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End of the road for Windows XP poses challenges for businesses

BY CHRIS GAETANO
Trusted Professional Staff

Microsoft plans to end support for its 12-year-old Windows XP operating system (OS) on April 8, which means that the company will no longer provide security patches, technical assistance and other forms of service for those still using the software—a development that could leave businesses at increased risk of cyberthreats and other glitches if they don't upgrade.

Microsoft has been warning users about the April 2014 cutoff for the past two years, noting in a statement on its own website that it intends to put its “resources toward supporting more recent technologies.” Sales of PCs preinstalled with Windows XP ended in 2010, and retail sales of the XP software itself ended in 2008.

Still, XP remains a fixture in homes and offices. In January, it comprised nearly one-third of the total operating system market share for desktop and laptop computers, ac-

ording to the research firm Net Analytics. And as of last April, the operating system was being used by 45 percent of businesses, according to AppSense, an independent software vendor partnered with Microsoft.

Over time, those businesses that fail to upgrade their systems will become more vulnerable to threats like data breaches and malware, which could have an effect on their overall operations.

Indeed, in a press release last fall, the Federal Financial Institutions Examinations Council, a governmental standards body that develops uniform reporting systems for financial institutions, warned that potential problems could “include degradation in the delivery of various products and services, application incompatibilities and increased potential for data theft and unauthorized additions, deletions and changes of data.”

Earlier this year, Microsoft did offer a concession, announcing that it will continue to provide updates for its XP Security Essentials antimalware tool through July 14, 2015,

Sales tax guidance for “Mad Men” and women



The New York State Department of Taxation and Finance has released new guidance on sales, purchases and other financial issues affecting the production of advertising, like the kind you might find displayed in New York City's Times Square. See page 13 for more.

Courtesy of Chenjiyuan

instead of terminating it next month. But the reprieve comes with a caveat: Security Essentials will not be available for download after April 8, so users would have to download it before that time. Moreover, it only offers partial protection, given that Microsoft will still be ending other services.

Consequently, businesses that rely on XP are now faced with a choice as to whether they want to upgrade to a more modern sys-

tem or stay with the old OS and deal with the increased risk. **Joel Lanz**, a member of the NYSSCPA's Technology Assurance Committee and a tech columnist for *The Trusted Professional*, acknowledged that the choice can be more complicated than it sounds: Upgrading something like an operating

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NYSSCPA reaffirms stance on revived PCAOB naming measure

BY CHRIS GAETANO
Trusted Professional Staff

In a comment letter published on Feb. 4, the NYSSCPA roundly criticized a revived effort by the Public Company Accounting Oversight Board (PCAOB) to require auditors to disclose the names of their engagement partners, as well as the

names, locations and participation of any other experts who assisted the audit, in the audit report.

The PCAOB detailed the proposal in the exposure draft, “Improving the Transparency of Audits: Proposed Amendments to PCAOB Auditing Standards to Provide Disclosure in the Auditor's Report of Certain Participants in the Audit,” released on

Dec. 4, 2013. The draft marks the second time in five years that the board has advanced a measure to identify engagement partners and other audit participants in the audit report—a move, it says, that will increase transparency and accountability.

It first raised the issue in a 2009 concept release, which was followed by a 2011 exposure draft. That early draft, by the board's

own account, was poorly received—indeed, in a January 2012 comment letter, the NYSSCPA itself questioned how useful the naming measure would be and cautioned that it may lead the public to draw inappropriate conclusions about an engagement partner's authority.

The reworked proposal, which the board

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PRESIDENT'S COMMENTARY

Embracing the next generation of the profession

When the NYSSCPA moved into its new headquarters on Wall Street last summer, I said, among other things, that I was proud to be the Society's president during such a marvelous time of change. I wasn't just referring to our physical relocation, but to the systemic shift that has taken place at the State Society over the past several years. We have made a concerted effort not just to be leaders within the profession, but innovators, and to tailor our efforts as an organization with the future in mind. The move to Wall Street was one visible sign of this, but we also have several other exciting new initiatives that embody those ideals. One of them may have landed in your mailbox this month: *NextGen* magazine.

As our newest publication, *NextGen: The NYSSCPA's Professional Development Guide* does what no other magazine can: It speaks exclusively to future and young CPAs, and arms them with a broad range of tools to help them take charge of their careers. (The magazine, which will be produced quarterly as of 2014, is available online at www.nysscpa.org/nextgen, is mailed to members 35 and under, and will be also distributed at Society events.) In an upcoming issue, the magazine will unveil the NYSSCPA's 30-under-30 recognition program—an opportunity to identify and encourage the best and brightest of the next generation in our profession.

NextGen is actually just one part of our Next Generation program, which we

launched earlier this year to develop more of the support services and opportunities needed to build relationships that young CPAs want and need. One of the program's central aims is to establish an all-inclusive community where young and aspiring professionals can get advice and shore up their professional networks.

Our Next Generation team is currently implementing the NYSSCPA Campus Connect initiative. Available on 43 campuses throughout the state, the program offers college students an instant connection to the profession by way of faculty liaisons, who provide news about NYSSCPA student membership initiatives and information about scholarship opportunities from the Foundation for Accounting Education. And in coming months, the team will launch the Society's Classroom Connect program to promote financial literacy in area high schools.

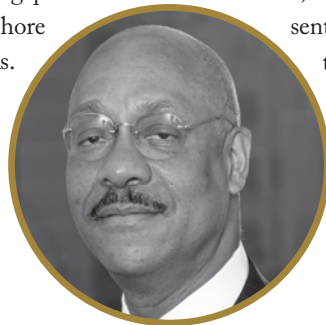
In keeping with the theme of recognizing young professionals, the NYSSCPA recently inducted the first members of its newly formed Young Leadership Circle, a program that identifies rising stars within the profession and gives them opportunities to learn from and interact with Society officers. This year's class includes the following members, chosen for their active participation at the chapter level: **Emily L. Gardner**, of the Southern Tier Chapter; **Jaime L. Scott**, from the Nassau Chapter; **Amanda**

L. Sexton, of the Suffolk Chapter; and **Matthew J. Taylor**, of the Rochester Chapter. Next year, more promising young professionals will be selected to join. All of these efforts dovetail with our annual YCPA Conference, which features panels and presentations geared toward those at the start of their careers.

The issue of how to keep and grow young talent is one that our profession has grappled with for years. I have always maintained that our approach as a community needed to change—that the most important question isn't how many people we can bring to the table, but whom can we entice to stay there. In other words, what good is it if we hire thousands of talented professionals, only to see many of them leave for what they *perceive* to be better opportunities elsewhere, or because they feel burnt out, unfulfilled or confused about how to move forward in their careers? *NextGen* magazine and Next Generation programming offer young CPAs help in finding—and keeping—their footing in a very competitive and global workplace. This is an opportunity for the Society to encourage and support future CPA candidates and young CPAs, and to demonstrate our commitment to their success.

The future looks bright, both for YCPAs and for the Society as a whole. I hope you're as excited as I am about what lies ahead.

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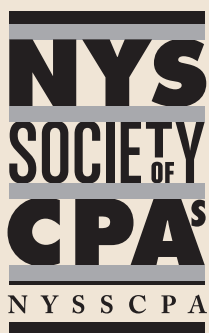
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To Become a Key Contact:

Click on the Government Affairs tab on the NYSSCPA website and then click on the "Get Involved" link.

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

Members can also call: 212-719-8385

Windows

Continued from front page

system, he said, entails more than just going to the store, picking up a box and passing it off to the IT department.

While the cost itself of getting a new OS can be managed, he said, of greater concern for companies is the long list of additional considerations that comes with such a move. “What freaks everyone out is if you move to

company, a major health-care provider with more than 15,000 machines. While the risks for any company that fails to update its OS can be significant, Pinch said they’re especially pronounced in the health-care field. His organization, for example, has to comply with the Health Insurance Portability and Accountability Act of 1996, which contains numerous security standards to protect the confidentiality of medical records.

ing begun the process last April, he said that his team expects to be finished with it next month. But even after it’s completed, Pinch added that challenges will remain.

For example, there’s the matter of what to do with the machines that, because of hardware problems, can’t be upgraded to the new OS—there may not be money in the budget to upgrade the hardware or replace the machine. Pinch also echoed Lanz’s point that, beyond the

than on the organization’s purse strings. He pointed out, however, that his organization is one that regularly cycles out old hardware and upgrades its machines. It’s company policy that every five years, a computer is automatically up for an upgrade or replacement.

“Other than the fact that our IT department has had to put a great number of hours into it, as far as end users [are concerned] our

“A lot of CPA firms will play around and say, ‘I don’t need to upgrade.’ But guess what? You’re probably most vulnerable because you have confidential client information that you have to be careful to protect.”

—Joel Lanz, Technology Assurance Committee

a new OS, [you then have to ask,] ‘Does this mean we have to upgrade equipment? Will our software work?’” he said.

For example, companies considering a change from Windows XP to Windows 7 might find that if they do make the switch, they will also need to upgrade their payroll software, database software, server architecture and security software. In addition, Lanz said, executives would have to think beyond their own internal operations to the network of vendors they rely upon.

“Even if I go out and spend money, buy new computers and get the new operating system, to what extent will my other application vendors be updating their systems to run with my new software?” he asked.

But the bottom line, many experts feel, is that an obsolete operating system is “inherently insecure,” Lanz said. And if a company doesn’t upgrade right away, it’s just biding its time until some kind of situation forces it to—and it won’t always be a good one. “I know whenever I walk into an environment and see that they have one of these older operating systems, they fail on controls,” he said.

Moreover, while there are certain businesses where security might not be as crucial—a pizzeria that takes orders over the Internet for example—Lanz emphasized that CPA firms do not fit into that category.

“A lot of CPA firms will play around and say, ‘I don’t need to do it.’ But guess what? You’re probably most vulnerable because you have confidential client information that you have to be careful to protect.”

A closer look at the upgrading process

Michael Pinch, also a member of the Technology Assurance Committee, knows all too well the challenges that Lanz is talking about: For the past year, Pinch has been overseeing a systems upgrade from Windows XP to Windows 7 for his entire

Pinch explained that the upgrading process began with a high-level inventorying of all the machines that needed to be targeted, which was challenging, since it’s not always so apparent, as in cases where the operating system is embedded in specialized medical devices.

The next step, he said, was to assess whether the machines that needed to be upgraded actually met the minimum hardware specifications for that upgrade. To that end, Pinch said his team divided the list between those machines that could and could not handle the upgrade, and then figured out which machines they could completely replace.

After that, it was a matter of putting in place an automation tool that would migrate user data, with a hands-on technician intervening, in the event of a problem. Hav-

software itself, another factor is how different programs interact with each other.

“There’s software requiring Windows XP that isn’t going to run on Windows 7 that we need to run for medical reasons,” he said. “That’s where it gets more complex.”

Pinch said that his team is exploring several options, such as running a virtualization of Windows XP, putting it in read-only mode, or running the process on the server instead of the machine itself. He noted that they also need to get their vendors on board to make sure that they get upgraded as well.

“There are a lot of permutations we can go down for how to handle this, but it’s definitely a very complex problem,” Pinch said.

