.com))

*pozo.iralma@gmail.com*

## Northeast event helps high school students explore career opportunities

BY LISA SMITH  
*Northeast Chapter President and High School Outreach Committee Chair*

**I**n October, the Northeast Chapter met with high school students at Shenendehowa High School in Clifton Park to discuss the diverse opportunities available to them if they pursue a career in accounting. This is the third year that the Northeast Chapter has hosted the event, which was again well received.

More than 600 students attended six presentations held throughout the day.



**LISA SMITH**  
*Northeast Chapter President*

Students had an opportunity to ask questions related to the profession following each presentation. To encourage participation, students received a ticket for each question they asked, which was then included in a raffle for prizes drawn at the end of each session.

During the presentations, I gave a summary of my career path over the past 20 years, which included—

- "Big Four" public accounting
- serving as the controller for a *Fortune* 500 company
- becoming the CFO of a government agency

- specializing in internal audit and serving as the SOX director for a national retailer

- my current position as a partner in a regional public accounting firm.

The goal was to illustrate the many alternatives available within an accounting career, as well as how I made the decision to pursue each opportunity.

I also discussed the NYSSCPA and showed students the Society's website. I highlighted the tools available to help them explore careers, as well as the benefits of membership.

I was joined by **Ashleigh S. Smith** and John Watson who also shared their career paths with students, which primarily consisted of public accounting.

I would like to thank SaxBST for its continued support of the Northeast Chapter and its efforts to promote the profession within the community, as well as Ashleigh and John for participating in this event. The Northeast Chapter plans to conduct another outreach event at an area high school this spring.

For more information about the Northeast Chapter, please contact me at the email address below. Please mark this upcoming event on your calendar:

**May 11**—Financial Professionals Golf Open, the Edison Club, Rexford. For more information, contact **Frank Ferrucci** at [fferrucci@wojeskico.com](mailto:fferrucci@wojeskico.com).

*lmsmith@saxbst.com*

## CHAPTER EVENTS & CPE

### NASSAU

**Tax Season Issues**  
**When:** Feb. 20, 8–10 a.m.  
**Where:** On Parade Diner, 7980 Jericho Turnpike, Woodbury  
**Cost:** \$25 members; \$30 nonmembers  
**CPE:** 2 (taxation)  
**Course Code:** 29036528  
**Contact:** Jean Townsend at jtownsend@st-cpas.com or 516-938-0491

### ROCHESTER

**15th Annual Counselor's Cup Golf Tournament**  
**When:** June 16, 8 a.m., registration/ breakfast; 9 a.m., shotgun start; 3 p.m., putt off/networking; 4 p.m., dinner/awards/ raffles  
**Where:** Bristol Harbour, 5410 Seneca Point Road, Canandaigua  
**Cost:** \$125 per golfer, \$250 twosome; \$45 dinner only (for nongolfers)  
**Contact:** Nick Piehler at 585-454-4161

### SYRACUSE

**NextGen Committee's NYSSCPA Crunch Hockey Night (vs. Albany Devils)**  
*A family-friendly event*  
**When:** Feb. 20, 5:30 p.m, appetizers provided at Ale 'n' Angus Pub; 7 p.m. face-off  
**Where:** Onondaga County War Memorial, 515 Montgomery Street  
**Cost:** \$10 per adult; \$8 per child (12 & under)

**Contact:** Casey Christopher at cchristopher@dimarcocpa.com or 315-475-2937

### WESTCHESTER

**The Westchester Chapter's Annual Tax Hotline, hosted in partnership with *The Journal News***  
**When:** Feb. 28, 9 a.m.–1 p.m.  
**Where:** *The Journal News*, 1133 Westchester Ave., White Plains  
**Contact:** Robert Winton at (914) 949-2990 ext. 3326.  
*Volunteers needed*

**The YCPA Wine Tasting Event to Benefit Blythedale Children's Hospital**  
**When:** May 14  
**Contact:** Heather Oboda at hoboda@citrincooperman.com.  
*Volunteers and donation items needed*