Overall, though, he commented that the main drag has been on manpower, rather

goal was to make it as painless as possible and I think we did a good job with that,” he said. “But the critical thing is trying to make an automated process to migrate the user data.”

Still, Pinch noted that it may not go as smoothly for other companies.

“I think it largely depends on how quick your organization is to upgrade and refresh,” he said. “If you’re an organization that continues to run computers that are six or seven years old, you will probably have cost issues and performance issues. But if you have a healthy refresh cycle, you probably won’t have much cost.”

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Upgrading an OS: A step-by-step process for firms

- 1) Determine your IT needs and assess your risks.** What resources, in both time and manpower, will be required in order to upgrade? What, specifically, will need to be upgraded? What risks will you incur should you not upgrade?
- 2) Assess what elements beyond the OS itself will be affected by an upgrade.** What software interacts with the system that might be impacted? Which hardware may not be able to run an upgraded OS? What will the impact be for end-users?
- 3) Meet with vendors to determine whether they have the ability to continue offering support, should you upgrade.** See how an upgrade might affect the software they offer and how this will affect what software you will and won’t buy from them. Consider options for handling incompatible software, such as application virtualization or locking down one-off machines with firewalling.
- 4) Plan out an overall strategy for when your firm actually implements its upgrade.** How will you phase the rollout? Who will you target first? Will you use in-house staff or hire outside personnel? And how will all these decisions affect operations?
- 5) Test thoroughly.**

—C.G.

Landmark Gaied residency ruling overturned by courts

BY RICHARD J. KORETO

Trusted Professional Correspondent

New York's *Gaied* case has become a sort of standard in residency taxation—the benchmark for other guidance and disputes when lawyers and accountants decipher what the state means by “permanent place of abode.” Final guidance on this question may be coming, however, thanks to a recent ruling from the New York Court of Appeals. The state’s highest court has reversed a lower court and

ally live there? **Jeffrey S. Gold**, chair of the NYSSCPA’s New York, Multistate & Local Taxation Committee, said the reversal validates the state’s audit guidelines and “brings the department and the courts more in step regarding permanent place of abode, allowing better planning for taxpayers.”

In a draft of the opinion, which runs eight pages, the court noted that the Tax Tribunal had interpreted “maintains a permanent place of abode” (PPA) to mean that a taxpayer merely has to maintain a dwelling, not necessarily reside in it, to be a statutory

Division, “with directions to remand to respondent New York State Tax Appeals Tribunal for further proceedings in accordance with this opinion.” The Tax Tribunal had initially ruled in favor of Gaied, but in a rare reversal, sided with the tax department in a second ruling.

Understanding the meaning

Gold sees this ruling very much in line with the state’s Nonresident Audit Guidelines, which he said were “widely construed to be a pullback from the harsh results of

ry, and to reach a decision on whether that situation created a PPA, the Tax Tribunal looked at the physical nature of the abode and the taxpayer’s relationship before reaching a decision.

“They got it right this time,” said Gordon.

Gaied’s Lawyer Discusses the Case

Tim Noonan, the attorney who represented John Gaied, was of course pleased with the decision. In comments submitted to the NYSSCPA E-zine, he wrote: “The court said that the abode in question must relate to the

Guidelines are just that — guidance for auditors — and don’t have the same force as a law or regulation. But in the aftermath of the ruling, they’ve taken on a new significance.

sided with appellant John Gaied, in what will likely be a landmark decision.

The *Gaied* case revolved on the question of whether John Gaied, a New Jersey resident who maintained a Staten Island home for his elderly parents, was a New York resident for tax purposes. Was he resident because he maintained and owned the home and paid the bills, even though he didn’t actu-

resident. However, the court disagreed: “We conclude there is no rational basis for that interpretation. Notably, nowhere in the statute does it provide anything other than the ‘permanent place of abode’ must relate to the taxpayer.” Therefore, the judgment of the Appellate Division was reversed, with costs.

The Court of Appeals said that the matter needed to be remitted to the Appellate

the initial *Gaied* decision, allowing taxpayers and the department to consider not just ownership and property rights but the relationship that a taxpayer has with a premises.”

Guidelines are just that—guidance for auditors—and don’t have the same force as a law or regulation. But in the aftermath of the ruling, they’ve taken on a new significance. Gold added that “although some factors listed in the Guidelines—such as the mere payment of bills or use of the address for business mail—may need revisiting after the *Gaied* appeal, others, like the storage of personal items, availability of accommodations, and use of the dwelling, can help determine if the taxpayer had what the court termed a ‘residential interest’ in the property.”

Gold gave the example of an out-of-state resident who has a New York apartment that he no longer wants and would like to get rid of, but can’t sell due to a down market. Previously, said Gold, the tax department would consider that apartment a PPA even though it wasn’t being used. “The new decision may allow that taxpayer to close down the apartment, remove personal items, terminate non-essential utilities, etc. and not have it treated as his PPA.”

Brian Gordon, another committee member, said that the new *Gaied* ruling matches the precedent set in the earlier *Matter of Evans* case from 1993. In *Evans*, a taxpayer occasionally resided with a priest in a recto-

taxpayer, and that the taxpayer himself must have a residential interest in the place. This result should affect many open cases, as well as help restore the ‘statutory residency’ test to its original intention; that is, to tax those persons (and only those persons) who really live in New York.”

But what happens next, now that that the Court of Appeals has effectively sent the case back to the Tax Tribunal? Noonan said the new ruling effectively rejects the Tax Tribunal’s second ruling and goes back to the first ruling: “Since Mr. Gaied did not have living quarters at his parents’ apartment, he did not maintain a permanent place of abode in New York. That factual finding is still valid, and was never changed or overturned by the Tribunal. This decision is a clear affirmation of the importance of the legislative intent, and we would expect the Tribunal and department to apply the law the way the legislature envisioned and the Court of Appeals mandated.”

The exact nature and timing of the proceedings is not definite yet. *The Trusted Professional* will have more details as they become available. Meanwhile, a transcript and webcast of the arguments before the Court of Appeals are available on the N.Y. Courts website, www.nycourts.gov.

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Society raises red flags on SEC's crowdfunding regs

BY CHRIS GAETANO

Trusted Professional Staff

The NYSSCPA expressed some concern that a proposal from the Securities and Exchange Commission (SEC) regarding crowdfunding—a fundraising tactic in which small amounts of capital are solicited from a large number

other online platform.

Excluded from the proposal's scope are those issuers that are not recognized in the U.S.; those already subject to SEC reporting requirements; investment companies as defined by the Investment Company Act of 1940 and those that were excluded under that definition under that same act; any issuer that hasn't filed with the

comment letter's authors, said that he wanted to make clear that the Society has not come out against crowdfunding in general, but on the proposed implementation of this particular regulation.

"The comment letter addresses solely the risks of fraud, calling the regulators' attention not only to the large constituency of the 'good players' who will abide by the rules, but

crowdfunding effort. However, the Society questioned why putting more layers between the issuer and the investor would increase transparency rather than doing the opposite, as "multi-layered agents increases the opaqueness of the investment vehicle and reduces the security of the investors and creditors in it." Transparency, the NYSSCPA said, is achieved by dissem-

Overall, the NYSSCPA was concerned that the proposal as the SEC is currently offering it paves the way for risks for investors. This reduction in regulatory oversight, the Society said, would come at the expense of security and transparency, which can lead to dangerous situations.

of sources—could reduce transparency and security and may ultimately open up numerous avenues for fraud by unscrupulous entrepreneurs.

The Society sounded the note of caution in a Jan. 24 comment letter drafted by members of its Litigation Services Committee. The letter was in response to the proposal "Rules Governing the Offer and Sale of Securities Through Crowdfunding Under Section 4(6) of the Securities Act of 1933," which the SEC created at the behest of Congress and released last July.

The proposal supplies a road map for implementing Title III of the 2012 Jumpstart Our Business Startups Act (JOBS Act), which was intended to encourage funding of small businesses in the United States by easing various securities regulations.

Given the document's considerable length—it spans some 176 pages—the Society opted to comment on select portions of the measure that the authors felt were relevant to the CPA community, particularly where risk management is concerned.

For example, one part of the proposal allows for exemptions to traditional requirements in the issuance of securities used in crowdfunding. While most crowdfunding today tends to give in-kind compensation to investors (such as a deluxe copy of a computer game under development or lunch with a celebrity), the proposal would allow for actual securities to be offered without the formal accreditation and registration that is ordinarily required.

The provision does have certain limitations. To remain eligible for the exception, no more than \$1 million may be raised within a 12-month period and the aggregate amount sold to any investor by an issuer cannot exceed \$2,000 or 5 percent of annual income (whichever is greater), or 10 percent of annual income or net worth in the event it exceeds \$100,000. Moreover, the transaction must be conducted through a single SEC-approved intermediary and must take place exclusively through that intermediary's web site or

commission and provided investors with ongoing reports required by the crowdfunding regulation during the two years immediately preceding the filing of the required new offering statement; any issuer that has no specific business plan or has indicated that it intends to engage in a merger or acquisition with an unidentified business or company; hedge funds; and anyone else the SEC deems appropriate.

If a startup, for example, meets all of these requirements and does not have any disqualifying aspect, it can offer securities through a crowdfunding mechanism online, provided that it files proper disclosures and regular reports with the SEC.

Overall, the NYSSCPA was concerned that the proposal as the SEC is currently offering it paves the way for risks for investors. This reduction in regulatory oversight, the Society said, would come at the expense of security and transparency, which can lead to dangerous situations.

"We urge the SEC to consider the many recent financial events rooted in fraud and dereliction on the part of a reporting company when it evaluates the level of oversight of the crowdfunding investment vehicle," the Society said.

For instance, the Society pointed to a section of the proposal that says that a person "may find it impractical in view of the limited nature of that person's activities and business to register as a broker-dealer and operate under the full set of regulatory obligations that apply to a broker-dealer."

The Society took issue with the characterization of the quality of service and integrity of securities being offered as a business decision that can be weighed in cost/benefit analysis and said that "if an operator finds it impractical to be regulated under prescribed rules, we challenge the SEC to identify a reason why such an operator would find it practical to self-regulate."

Yigal Rechtman, a member of the litigation services committee and one of the com-

mission also noting that there will be a small group of 'bad players,'" Rechtman said. "Regulators should have a pragmatic approach when designing and implementing regulations, and unfortunately, some of this pragmatism has to bode towards the issue of 'bad players,' i.e. fraudsters."

The Society also noted areas where the regulations could defeat their own purpose. For example, the required use of intermediaries are, according to the SEC, meant to increase transparency for investors, as the intermediaries will keep investors informed of developments in the

inating accurate, reliable and meaningful information in an understandable way and so questioned that adding further layers of intermediaries would have an effect on that.

"The risk of fraud cannot be regulated, rather regulators should be aware of it as they balance the needs of investors for safety and the needs of the market to evolve," Rechtman said. "We have no agenda beyond the wish to find the sweet spot of the two groups of stakeholders."

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PCAOB chair says board won't push on audit rotation

BY CHRIS GAETANO

Trusted Professional Staff

During a Feb. 5 budget meeting with the Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB) said that it was abandoning its efforts to mandate that public companies rotate audit firms every few years.

"We don't have an active project or work going on within the board to move forward on a term limit for auditors," PCAOB Chair James R. Doty said.

The move represents a significant shift from previous PCAOB goals. For years, the board had been exploring the concept of mandatory auditor rotation—essentially, term limits for audit firms—in the interests of increasing auditor independence. The PCAOB first posed the idea in an August 2011 concept release, writing that there was a "fundamental conflict" in the current auditor compensation model and that many audit failures it had observed sprang from a lack of professional skepticism and independence.

At the Foundation for Accounting Education's Auditing Conference that same year,

Doty further explained the reasoning behind the proposal by saying that long-term relationships that certain firms have with clients, regardless of which partner performs the audit, can have a damaging effect on the independence of that audit.

Beyond Doty's statement at the February SEC meeting, the board has been tight-lipped on the issue, with a PCAOB spokesperson saying that there are no plans to speak any further on the subject. Doty did, however, say that the board will continue to think about other methods for enhancing auditor independence, adding that it might change its focus in order to do so.

The topic of auditor rotation gained mainly negative attention within the CPA community.

The NYSSCPA itself panned the idea in a December 2011 comment letter, in which it argued that auditor rotation was highly impractical and could wind up doing more harm than good. While the NYSSCPA agreed that independence and objectivity are important, it argued that the PCAOB had failed to effectively link audit failures with *any* lack of independence. Even in cases where a lack of independence did impact the

audit, the Society argued in its comment letter that the issue does not lay with the firm itself but with the engagement personnel.

The Society also cautioned that such a practice could have a negative effect on audits, as it takes time to develop and maintain the necessary skill set to properly audit an SEC-registered firm, especially in the case of specialized industries where there aren't a lot of people who are familiar with how the companies operate. In cases like this, companies may find it difficult to find a suitable replacement when the audit firm's tenure with that client is up.

Last April, this negative response prompted Congress to propose the Audit Integrity and Job Protection Act, which would bar the PCAOB from mandating audit firm rotation among public companies. The House approved the bill in July, and it is currently being considered by the Senate. In a Jan. 2 letter, the NYSSCPA urged Sen. Charles E. Schumer (D-N.Y.) to lend his support to the bill by co-sponsoring it.

NYSSCPA members reacted positively to the news that the PCAOB was abandoning its attempts to institute mandatory firm rotation. **Julian E. Jacoby**, the chair of the Auditing Standards Committee, said that

he felt there are enough safeguards in place already to deal with independence issues within the firms themselves, and noted that there is already rotation of some sort in place among engagement teams.

"There is something to be gained by firm rotation, but you lose more than you gain," Jacoby said, referring to the experience that auditors get from becoming familiar with how a company operates.

He added that "if [the PCAOB] believes in its regulatory scheme and it works, then the firm rotation is a moot point, really."

Steven Wolpow, the Auditing Standards Committee's vice chair, expressed similar thoughts.

"I just never understood why they were going there to begin with, and I think that they wasted a lot of time and energy on something that was unnecessary," he said. "The profession does a good job at regulating itself, and I thought that the argument that the [NYSSCPA advanced in its comment letter] was very persuasive."

"At least [the PCAOB] came to their senses," he added.

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NYSSCPA COMMENT LETTERS

The following list includes all comments letters released by the NYSSCPA between Feb. 1 and Feb. 28. To read all comment letters published by the NYSSCPA, visit nysscpa.org/page/society-comment-letters.

Comments to the PCAOB on Improving the Transparency of Audits: Proposed Amendments to PCAOB Auditing Standards to Provide Disclosure in the Auditor's Report of Certain Participants in the Audit, PCAOB Release No. 2013-009, Docket Matter No. 029, Dec. 4, 2013:

Released Feb. 4—The Public Company Accounting Oversight Board (PCAOB) is repropounding amendments to its standards to improve transparency of public company audits, requiring disclosure in the auditor's report of the name of the engagement partner and the names, locations, and extent of participation of other public accounting firms in the audit, and the locations and extent of participation of other persons not employed by the auditor.

Upcoming Industry Committee Meetings

Chief Financial Officers	Thurs., March 20
Construction Contractors	Thurs., April 24
Family Office	Tues., March 18
Internal Audit	Mon., March 24
Private Equity and Venture Capital	Tues., March 11
Small Business Outreach	Tues., April 22
Stock Brokerage	Thurs., April 17

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

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Preparation levels for lease standard proves mixed

BY CHRIS GAETANO
Trusted Professional Staff

Though the Financial Accounting Standards Board (FASB) is set to release its long-awaited overhaul of lease accounting rules sometime this year, many entities say they are still behind in efforts to prepare for the new standard.

In a survey of 138 executives released by Deloitte in January, just 1 percent of respondents said that they were “very” or “extremely” prepared for the new standard, down 9 percent since the last time the firm took this survey in 2011. What’s more, nearly 80 percent of business leaders said that they expect to have difficulties complying with the new standard.

As it currently stands, the proposed FASB standard would divide leases into Type A and Type B categories, both of which would be expressed directly on the balance sheet. In the past, investors have complained that off-balance sheet leases can obscure the true face of a company’s finances. However, the new requirement has given some companies pause, since it would add complicating factors to everything from loan covenants to regulations that take what’s on the balance sheet into account. It also presents possible new IT challenges when it comes to classifying or reclassifying already existing leases.

Type A would generally consist of most nonproperty leases, such as vehicles, aircraft or equipment. If a lease is considered Type A, then a CPA would recognize the right-of-use asset and lease liability, initially measured at the present value of lease payments and, secondly, the unwinding of the discount on the lease liability as interest separate from the amortization of the right-of-use asset.

By contrast, however, leases for assets such as land, buildings or parts of buildings would be considered Type B leases. As with a Type A lease, the preparer would recognize a right-of-use asset and a lease liability initially measured at the present value of the lease payments. But unlike Type A leases, a CPA would recognize a single lease cost that combines the unwinding of the discount on the lease liability with the amortization of the right-of-use asset on a straight-line basis.

The proposed standard is part of the convergence project—a joint effort between the FASB and the International Accounting Standards Board (IASB) to produce a unified set of rules that can apply to both U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS). It has gone through numerous revisions since it was first released in 2010; the original draft

of the standard attempted to replace the current operating lease vs. financing lease model with a unitary “right-of-use” model for all leases, but was widely criticized as adding unnecessary complications. Indeed, in a Dec. 15, 2010, comment letter, the NYSSCPA said the initial draft added unnecessary layers that would be of little benefit to the end users of financial statements.

The standard was formally repropoed last May. It’s expected to be finalized within the first half of the year and take effect by 2017.

Creating a game plan

Some NYSSCPA members that *The Trusted Professional* spoke to said the key to helping clients prepare for the proposed standard is to take a proactive approach.

Adam T. Lazarus, a member who primarily serves clients in the real estate industry, said that his firm has been working to educate companies as to what the lease standard might mean for them, particularly when it comes to their loan agreements; even though they are private entities, he said, many still use GAAP for their loan covenants. He added that he has also been advising clients drawing up new agreements to specify *which* GAAP they are using, so that even if the standard changes in the future, the loan agreement will still reference GAAP as it was when it was first drawn up.

“People going through loan agreements now should be adding ‘current GAAP’ to their loan agreements, [meaning] the GAAP currently in effect, because no one thought it would change like it is,” Lazarus said.

Another part of the client preparation process, said Frank Romano, who works at the same firm as Lazarus, has been to assist with procedures and policies, particularly in the realm of internal controls. This, he said, ensures that data are properly recorded, given that businesses following GAAP rules would need to differentiate between leases in a new way. He noted that some businesses automate this sorting; if they do, he said, the system will need to be adjusted so that it’s done in accordance with the new standards, when they are finalized.

Lazarus added that some of his real estate clients were already looking to move away from GAAP and that “this is just adding fuel to the fire.” For smaller entities without a lot of accounting resources, he said that filing in GAAP might not even be a possibility with the new standard, and they may drop it in favor of alternative bases of accounting.

Victor J. Mizzaro, a member of the Real Estate Committee, said that his firm has also been examining when it might be more

See Leases, on page 9



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NYSSCPA session demystifies Affordable Care Act

BY RICHARD J. KORETO

Trusted Professional Correspondent

The Affordable Care Act is always making news, whether because of court challenges or technology issues. But getting relatively little attention have been the details of how it works—who needs to sign up and how, what subsidies are available and the costs and variations among the plans. **Daniel G. Mazzola**, CPA, CFA, a member of the NYSSCPA Personal Financial Planning Committee, took a step to rectify this in a Feb. 11 presentation for CPAs titled, “How Will the Affordable Care Act Affect Me?”

In his presentation—which was covered by NY1 News—Mazzola cut through the hype and misinformation that surrounds the ACA to talk about how the new healthcare system really did work. He started by noting the fundamental principles of how insurance worked under the act: no one can be turned down, and premiums cannot be based on health status, sex, occupation or medical claims history. Pre-existing conditions can no longer be a reason for denying coverage, and insurers can't cancel coverage because a policyholder becomes sick. A provision especially welcomed by families guarantees that children can stay on their parents' plans until they turn 26.

Much of Mazzola's talk centered on the exchanges, the insurance marketplaces where individuals can buy policies. Exchanges are simply places where individuals and small businesses can buy insurance, explained Mazzola. Their primary purpose is to help consumers who otherwise don't have any coverage—through an employer, for example. Prices are kept in check through competition, as multiple insurance companies within an exchange can set their own rates. However, they must follow ACA guidelines on cost-sharing and premium ratios between different groups of covered individuals. New York has a state-based marketplace titled “NY Health Benefit Exchange.” Details are available at <http://info.nystateofhealth.ny.gov>.

Exchange plans are available at four levels: platinum, gold, silver and bronze. They differ in the percentage of the value of benefits paid, but Mazzola explained that each plan offers the same benefits, rights and protections.

When choosing a plan, Mazzola stressed consumers have to be careful shoppers, because there is a wide range of costs even within one level in one exchange. For example, he showed how five different insurers in the New York plan vary their costs from each other and from location to location, even within one level. GHI charges \$569.66 for a silver-level single adult in Albany, but

\$656.27 for that same person on Long Island. Looking for a better rate? NY Fidelis is \$342.05 in Albany and \$360 on Long Island.

The huge difference in prices may be due to different actuarial assumptions and market share strategies. But Mazzola said the main reason for price differences is that different plans use different networks of doctors and hospitals to provide care at an agreed-upon price. “Less expensive silver plans are likely to offer access to a narrower network,” he said.

Exchanges do more than provide a marketplace, continued Mazzola. They also allow purchasers to take advantage of tax credits and cost-sharing subsidies, if they fall within certain thresholds as determined

by a ratio with the federal poverty level (FPL). For example, a family whose income falls between 300 percent and 400 percent of the FPL does not have to pay more than 9.5 percent of its income on insurance. Cost-sharing can reduce the out-of-pocket maximums for households earning up to 400 percent of the FPL.

Ultimately, said Mazzola, the new exchange system will force taxpayers to pay closer attention to their spending on medical services. “A trend towards Americans becoming knowledgeable and engaged consumers of health care rather than passive beneficiaries,” he said, “is a positive development.”