**The Annual Golf Outing Event**  
**When:** June 8, 11 a.m., registration & brunch; 12:30 p.m., shotgun start; 5:30 p.m., cocktail hour & hors d'oeuvres  
**Where:** Willow Ridge Country Club, 123 North St., Harrison  
**Cost:** \$350 full price, \$325 if you pay before Feb. 15; \$150 for cocktail hour, buffet and dessert only  
**Course Code:** 45110503  
**Contact:** Jeffrey Schwartz at jeff@stantonandleone.com or 914-286-6908

## Westchester helps CPAs, filers grapple with tax issues

BY WILLIAM H. ZEBORIS  
*Westchester Chapter President*

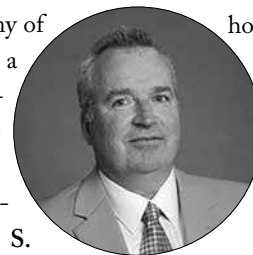
It's that time of the year—get ready to stock up on late night goodies and No-Doz. The dreaded tax deadlines are clearly in sight, although, for many of us, the season actually started a few weeks ago, when the Westchester Chapter held its two all-day tax conferences.

Our chapter's Tax Committee, led by chair Douglas S. Ruttenberg, organized both events, which were once again held at the Citigroup Conference Center in Armonk. Special thanks to Citibank and Tom Linehan and his team for allowing the chapter to use the facility.

Each conference was sold out. Part One, held on Nov. 10, included updates on New York state income tax and estate laws, individual income tax and sales tax, and featured New York state's new Taxpayer Advocate Margaret Neri. We had an exciting interactive discussion, chaired by three practitioners, who engaged in an open conversation with the 125 members in attendance.

They addressed areas of tax law and practice management that affect us all.

Part Two, held on Dec. 8, included presentations from the IRS Taxpayer Advocate's Office and Criminal Investigation Unit, as well as informative sessions on the pitfalls of household employment tax, income



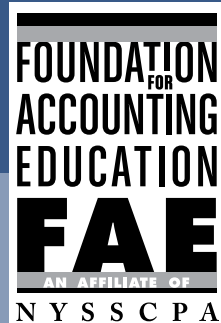
**William H. Zeboris**  
 Westchester Chapter President

tax concerns for traders in securities, an Affordable Care Act update and a "how to" session on completing and handling partnership returns and K-1's.

Just as our chapter is helping members to stay on top of important tax developments, we're asking members to extend a

helping hand to the public on tax issues. The Westchester Chapter, in partnership with *The Journal News*, will be hosting its annual tax hotline on Saturday, Feb. 28. Last year, chapter volunteers fielded more than 80 questions about tax issues via phone and a live Web chat. If you'd like to participate in this year's effort, contact Robert M. Winton at (914) 949-2990 ext. 3326 or rwinton@citrincooperman.com.

wzeboris@citrincooperman.com



## Save the Date for These Popular May Conferences from FAE

Date	Conference	Location
5/4/15	Employee Benefits Conference	FAE Learning Center, NYC
5/5/15	Government Accounting and Auditing Conference	Albany Marriott
5/7/15	Broker/Dealer Conference	Citi Executive Conference Center
5/18/15	Business Valuation Conference	FAE Learning Center, NYC
5/19/15	Forensic Accounting & Litigation Services Conference	FAE Learning Center, NYC
5/21/15	Estate Planning Conference	Marriott Marquis at Times Square



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# CPA ROUNDTABLE

INTERVIEWS BY CHRIS GAETANO

IRS Commissioner John A. Koskinen has said that this tax filing season will likely be "miserable," as a series of budget cuts have left the service scrambling.

## What was the toughest busy season you've survived?



**ELIZABETH A. VOZZO** | Director, *Hauppauge*

The worst year was when Hurricane Sandy hit. They had extended the due date from Oct. 15 to Oct. 31, but e-filing had closed down before then, so we were stuck with hundreds of returns that we had to print and manually mail out. It was a nightmare. And it all had to be done in less than ideal conditions: Our offices had no electricity for about two and a half weeks, meaning that we needed to work from home. Thankfully, someone had taken the server and set it up off-site, so at least we were able to access our files. Still, it was an extremely stressful time, and getting everything done before deadline was a struggle. I don't think we really exhaled until Nov. 1, when everything had finally been postmarked.