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Leases

Continued from page 8

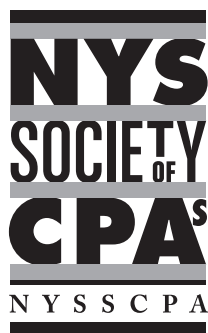
appropriate to move to tax basis reporting instead of GAAP, as “it can be less expensive for the client.”

Still, Lazarus felt that since the proposal has been somewhat stop-and-go since it was first released in 2010, it may have given entities a sense of uncertainty about whether now is the time to actually start major preparations. **Abraham E. Haspel**, a mem-

ber of the Financial Accounting Standards Committee, said that many of his clients have taken a wait-and-see approach.

“The consensus among my clients is that they are waiting for the lease standard to be finalized because of the surrounding controversy and the likelihood that the standard for private companies will require implementation after 2017,” Haspel said.

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PCAOB

Continued from front page

said took previous public comments into account, does include some concessions: While the initial version called for the engagement partner to sign the audit report alongside the audit firm, the current version requires only that the partner's name be disclosed. The board also increased the disclosure threshold for listing other audit participants from 3 percent to 5 percent of hours worked. What's more, the disclosure requirement no longer applies to offshore work within the same firm (i.e., Deloitte China would not count as an outside firm). Firms would, however, need

"The empirical work of the surveys is questionable, and doesn't improve the case being made," said **Julian E. Jacoby**, chair of the Auditing Standards Committee and one of the authors of the comment letter.

The Society argued that if the PCAOB really wants to increase investor confidence in other firms participating in audits, it might be better for the board to strengthen group audit standards, noting that its current one, AU Section 543, is outdated. Strengthening the standards would create more robust requirements with regard to audit planning, performance, supervision and review. Any en-

"The audit report is not the place to put that information. There are plenty of places where it would be more appropriate." —*Julian E. Jacoby, Auditing Standards Committee*

to disclose experts who participated in the audit and have a specialty in an area other than accounting or auditing. Those professionals had previously been excluded from the measure.

In a January interview with *The Trusted Professional*, PCAOB member Lewis H. Ferguson said that several key factors have changed since the board first made its pitch a few years ago, which might help the latest version of the proposal to be better received. Among other things, Ferguson said, in recent years, there has been more academic research encouraging the idea of including the engagement partner's name in the audit report, and many nations, such as the European Union, Japan and Australia, already require it.

But in the NYSSCPA's Feb. 4 comment letter, authored by members of its Auditing Standards and SEC committees, the Society said that it holds the same position today as it did in 2012 and had not been persuaded by the current release to alter its view.

"We do not agree with the basic premise that disclosure of the name of the engagement partner on the audit would constitute useful or meaningful information of any significance to investors or other financial statement users," the Society said. "We find the arguments put forth by investor groups and other proponents of the re-proposal as summarized by the board in the current Release unconvincing." Moreover, it stated that the PCAOB had formed a conclusion about the usefulness of such information primarily through the use of surveys, which aren't necessarily a good indicator of how effective the measure will be.

hanced standard, the Society said, should also strengthen required communications with audit committees regarding the participation of others and the oversight applied by the primary auditor.

In general, the Society said it was doubtful that readers of the audit report would be able to sufficiently assess the capabilities, integrity and ethical values of the hundreds—or even thousands—of people who audit public companies. Even if readers were to recognize the name of a particular engagement partner, it explained, that doesn't necessarily mean they would be able to evaluate that person's ability to coordinate an audit engagement.

The Society was similarly skeptical of whether the disclosure of outside professionals taking part in the audit would be particularly useful, as there can be complex organizational issues that might make such disclosures problematic.

"The experts may just be a small piece of the engagement. They may not play a substantive role, on some occasions," Jacoby said.

The Society also felt that if the PCAOB is intent on making audit participants' names publicly available, they would be better placed in the PCAOB's periodic reporting forms, rather than in the audit report itself.

"Our main objection is that the audit report is not the place to put that information," Jacoby said. "There are plenty of other places where it would be more appropriate."

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F&E speaker: cloud computing tax laws out of step with technology

BY CHRIS GAETANO
Trusted Professional Staff

In the old days—when tweeting was something birds did and a “face book” was merely a student directory distributed at colleges—software transactions were relatively simple: You walked to the store, picked out the program you wanted—perhaps on a 3.5-inch floppy disk—went to the checkout counter and brought it home.

But in 2014, it is decidedly more complicated. Thanks to the wonders of cloud computing, in which massive, remote servers host multiple websites and store and manage data, a company in Finland can hire programmers in Estonia to write software that’s stored in the Netherlands and ultimately downloaded by consumers in the United States. It’s a new frontier—and one that can lead to ambiguities about how income derived from software should be treated for tax purposes, according to Remy Farag, a tax lawyer and the international editor for Thomson Reuters. Speaking at the intermediate/advanced session of the F&E’s International Taxation Conference on Jan. 31, Farag said

that while the means for acquiring software are rapidly evolving, the laws for taxing them have not kept up.

“What makes cloud computing such a relevant and challenging area is the fact that the technology is moving so quickly, as compared to the tax rules we’re still using to address some of these transactions,” he said. “This puts a tremendous burden on tax departments because they’ve got to apply sometimes archaic rules.”

Part of the issue, he explained, is that it can be difficult to know what is even being sold, with the lines between content and service often appearing blurred. He used the Thomson Reuters online tax research system Checkpoint, which offers guidance, libraries, software and other tools as an example.

In subscribing to a website like Checkpoint, he said, “are we buying the content ... or are we paying for a service, the ability to search things to get answers for our clients?”

Taking a closer look

To better illustrate the complexities in assessing taxes on cloud computing revenue, Farag walked the audience through a case study in-

volving a fictional company called Cloud Co. This company, he said, is based in a country that does not have a tax treaty with the United States, has no employees or offices in the United States, has no servers in the United States, offers its products as both a website and an app, and retains all rights to its intellectual property, which was also developed outside the United States. People access the website for a subscription fee and download the app for an additional fee. The app is available in traditional online venues, such as the Apple Store and Google Play.

Farag noted that foreign persons are subject to U.S. taxes when they have U.S.-sourced annual or periodic income, or income effectively connected to a U.S. trade or business. They are also subject to U.S. taxes when they satisfy a substantial presence test. To determine whether Cloud Co. meets these criteria, he said, it’s important to look at the source and character of that income. According to Farag, these two factors form the basis of all analysis on this matter.

“If we get that wrong, it won’t matter if the

rest of our analysis is correct,” he said.

To get started sourcing an entity’s income, Farag recommended looking at Internal Revenue Code (IRC) sections 861, 862 and 865.

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Each of these, he said, provides for different approaches for sources, depending on how the underlying income is characterized. According to the regulations, services will generally be sourced where the service is provided, sales will generally be sourced based on the seller’s country of residence, inventory is to be sourced where

the title passes and rents and royalties are to be sourced at the location of the property where the license or lease is located.

For income to be taxed in the United States, it must be considered effectively connected to a U.S. trade or business. Noting that the Tax Code does not give a clear definition of what that connection is, Farag said that, generally, if you give a service in the United States, it will give rise to a U.S. trade or business, though practitioners should look for additional guidance and case law and

See Cloud Computing, on page 12

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Cloud Computing

Continued from page 11

rulings on this matter. A foreign person, he said, who pursues considerable, continuous and regular income-generating activities in the United States will be considered to be engaged in a U.S. trade or business.

Because Cloud Co. does not have any fixed place in the United States, its income is not subject to U.S. tax, he said.

Determining character

While reiterating that the regulations have not fully caught up to the technology, Farag said that Section 861 and Section 7701 of the IRC are good starting points when trying to determine the character of cloud computing income. Generally, he said, Section 861 classifies software as either a sale, a license, a lease or a service. If the transaction is considered a sale, then it gives rise to sales income, while a license would be considered royalty income; everything else falls into the rental income category. But sometimes, a software transaction can be both a sale and a service, such as when one pays for an app that also has a subscription fee (as with Cloud Co.).

In this case, Farag pointed out, it might be prudent to look at Section 7701, which determines whether a transaction is a lease or a service. A transaction is usually found to be a

service when there is no physical possession of the property, no control of the property and no significant economic or possessory interest in the property. The transaction is also more likely to be considered a service if the customer does not risk substantially diminished receipts or increased expenses when there is nonperformance. Essentially, when it's just a payment in exchange for access, it's usually considered a lease. Other

publicly display the program. By contrast, in the case of a copyright article, the customer only has the right to use the software. Because Cloud Co. retains all rights, the scenario points to copyright articles, rather than copyright rights.

What if the customer downloaded the software using the app store on his or her phone? That, Farag explained, would probably entail a transfer of a copyright article—

In looking at the current environment, Farag said that while the United States is, at the moment, unclear on how to determine if the use of cloud computing is connected to a U.S. trade or business, it might wind up taking its cues from the Organisation for Economic Co-operation and Development (OECD), which has begun to tackle this issue. Under OECD rules, if a taxpayer owns or leases a server,

“What makes cloud computing such a relevant and challenging area is the fact that the technology is moving so quickly, as compared to the tax rules we’re still using to address some of these transactions.”

—Remy Farag, international editor for Thomson Reuters and FAE conference speaker

factors include whether there is concurrent use allowed—if not, it's most likely a lease—and if the customer does not have exclusive access to the product, which makes it more likely that it's a service. The final factor, he said, is if there's a contract price in excess of rental value, which would be indicative of a lease.

Another factor in determining the character of Cloud Co.'s income is whether copyright has been transferred. If it has, a customer can create copies and derivative programs and undertake public performances with the program or otherwise

end users merely have a right to the software on their personal phones and tablets, but not the rights to the IP. “I think we can again conclude the transaction is more characterized as a service,” he said.

In contrast, if people who downloaded the app got perpetual use of it for as long as they wanted, it would probably be considered a sale.

Pulling it all together, Farag said that “using the principles under 7701, income generated from accessing Cloud Co. through the browser is best characterized as a service, so we have service income.”

it does not necessarily give rise to a permanent establishment—which determines jurisdiction—but it can, under some circumstances, if the server is at the disposal of that particular enterprise.

Farag added that, right now, it's too soon to tell what sort of approach the United States will ultimately adopt. Until then, cloud companies will need to apply rules that were developed before the technology they affect came into being, in order to determine the proper tax treatment.

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NYS DTF offers sales tax guidance for 'Mad Men' agencies

BY RICHARD J. KORETO
Trusted Professional Correspondent

The New York State Department of Taxation and Finance (NYS DTF) recently stepped into the world of Don Draper, the troubled creative genius from the television show "Mad

Men," with guidance on sales, purchases and other financial issues affecting advertising agencies. In Tax Bulletin TB-ST-10, Advertising Services, issued earlier this month, the NYS DTF clarified what advertising products and services are taxable. The difference between taxable and nontaxable transactions can be subtle.

Generally, advertising sales are not subject to sales tax. The department defines these services as consultation and development of advertising campaigns and the placement of advertisements with the media. Expanding on this, the department further notes that any advertising materials that an agency creates and then sends to customers by intangi-

ble means (such as by electronic media) are not subject to sales tax. Any tangible materials an agency uses to furnish content to the media and turns over to the customer after use are incidental to the sale of advertising services, according to the bulletin, and are also exempt from sales tax.

But the NYS DTF draws a line: If an advertising agency sells tangible personal property—such as layouts or artwork—to a customer before giving it to the media, the agency is making a sale that is subject to sales tax. Indeed, any outright sales of tangible personal property, including printing plates or films contained on tangible media, are subject to sales tax.

Other services, other rules

The tax department also found that an ad agency's work can fall into its definition of information services. An agency's sale of a personal report containing material derived from information services is not the sale of a taxable information service, said the bulletin. However, if an agency charges only for the purposes of conducting a survey, or if one of its clients authorizes and accepts a bill for such a survey, then the agency has made a sale of a taxable information service.

Purchases that an agency makes fall into another category: When they're used for performing its services, they are retail purchases subject to sales tax. For example, said the bulletin, consider an agency that designs billboards for a customer. Any purchases the agency makes that are used to create the billboards are subject to sales tax. And even though the advertising services themselves are nontaxable, the agency must pay sales tax on purchases of printing services, for example, used to create those billboards.

For further information on taxation in the advertising industry, the bulletin recommends the following official publication:

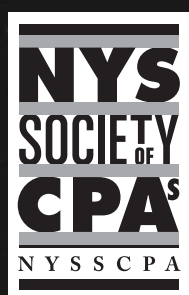
- TSB-M-92(4)S, *The Sales and Use Tax and Promotional Materials*
- TSB-M-92(4.1)S, *The Sales and Use Tax and Promotional Materials*
- TSB-M-97(6)S, *Expanded Sales and Compensating Use Tax Exemption for Promotional Materials*
- TSB-M-10(7)S, *Sales and Compensating Use Tax Treatment of Certain Information Services*
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NYSDTF Office of Counsel finds itself at sea with sales tax

BY RICHARD J. KORETO
Trusted Professional Correspondent

When you buy certain items or services, sales and use taxes are due—that's pretty straightforward. But what if you buy something that moves, not just when you purchase it, but continually throughout its existence? That was the question before the New York State Department of Taxation and Finance's (NYSDTF) Office of Counsel in Advisory Opinion TSB-A-14(5)S. The petitioner is a New York company purchasing a commercial ship, and it wanted to know if the ship's time spent in New York waters determined whether its purchase was subject to sales tax. The ruling isn't wide-ranging—this isn't a common purchase—but the opinion provides a valuable lesson in working with the tax department and navigating the rules.

The ship under consideration is certified to carry 149 passengers for hire. The petitioner plans to operate it between the East Coast of the United States and the Caribbean. Each spring, the ship would arrive in New York City and might depart from the state one or more times each summer, while serving as a chartered vessel. Each fall, the vessel would set sail for the Caribbean, also for charter service during the winter months. The ship would be in New York waters less than half the year. The petitioner might put "New York, NY" on the vessel's stern—this "hailing port" label is an old

seafaring tradition, as well as a U.S. Coast Guard requirement.

NYSDTF Deputy Counsel Deborah R. Liebman first addressed the residency issue, noting that in general, a purchaser in such a situation would be liable for sales and use tax, based on residency status: The petitioner has a place of business in New York and would be using the product—the ship—in New York. (The advisory opinion did not note whether the petitioner was purchasing the boat within New York or outside the state.) Said Liebman, the "petitioner's charter busi-

ness within the state would be an additional basis of residency for tax purposes."

Tax department specific on product and "intent"

But all that is "in general." The state actually has specific rules for ships—perhaps a legacy from New York City's long history as a seaport. According to state tax laws 1115(a)(8) and 1118(3), commercial vessels primarily engaged in interstate or foreign commerce are exempt from sales and use taxes, Liebman pointed out. Various rules and laws define how such commerce is calculated. Basically, at least half of the receipts from a vessel's activities have to be derived from interstate or foreign commerce. Liebman stressed that receipts are what count-

ed, not the amount of time spent in each place.

As the ship has not yet been purchased, Liebman said the subtle issue of intent also comes into play. If the petitioner intends, at the time of purchase, to meet that 50 percent threshold, it may purchase the vessel exempt from sales and use taxes. So, the Office of Counsel is tentatively saying that no sales or use taxes are due, if it's a correct assumption that the 50 percent threshold is met.

However, if that's not the case, the taxation issues become complex, largely because the petitioner apparently did not provide the Office of

One thing that does not make a difference is the use of "New York, NY" as the hailing port on the ship's stern. Although it may provide "some evidence of the vessel's location," it is not determinative for tax purposes, according to the opinion. (Not cited by Liebman, but of historic interest, was that the *Clermont*, the world's first practical steamboat, was marked as "New York," as it chugged between New York City and Albany.)

It would seem unnecessary to note that this opinion applies only to these circumstances—purchases of large ships are not that common

It pays to read the details: Tax laws and rules are full of special exemptions—such as one for ships—under the right circumstances. A few hours of research can pay off handsomely.

Counsel with full details. In two paragraphs of the advisory opinion, Liebman used the word "if" six times, in order to cover all the possibilities. For example, if sales tax is applicable (because the 50 percent threshold is not met), the ship's primary pier in New York would be considered its jurisdiction, for tax purposes. Brief trips elsewhere in the state would not generate a taxable event within those other jurisdictions, as clarified in case law.

However, if the petitioner can show that it used the vessel outside New York for more than six months before its first use within New York, the state will calculate the use tax based on the market value of the vessel at the time of its first use within New York.

anyway. But the lessons are wide-ranging. It may appear to be an act of carelessness that the petitioner failed to provide necessary details for a definitive answer, especially as the sums were likely very large—149-passenger vessels are expensive. Petitioners get the best guidance when they present the Office of Counsel with full details.

Another lesson is that it pays to read the details: Tax laws and rules are full of special exemptions—such as one for ships—under the right circumstances. A few hours of research can pay off handsomely, especially when large amounts are involved.

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Hotel or club? State rules on what is being taxed

BY RICHARD J. KORETO
Trusted Professional Correspondent

As the old saying goes, in real estate, the three most important things are location, location and location. It can be the same thing in sales tax rulings: Exactly where is the sale occurring? Novel business models can make answering that question difficult. The New York State Department of Taxation and Finance (NYSDTF) Office of Counsel had to address that in Advisory Opinion TSB-A-13(28)S: Not only was the "where" in question, but also the "what."

The petitioner is a New York-based company that runs travel programs in the form of a club. Customers pay about \$4,000 for a two-year membership, during which they can claim three one-week vacations at certain hotels and resorts, as well as a seven-night cruise run by an unaffiliated cruise line. Clients can get other discounted hotel stays as well. The petitioner notes that although it has a presence in New York, none of the hotels in its program are located in the state.

Also involved in the program is "Company B," a subcontractor that handles reservations and related responsibilities—although the petitioner remains liable under its agreement with the customers. The petitioner pays Company B a flat fee for each customer, and Company B takes care of all the details related to the travel club. Company B also agrees to have an exclusive relationship with the petitioner, as part of its arrangement to make sure the customers will have the hotel rooms they're entitled to. Even though their agreement is with the petitioner, customers provide all payments for the hotel reservations directly to Company B.

So, is any sales tax owed here? If so, who has to collect it—the petitioner or Company B? And what is being sold here anyway, since the \$4,000 membership fee is not actually for a particular hotel room?

Simpler than it sounds

First, NYSDTF Deputy Counsel Deborah R. Liebman found that there was no need to apportion responsibility between the two

companies or figure out how much was being spent on club dues, cruises or hotels. The main point was that sales tax on hotel room occupancy in New York, which is governed by state Tax Law Section 1105(e)(1), applies only to occupancy in New York. Since the petitioner and Company B have no deals with New York hotels, the other questions are moot.

What about the cruises? Does it matter if the cruises are to the Caribbean, for example, or in New York waters, such as on Long Island Sound? Liebman noted that a 1998 advisory opinion already took care of that, ruling that cruises are generally not subject to sales and use tax no matter where they are. (That ruling is lengthy and complex, and worth a read for CPAs with clients or employers in the hospitality industry.) The bottom line? No sales and use tax is due in the petitioner's travel club.

Of course, the word "club" itself can be a red flag, as some club memberships do generate a taxable event: Section 1105(f)(2) explains that membership fees to social or athletic clubs are taxable. However, the

petitioner has not created a club, under the meaning of the law. If there was any doubt, Liebman cited New York Codes, Rules and Regulations (20 NYCRR Section 527.11[b][5]), which made it clear that the petitioner's members are really customers and not members of a club in a traditional sense: They do not possess any proprietary interest in the petitioner, control any social or athletic activities, or participate in the selection of members or club management, she noted.

Like all advisory opinions, this one applies only in this particular instance. Nevertheless, it communicates a strong general lesson in paying attention to the relevant facts. As is typical in sales tax cases, there are a lot of issues to sift through, but Liebman's ruling showed the importance of keeping your eye on the ball: What's significant is that a hotel room is being sold, and that hotel room isn't in New York, so everything else is largely irrelevant.

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With residency tax issues, it's not just about the address

BY RICHARD J. KORETO
Trusted Professional Correspondent

Most residency taxation issues appear to be about where a dual-household taxpayer really lives, but that's not the only possible problem. In Advisory Opinion TSB-A-13(9)I, the state addressed the question of where the income comes from, specifically, when it's an insurance payout. The answer proved to be particularly complex, and especially illustrative of the New York State Department of Taxation and Finance's (NYSDTF) insights.

From 1998 to 2010, the petitioner was a New Jersey resident, working in the New York City offices of his multinational employer. In 2010, the petitioner suffered a stroke and could not return to work. For six months, he collected short-term disability benefits from his employer; he treated these benefits on his New York state income tax returns as New York-source income. Subsequently, the petitioner started collecting long-term disability benefits under a non-contributory disability insurance policy. The employer paid for all of the premiums for this plan. If the petitioner can never return to work because of the stroke, he can collect the disability benefits until 2016, when he will be eligible to collect his employer's retirement benefits and Social Security.

The question is whether the long-term disability benefits that the petitioner is receiving under his noncontributory insurance policy are New York-source income subject to New York state personal income taxes.

NYSDTF Deputy Counsel Deborah R. Liebman began her analysis by explaining that, generally, nonresidents are subject to New York income tax on New York-source income that enters into their federal adjusted gross income (FAGI). She then clarified that New York adjusted gross income (NYAGI) included income that entered into FAGI and resulted from business carried on in New York. NYAGI includes compensation paid to a nonresident individual for personal services rendered in the state if the compensation is included in an individual's FAGI.

First the details, then the questions

By defining the terms, Liebman was able to ask two detailed questions that would allow the Office of Counsel to present an answer to the petitioner: Were the long-term disability payments New York-source income and, if so, were they subject to state income tax?

The answer to the first question is yes—the petitioner enrolled in the disability plan while working for his employer in New York,

so the benefits are New York-source income. These will be taxable "to the extent such benefits are included in his FAGI," Liebman wrote. But are they? Liebman said that, generally, disability benefits paid pursuant to a noncontributory insurance policy would not be included in FAGI unless the amounts are attributed to contributions by the employer which were not includable in the petitioner's gross income or were paid by the employer.