*evouzzo@fuoco.com*



**SCOTT SANDERS** | Managing Partner, *New York City*

That would be the year we converted to e-file. I assumed it would be a very simple electronic procedure, but, between the client not fully understanding what was involved and me putting together what is now a streamlined process for the system, it turned out to be much more stressful than I had originally thought. There were a lot of headaches that year, centering around not getting the proper information until the last minute and tax returns getting backed up. It was a nightmare. Late nights were even later than usual—I couldn't leave the office until everything was in order and the returns were properly filed and abided by current law. To complicate things further, I didn't have enough help at that point in time to deal with it all. Still, it was mostly a matter of getting used to handling things. Now, we have a consistent procedure in place and six people who handle this function—it's incredible. The last couple of years have been much smoother and, overall, I think we're back on track.

*ssanders@st-cpas.com*



**GEORGE A. BEDA** | Senior Tax Manager, *New York City*

I may be dating myself a bit with this, but the worst for me was 1987–88. There was a major tax reform in 1986, with big changes to passive activity loss rules and phase-ins that went out over four years. But there have been quite a few major tax laws since then, and so having to deal with new, major reforms has become a pretty regular thing. They may not get as much publicity as the 1986 reforms but, nonetheless, they can wreak havoc—like the recent changes in IRS regulations on repairs, maintenance and capitalization, which I think are going to cause some issues in the upcoming tax season, as will the new rules introduced by the Affordable Care Act, especially for companies with more than 50 employees. The environment changes every year—sometimes dramatically—and it's not always due to changes in tax law.

For instance, at our firm, we're in the middle of a major technological change—we're switching to a cloud-based file system that has created major changes in how we work. It's not as dramatic as when we switched from DOS to Windows and had to learn to use a mouse, but it's up there. So even in this area, there are challenges. It's just a matter of learning to meet and adjust to these challenges.

*georgecpa1@verizon.net*



**BARRY S. KLEIMAN** | Principal, *New York City*

It's hard to narrow it down to just one particular season. Really, it just seems like every year there's a different challenge, which makes this such an interesting profession. This year, they're saying it's going to be the worst ever because of the lack of resources at the IRS. Last year, we were faced with Obamacare's new taxes, especially the 3.8 percent net investment income tax, which created some challenges, too. It was new, there wasn't a final set of guidance out there and

everyone was just trying to figure out the nuances. And over the past few years, the cost basis reporting rules were being phased in. That delayed brokers conforming to the new 1099 reporting requirements which resulted in 1099s that were either late, needed correction or both. So I think, in general, every year brings new challenges for us which furthers the value we provide for our clients.

*bkleiman@untracht.com*



**PATRICK J. MONACHINO** | Owner, *Staten Island*

It was the 2008–09 tax season. The government had just issued a temporary tax credit to assist first-time home buyers, and everyone was running out to get it. I had a ton of people come to me to do their returns so they could get the \$7,500 credit with the 10-year payback, and I spent hours researching to make sure they all qualified. But then, a short time later, the government passed a law saying that

the same people who qualified for the temporary credit could now get a permanent credit for \$8,000. I was getting loads of phone calls saying, 'Hey, I know you worked hard to get me that first credit, but...'. So then I started running around to amend the returns to get the permanent credit for the people who could still get it. Some had filed really early, though, and couldn't get it reversed. It was a crazy year. A close second was the year Hurricane Sandy hit. I work on Staten Island, and at least a third of our clients were affected, so I had to do a lot of casualty loss forms and assessments, and that was not fun. Plus, a lot of people lost their tax records in the storm, so we also needed to file many more extensions. It was a lot of long nights and a lot of headaches.

*patrick@patmcpa.com*

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