It sounds confusing, made more so because the advisory opinion notes that although the employer paid all the premiums, the petitioner did not say whether or not the premium payments were includable in the petitioner's federal gross income—and that makes all the difference. Liebman said that if the premium payments—which were made by the employer—were not includable in the petitioner's federal gross income, then the benefits received will be included in petitioner's federal gross income and will flow through to his or her NYAGI. Thus, they will be subject to New York state personal income taxes.

If the distinctions on premium payments seem almost arbitrary, Liebman cites federal guidance on premiums in such situations: IRS Revenue Ruling (Rev. Rul.) 2004-55. It's worth a review by any CPA involved in insurance issues.

The lessons here are multiple, even though this opinion, like all opinions, is applicable only to this situation. First, residency issues are about more than where your vacation home is; they can affect other aspects of a taxpayer's financial life. Second, insurance laws and regulations are complex. And third, always be sure to give the Office of Counsel all the details in order to avoid a conditional answer, as was necessary here.

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War Story Quiz:

When longtime clients split up, what's the best course of action?

BY SUZANNE M. HOLL, CPA

Editor's Note: "War Stories," drawn from Camico claims files, illustrate some of the dangers and pitfalls in the accounting profession. All names have been changed.

John and Karen Smith, long-term clients of your firm, are in the midst of a divorce. John is an old friend from college, and you have advised him on tax and accounting matters for more than 15 years. When he and Karen wed 10 years ago, you began to provide services to them as couple. Your family and theirs are quite close, and you are deeply saddened by the news of their impending split.

As part of your "high-touch" client service philosophy, you had been meeting quarterly with the couple to discuss their business and individual tax needs. John and Karen own a popular upscale restaurant, which has been extremely successful and was rated one of the top 10 restaurants in the area.

The couple has asked you to help them navigate this troubling time, and you have agreed to do so, given your long relationship with them. You are impressed by the spirit of cooperation they display and their willingness to settle the divorce amicably and in the best interests of their children. Not anticipating difficulties, you don't request that they sign a conflict-of-interest waiver.

In recent months, however, the negotiations between John and Karen have steadily deteriorated, and they are now communicating with each other only through their attorneys. You are in the process of finalizing the preparation of their joint federal and state personal income tax returns as requested, which are due in 12 days, when you receive a disturbing email from John. The email indicates that his attorney has advised him to file a return as Married Filing Separately instead of Married Filing Jointly, as he and Karen had previously agreed.

John also states, among other things, that he is "done taking care of Karen. She will need to figure out her own tax situation with her louse of an attorney.... You are my advocate, not hers." In reading the cryptic message, you are not sure what John means by it and, more importantly, how it may impact your relationship with Karen and the services you

have agreed to provide for them both.

What do you do now?

A. You send a disengagement letter to Karen and request that she gather her documentation and engage another tax professional as soon as possible in order to complete her returns in a timely fashion.

B. You contact your risk adviser or legal counsel for assistance.

C. You immediately send both John and Karen a conflict-of-interest consent and require both parties to sign their acknowledgment before deciding what to do next.

D. You ask your spouse to speak with John "as a friend" to help diffuse the tension and conflict between John and Karen.

Answers

A. Incorrect. Ultimately, you may need to disengage from one or both parties, but if you don't seek advice from your risk adviser or legal counsel first, you may inadvertently create even more risk exposure for yourself. For example, Karen may allege that you favored John in the tax filing. She could argue that you abandoned her a few days before the tax deadlines and, to her detriment, took an adverse filing status position. Divorce situations necessitate that CPAs treat each spouse equally, regardless of any prior relationships or which spouse has more marital assets or is paying the fees.

B. Correct. This is a highly charged situation. Divorcing couples—and partners in litigation with each other—often try to assert that the work of the CPA benefited one spouse/partner more than the other. It may be appropriate to disengage from one or both parties, even though that creates challenges, too. If you disengage before completing work for one spouse, and a successor CPA is unable to finish the returns by the deadline, the delay could cause the disengaged spouse to incur penalties and/or miss a tax opportunity. Your risk adviser or legal counsel will assist you in determining the extent of your conflict through the use of the "reasonable person" test—i.e., posing the question, "What would a reasonable person think in this situation?" An adviser will also help you evaluate alternatives in light of your

professional obligations to each spouse. No one solution fits all divorce scenarios.

C. Incorrect. Although this might be one option in managing the exposure, it won't be easy to get the parties to sign waivers now that the relationship has deteriorated. John has already made the statement to you that you are his "advocate," so he has staked claim to your professional expertise. Although representing both spouses is not prohibited, this scenario illustrates why it is rarely advisable. However, if you do decide to represent both spouses, *always* inform both parties and have each acknowledge your potential conflict of interest as a form of protection *before* proceeding.

D. Incorrect. It is extremely important to keep your professional relationships separate from your personal relationships during the normal course of business, and this type of scenario is no exception. You are already in

"murky water" and don't want to make matters worse by risking an allegation that you breached client confidentiality by sharing private information with a third party (e.g., your spouse).

Suzanne M. Holl, CPA, is vice president of loss prevention services with Camico (www.camico.com). With more than 18 years of experience in accounting, she draws on her Big Four public accounting and private industry background to provide Camico's policyholders with information on a wide variety of loss prevention and accounting issues.

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A test of strength

How well does your firm maintain its IT risk commitments?

BY JOEL LANZ, CPA/CITP, CFF, CISA, CISM, CISSP, CFE

This month brings the year-end audit season to a close and, with it, a familiar routine: Firm partners will either be spending their days reviewing workpapers prior to issuing reports or, if the reports have already been issued, conducting postmortems. They'll engage in discussions about audit risk and attempt to identify how the audit team can place increased reliance on the client's business processes to effectively achieve audit objectives. Then, in all likelihood, the talk will turn to the importance of IT in achieving these controls—and for many, this is where the disappointment sets in. Though conversations about audit risk increasingly zone in on IT concerns, all too often promises and commitments to shore up this area made at the start of the year get waylaid by the end, for one reason or another.

How successful was your team at maintaining its information technology risk commitments this past audit season? Use the questions below as a gauge.

1. Is the team storing all electronic client materials, especially those that contain nonpublic personal information (e.g., payroll) according to firm policies?

Before we consider the strength of a client's controls, it may be wise to check our own. Audit teams gather very sensitive documents during the audit and many, if not

most, firms require that these documents be maintained securely (e.g., using the firm's electronic workpaper repository or some form of encryption). Unfortunately, we continue to read or hear stories in the media about firms that have lost laptops containing such information due to a lapse in policy or a staffer's failure to adhere to guidelines. This is one risk that is very much in the control of the audit team and firm to mitigate or reduce to the appropriate level.

2. How well did the team employ computer-assisted audit techniques during the audit?

Each of the major vendors used by CPAs when performing computer-assisted audit techniques issued some type of update during 2013. Partners should ask their team how these new features were employed to make the audit more effective. (My personal favorite is using some of the new statistical features available in many software tools already owned by CPAs to analyze revenue cycle transactions. See Mark J. Nigrini's *Forensic Analytics* for other ideas on how to use common software.) Remember, it's not about just using the technology, but using the technology effectively in order to reduce the audit risk to the extent necessary.

3. In assessing the risks of IT on financial reporting, was too much focus and effort expended on a central system or module used to produce financial reports rather than source systems or modules used to generate revenue cycle transactions?

Frequently, audit teams that have a limited

appreciation of the role information technology plays in organizations today focus their efforts on those systems that are the last direct link to the production of financial statements. What they fail to realize is that much of the risk of the data contained in the systems comes from source systems or modules. For example, the audit team might focus exclusively on the general ledger module and not consider the risk associated with the revenue cycle model that generates the transactions. In addition to considering completeness and accuracy controls of the final module, the edit and validation checks of the source module should be considered as well.

4. Does management use information from its accounting systems when making business decisions?

This question is a bit more complex than it first appears to be. The tricky part: determining if the information maintained by the accounting system is sufficiently reliable so that it can be used in decision-making. Audit teams should be aware of the telltale signs that suggest the information may not be accurate. This includes the use of end user tools, such as spreadsheets, to compensate for inaccurate or incomplete data produced by the system; the inability of management to generate and use reports that are pre-programmed and provided by the vendor (and used by others in the industry without problem); and a delay in producing reports due to the need to have the accounting department review for accuracy and completeness.

4. As part of our fraud risk assessment, how did we consider the potential for computer-facilitated fraud, including threats from both external and internal sources?

All of us are well aware of the red flags or fraud risk factors identified in the Public Company Accounting Oversight Board (PCAOB) standard AU 316, Consideration of Fraud in a Financial Statement Audit. In fact, many audit teams use these red flags as a basis for their fraud risk brainstorming discussions. Unfortunately, these teams sometimes operate by the letter of the law but neglect its spirit, and fail to consider how the use of technology can facilitate the circumvention of established organizational controls. It is important to consider fraud mitigation strategies both from a manual perspective as well as through an IT lens.

So, how did your team do? Hopefully, you do not find yourself in a 'wait till next year' situation!

Joel Lanz, CPA/CITP, CFF, CISA, CISM, CISSP, CFE, is the sole proprietor of Joel Lanz, CPA P.C., and an adjunct professor at SUNY-College at Old Westbury. He is a member of the NYSSCPA's Technology Assurance Committee and The CPA Journal Editorial Board, as well as a past chair of the Technology Assurance Committee. Mr. Lanz can be reached at jlanz@joellanzcpa.com.

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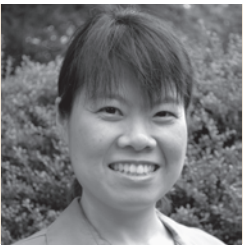
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How happy are your employees?

Five strategies firms can use to boost their retention rates

BY PEI-CEN LIN, CPA, SPHR

Here's some sobering news for hiring managers: According to a recent online survey by CareerBuilder.com, one in five workers will be shopping for a new job this year. The website polled 3,008 full-time employees across industries and found that 21 percent planned to change employers in 2014, up from 17 percent in 2013. Researchers linked the increase to a drop in job satisfaction, with the unhappiest workers complaining most about their salaries and grumbling that they felt undervalued. Those findings are in line with the research report "Predictions for 2014: Building a Strong Talent Pipeline for the Global Economic Recovery," released by the HR specialists Bersin by Deloitte in December 2013. It noted that "while unemployment remains high among many groups, highly skilled workers are in great demand, making it critical for organizations to become a 'talent magnet.'" In other words, if members of your team want to hop over to another employer, they stand a good chance of being able to do so.

It can be painful for any firm that has invested time in training staff and dollars in recruitment to lose good employees. But with a clear strategy in hand, you *can* improve employee retention and keep the best and brightest staffers around for the long run. As a starting point, I've listed several key

action steps below. Keep in mind, though, that they have the most impact when they are executed together. As Bersin by Deloitte notes, "We need to think of all of the elements of talent management as one integrated system—each working together, but fitting into a total employee environment."

1. Engage, empower and enrich

As a key measure for employee retention, the Bersin by Deloitte report recommends ensuring that management is focused on coaching and development, not just performance. The simple phrase above embodies that ideal. Engage means to involve your employees—by soliciting their feedback; by bringing them in on the organization's big-picture plans and explaining how their individual roles fit into it; and by establishing meaningful exchanges through initiatives like inter-department committees. By engaging your employees and keeping them in the loop, you demonstrate their value to you. Empower means to give your employees the autonomy to make decisions; good employees need to feel a sense of ownership when it comes to their work. And enrich means to nurture your employees, by providing a positive, encouraging work environment that they will enjoy being in. When you embrace your employees in this way, they will appreciate it and reciprocate.

2. Prioritize mentoring

Research suggests that companies with

strong mentoring programs have an edge in employee retention. Why? Because employees who are being mentored not only have an opportunity to pick up important technical knowledge from a more seasoned colleague; they essentially have a lifeline to the company—someone who can help them understand the corporate culture and office etiquette. (This is especially key for new and young employees). Make mentoring a priority at your office from the top down. Connect staff members with people they can look up to, aspire to be and want to follow.

3. Offer learning opportunities, as well as opportunities to shine

A good challenge makes for great motivation. Pique your employees' interests by giving them goals and opportunities for continued growth and learning (i.e., classes and workshops), both formally and informally. Institute a robust learning development program that enhances both the employee's technical knowledge base and soft skills, such as interpersonal skills and leadership skills. But this must also be coupled with opportunities for employees to practice what they learned. Leverage their strengths, passions and interests by encouraging them to take on special projects and explore other possible roles within the organization.

4. Formalize recognition and rewards programs

Maslow's hierarchy of needs suggests that we all want to feel valued. That's where recogni-

tion (receiving feedback and having accomplishments acknowledged and appreciated) comes into play. Indeed, according to Bersin by Deloitte research, "companies with a 'recognition-rich' culture have a 31 percent lower voluntary turnover rates than their peers." Top performers, it said, "are looking for growth, recognition, career opportunities, and learning." Among the professionals in the CareerBuilder.com survey who were most satisfied with their jobs and had no intention of leaving, 29 percent said that they felt valued at work and regularly had their accomplishments recognized. At your own firm, ask yourself: do your executives thank staff members for good work—or think the team should simply be happy to have jobs? Is there a formal program for recognizing achievement? How do you celebrate team performance? If you can't launch a full-scale program, think about smaller steps that you can take to recognize employees.

5. Create a flexible, engaging work environment

Time and again, surveys have suggested that employees, especially younger ones, prize flexibility. Indeed, CareerBuilder.com found that 50 percent of employees who wanted to stay with their company said it was because they have a good work/life balance there. Last year, an international study of 4,100 professionals by the consulting company Accenture found that a good work/life balance was respondents' top criterion for defining success—what's more, 52 percent said they had turned down a job because they were concerned about its affect on their home lives. Firms must recognize that what matters most is the quality of the work and that it gets done and delivered on time—and not where and when the work is performed. Moreover, as Bersin by Deloitte suggests, given the long hours people spend at work, employers should consider "redesigning the work environment to make it more enjoyable, collaborative and fun." Google mastered this strategy with the launch of yoga classes, free breakfast and lunch and other perks at its Mountain View, Calif. campus. If a yoga studio isn't in the cards for your organization, think of other ways in which you might restructure the office to convey that employees are valued.

Pei-Cen Lin, CPA, SPHR, is a strategic talent management and organizational development professional in the human resources field. She is also a past chair of the Human Resources Committee. She can be reached at pei-cen.lin@nysscpa.org.

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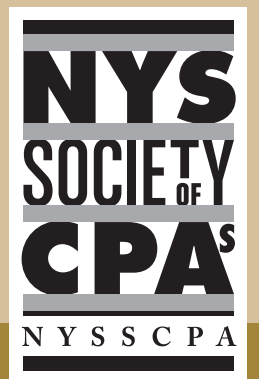
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CHAPTER NEWS

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Chapter leadership roles offer great rewards and opportunities

BY PATRICIA A. MCGRATH
Buffalo Chapter President

It is very hard to believe that I am 10 months into my year as president of the Buffalo Chapter! It has been an extremely interesting and rewarding year so far, and I have met some very interesting professionals, both at the chapter and state level.

I am bringing this observation to your attention so that you will consider taking on a committee, director or officer position for the Buffalo Chapter.



PATRICIA A. MCGRATH
Buffalo Chapter President

Our nominations committee, which is led by **Gregory J. Altman** and includes **Franca Trincia**, **David A. Arcara** and **Sherry L. DelleBovi**, has been contacting our membership over the last few months to fill several open positions. By the time you read this article, these positions will have been filled; however, this is still a great time to let us know if you have an interest in any of these roles. Please contact me at the email address below and I will be sure to make your interests known. It is really a rewarding experience for everyone.

Furthermore, if you have an interest in joining the board of another not-for-profit, I highly recommend the Board Leadership Training course sponsored by the United Way of Buffalo and Erie County. The course is comprised of four Thursday classes and commences April 24. It is a great opportunity and will help you to understand what the responsibilities are as a CPA serving on a not-for-profit board. I participated in this course several years ago and found it enlightening and interesting. See <http://www.cvent.com/d/y4qpqw/4W> or contact Bernie Miltenverger at 716-887-2746 for further information.

Daniel Whelehan and his committee will be placing the final touches on Education Night, to be held April 22 at Salvatore's. In addition to honoring the top accounting students in our area, John R. Koelmel, president of HarborCenter, a mixed-use hockey and entertainment facility in downtown Buffalo, will speak to our audience.

Our speakers for the Summer Symposium, to be held at the Millenium Hotel on July 22-23, have been confirmed. A brochure will be sent out after busy season concludes.

Happy St. Patrick's Day to everyone.

pmcgrath@tsacpa.com

Thank you for supporting our chapter's CPE sessions and other events

BY BARBARA A. MARINO
Manhattan/Bronx Chapter President

I am very proud of the turnout we had for our first three events of 2014. Because we were coming back from the holidays and facing record low temperatures, we thought we were going to have to postpone at least one session. Fortunately, our members, as well as some nonmembers, came through and we successfully held all three events as planned, which was great since we had wonderful topics, sponsors and speakers.



BARBARA A. MARINO
Man/Bronx Chapter President

advisor to *The CPA Journal*. The discussion covered a range of topics, including how forensic accounting services are defined and categorized by the AICPA; how and why a practitioner would begin specializing in such services; and seven detailed case studies exemplifying litigation, investigation and valuation services that a Financial Forensics professional may choose to focus on. The panel also shared client service practices. Audience members posed thoughtful questions about the kinds of tools that are available when performing a forensic investigation and the impact a service-focused professional's work has on the outcome of a litigated matter, among other things. They also shared stories about divorce and investigation matters that they themselves have handled.

Your chapter looks forward to seeing you at the next two events in this year's Financial Forensics series:

- April 2014—practice management issues
- May 2014—the outlook specific to this rewarding, fun, and challenging practice niche.

"Land the Job! How to Communicate with Power, Purpose & Confidence"

On Jan. 13, the Manhattan/Bronx Chapter held an evening seminar titled "Land the Job! How to Communicate with Power, Purpose and Confidence" at the Foundation for Accounting Education's conference center. Jayne Latz of Corporate Speech

Solutions was the presenter. Jayne is a speech-language pathologist who has been licensed for more than 20 years.

The two-hour seminar covered:

- How to speak with clarity and enthusiasm, and how to be clear and concise so that one's meaning is not lost in wordiness;
 - How to be an active listener and retain valuable business information, and how to insert brief pauses after expressing important ideas to allow the listener to process and absorb the information for a more lasting impression;
 - How to power up your voice to exude confidence on the telephone and in business meetings; and
 - How to eliminate verbal fillers (e.g., "um," "you know" and "like") and enhance the verbal message in any professional setting.
- Although this is the eighth time that Jayne Latz has presented to our group, her enthusiasm and presentation skills made it seem like we were hearing her for the first time; the two hours flew by. The seminar was well attended and Jayne maintained the same high energy, dedication and professionalism as she did in her past events. Her patience and non-critical demeanor kept the attendees engaged and encouraged them to participate and interact with each other. The Manhattan/Bronx Chapter looks forward to having Jayne present to the group again next year.

SEC Enforcements

On Jan. 14, Becker Professional Education and the Manhattan/Bronx Chapter held an informative session about SEC enforce-

ments. The discussion included such topics as Dodd-Frank, the Financial Stability Oversight Committee, PCAOB, SOX and other current developments. Our speaker, Timothy F. Gearty, Becker's national lead instructor and the national director and editor-in-chief of the Becker *CPA Exam Review*, also provided several updates regarding the SEC's position on IFRS convergence. (The SEC Division of Corporate Finance continues to converge between GAAP and IFRS.)

Every year there are SEC enforcement actions to help bridge the gap in financial reporting. It's important to understand these updates in order to help ensure your company's compliance. The Dodd-Frank Act is responsible for the whistleblower rules that provide incentive to companies' employees to monitor compliance. Under Dodd-Frank, "whistleblowers" would receive between 10% and 30% of fines charged to firms that have violated regulatory rules. During his talk, Tim provided examples of violations impacting firms in today's business industry.

Tim's experience and dedication were apparent—he easily captured the attention of everyone in the room during his discussion of accounting topics such as balance sheet misclassification. Thank you Tim, for donating your time and expertise to the Manhattan/Bronx Chapter's continuing professional education course.

Future events

Your chapter board is always trying to think of new topics and venues for our events. On Jan. 16, **Digant Bahl** (chapter vice-presi-

See Man/Bx, on page 21

Rochester shines spotlight on the future of the profession

BY MICHAEL D. DESMOND
Rochester Chapter President

The start of spring means it's time for one of the Rochester Chapter's premier events: the Outstanding Accounting Student Night Award. The Cooperation with Educational Institutions Committee organizes this event each year, recognizing one graduating student from Alfred University, Nazareth College, Rochester Institute of Technology, University of Rochester, SUNY Brockport, SUNY Geneseo, and St. John Fisher College.

This year's keynote speaker will be **Timothy C. Hungerford**, the owner of Hungerford Vinton, LLC. Hungerford will be speaking about fraud examination and forensic accounting. His firm performs specialized audits, such as contract compliance, fraud examination and internal controls, and his work experience includes both the public accounting field and several corporate finance roles within a Fortune 500 company.

This is a great event to meet with the fu-

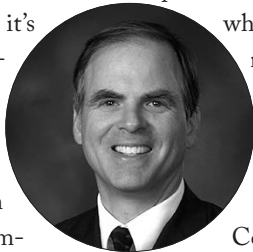
ture of our profession. Join us on April 24 at Irondequoit Country Club—the cash bar opens and reception begins at 5:15 p.m., while the dinner and awards ceremony runs from 6:15 to 8:30 p.m.

The Rochester Chapter actively promotes activities and events for social and professional advancement. The Young CPA Committee held its third annual CPA Volleyball Tournament on Jan. 4 at Hot Shots. Thirteen teams entered the tournament and Kasperski Owen & Dinan came out on top. The runner-up was EFP Rotenberg, followed by Mengel Metzger Barr, which placed third. Through registration fees, raffle ticket sales and sponsorships from the NYSSCPA and Roger CPA Review, more than \$1,100 was raised for the Flower City Habitat for Humanity and the CPA House Build. The tournament continues to grow every year, and the fourth annual tournament is scheduled for Jan. 3, 2015.

The Rochester YCPA Committee also organized a new event, Behind the Software: Training on 1040 Preparation by Hand, held at Monroe Golf Club on Jan. 11. The training was an opportunity for entry-level tax return preparers to proactively prepare a complex 1040 by hand. The idea was to bridge the gap of input and output; since most preparers learn to prepare returns using software, few understand the output of the information on the actual tax return forms. With 23 participants and their very positive feedback, the YCPA Committee hopes to organize additional trainings in the future.

We appreciate the efforts of **Heidi R. Tribunella** from the Cooperation with Educational Institutions Committee, **Michelle L. Towner** of the Young CPA Committee and their committee members for making these events a success.

mike@heveroncpa.com



MICHAEL D. DESMOND
Rochester Chapter President

Rochester introduces students to the "World of Accounting"

BY THE ROCHESTER CHAPTER WORLD OF ACCOUNTING COMMITTEE

In November, nearly 200 high school students from the Rochester region gathered in the auditorium of the HSBC building to learn about the vast array of careers in the accounting profession, as part of the World of Accounting (WOA) XIV. Sponsored by the NYSSCPA's Rochester Chapter, the event was once again hosted by Mengel, Metzger Barr and Co., LLP, and included a tour of the firm's main office. (Yes, all 200 students chatted their way through the offices right before lunch.)

WOA, which has been held at least once each year since 2004, brings together a large group of potential future CPAs with a distinguished group of local practitioners. The day began with introductory remarks from three members of the WOA Committee, **Kenneth O. Hall**, and chapter Past Presidents **Thomas C. Zuber** and **William H. Dresnack**. The students were then treated to a panel presentation of current accounting students, led by **Harry Howe**, a professor and MS program director at SUNY Geneseo, who is also a member of the WOA Committee. Student panelists included **Dan Agan** and **Kathleen E. Fandrich** of St. John Fisher College, **Jonathan Corona** of Canisius College, **Emily Haggerty** of SUNY Geneseo and **Daniel Whalen** of RIT. These Canisius outstanding future CPAs regaled the high school students and teachers with stories about the reality of studying accounting in college and the great experiences they had, including their internships. One student attendee stated in a thank you letter that the student panelists helped her realize that getting a degree in accounting is feasible for anyone who is dedicated and puts in the time.

The students also got to hear from and ask questions of recent graduates now working in the profession, including **Blake Sanderson** and **Vincent Manwaring Jr.**, of Mengel, Metzger, Barr and Co., LLP, and **Cheryl Covert** of HP Neun. Other professionals speaking about their careers included **Chris Martusewicz**, controller of Toshiba Solutions, and WOA Committee member **Matthew P. Bryant**, controller of PharmaSmart International, Inc. Two members

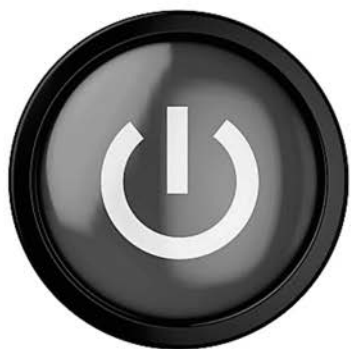
of the Criminal Investigations Division of the IRS, **Jeff LaMirand** and **Jay Taylor**, described the diverse aspects of their accounting positions. Among the highlights of the day, as has become tradition at WOA events, were the two mock interviews led by chapter Past President **Cheryl L. Yawman**. Cheryl interviewed "candidate" **Dan Whalen** twice. The first time was designed to show students how to succeed in an interview; the second time showed the students some of the many ways in which a candidate can be sure *not* to get invited back, such as donning improper attire, taking cell phone calls during the meeting and not really caring at all. Way to go, Dan!

The students left with the understanding that there are great opportunities in accounting, and that accounting jobs aren't necessarily boring. The many comments received at the event and in subsequent thank you letters truly demonstrated that WOA served its intended purpose—to help students understand more about accounting and get them to consider studying accounting in college and eventually pursue their CPA license. These students are the future of our profession and their interest is critical. As stated by one attendee, "I would definitely recommend this activity to other people, and I wish every school got the opportunity to go to something like this to help their seniors decide what they might want to do."

The day ended with the "Q&A Mailbag" coordinated by **Ken Hall** and supported by chapter President-Elect **Antoinette Spina**, and **Peter D. Borrelli**, a member of the WOA Committee. Final comments were offered by **Michelle M. Cain**.

Planning for WOA XV is underway. We'll order more cheese muffins and many more sandwiches. We hope to continue to recruit bright, motivated young people into our profession.

wdresnack@saunders.rit.edu



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Man/Bx

Continued from page 20

dent), **Margaret M. Hannon** (chapter treasurer), **Todd K. Ichihara** (past chapter president), **Matatov**, **Peter Princetine** of Pimco, **Matthew Gershon** of Morgan Stanley and I went to the New York Stock Exchange (NYSE) to discuss the feasibility of holding future events at the NYSE. We received a tour of the floor, spoke to KCG Americas LLC specialist **Donald F. Civitanova** and witnessed the ringing of the closing bell. It was a great experience for all of us and we look forward to being able to offer similar

experiences to our members.

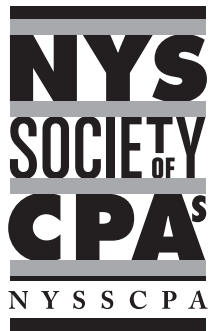
Please check our website regularly for updates, as well as our Facebook page (facebook.

com/?sk=welcome#!/ManhattanBronxChapter). Select "Events" to see upcoming activities.

bmarino@thebackettgroup.com



Members of the Manhattan/Bronx Chapter recently visited the New York Stock Exchange (NYSE) to discuss the feasibility of holding future events there. From left: Peter Princetine, Matthew Gershon, Margaret M. Hannon, Donald F. Civitanova, Barbara Marino, Roman Matatov, Todd K. Ichihara and Digant Bahl.



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Progress report yields high marks

BY SCOTT SANDERS
Nassau Chapter President

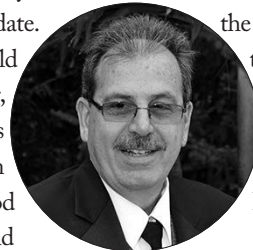
As we approach the middle of tax season, I would like to update you on our progress for the year-to-date.

On Jan. 15, we held our annual CPA Ethics meeting, along with our Managing Partners meeting, at the Chateau Briand in Carle Place. We had a very good turnout for the ethics meeting and excellent dialogue at the managing partners meeting. On Jan. 30, we held our joint Nassau/Suffolk bankers meeting and received a very good response from our friends, the bankers. On Feb. 18-19, we held our annual live web chat at *Newsday*. We had 16 volunteers attend. I would like to thank **Alex Resnick, Jill S. Scher, Jeffrey J. Kravitz, Dov Zaidman, John P. Spinelli, Cari Manteiga, Donald R. Crotty, Pamela A. Diamond, Gary M. Goldberg, Ruth Betz, Phyllis S. Dent, Christopher G. Farrell, Elliot Lavietes, Jacquelyn Paccione** and **Robert J. Schaffer** who, along with myself, assisted *Newsday* readers with the simplest to the most complex issues regarding their 2013 tax filings. This was our third year helping and I was pleased that the Nassau and Suffolk chapters were once again able to lend a hand.

Now for some upcoming events:

Please register for our first Family Financial Literacy Fair, being held on May 3 at the Commerce Plaza in Levittown. Bring your kids down for lots of fun activities and live entertainment and help support our newly formed Financial Literacy Committee chaired by **Karen J. Tenenbaum**.

On May 8, our President-elect **Robert S.**



SCOTT SANDERS
Nassau Chapter President

Barnett will become the 61st president of the Nassau Chapter during our Installation Dinner at the Crest Hollow Country Club in Woodbury. The event will feature CPA community outreach in recognition of Island Harvest and the Long Island Community Foundation. The Long Island Community Foundation will assist our chapter by distributing the funds we raise to various charities such as Island Harvest, our partner in many events throughout the year. Please visit our chapter web page and newsletter at nysscpa.org/nassau to register.

Many thanks to our terrific Newsletter Committee—**Lynne M. Fuentes, Michael Gaines, Lisa A. Haynie, Edwin Kleigman, Shannon Stevens** and **Vivian Levy**—for a stellar job in approving all of our members' and contributors' content, for getting it to press in a timely manner and for meeting all of our deadlines.

On behalf of all of our members, I would like to give a special thank you to **Vivian Levy**, who not only assists all of our sponsors during the year with event registration, but also monitors our new Facebook and LinkedIn pages and uploads timely content so our members can stay informed of all of our events.

Lastly, I would like to remind our members about the NYSSCPA 100% Membership Program and benefits. Please contact **Alex Metz** at 212-719-8635 for more information.

Remember, there is always an extension you can file on March 15. It may not be so easy at times, but try to get our clients to understand that!

Good luck and may the Force (and Form 4868) be with you!

ssanders@st-cpas.com

CHAPTER EVENTS AND CPE

BUFFALO

Buffalo Chapter Education Night & CPE Session

Hot Topics for Non-Profits

When: April 22 (3:30 p.m. CPE; 5:30 p.m. reception, dinner and awards)

Where: Salvatore's Italian Gardens, Depew

Cost: \$45 CPE and dinner; \$35 dinner only; \$10 CPE only

CPE: 2 (1 advisory services, 1 taxation)

Course Code: 29012410

Contact: Jamie Lotz |lotz@bonadio.com or 716-250-6600.

\$40 walk-ins

CPE: (pending)

Course Code: (pending)

Contact: Roman Matatov at romanmatatov@yahoo.com

Financial Forensics Series: 5. Capstone Event

When: May 21, 6-8 p.m. (5:30 p.m. check-in)

Where: FAE Learning Center, 14 Wall Street

Cost: \$20 members; \$30 nonmembers;

\$40 walk-ins

CPE and course Code: (pending)

Contact: Roman Matatov at romanmatatov@yahoo.com

MANHATTAN/BRONX

Financial Forensics Series:

4. Practice Management Focus

When: April 23, 6-8 p.m.; (5:30 p.m. check-in)

Where: FAE Learning Center, 14 Wall Street

Cost: \$20 members; \$30 nonmembers;

NASSAU

Family Financial Literacy Fair

When: May 3, 10 a.m.

Where: YES Community Counseling Center, Commerce Plaza, Massapequa

Course Code: 45030413

Contact: Karen Tenenbaum at ktenenbaum@litaxattorney.com

Nassau Chapter's 61st Annual Installation Dinner

When: May 8, 6:30 p.m.

Where: Crest Hollow Country Club, Woodbury

Course Code: 45030414

Contact: Ashley Flynn at aflynn@cbmslaw.com
RSVP by May 7

ROCHESTER

Outstanding Accounting Student Award Night

When: April 24, 5:15-6:15 p.m. (cash bar and reception); 6:15-8:30 p.m. (dinner and guest speaker Tim Hungerford, Owner of Hungerford Vinton LLC)

Where: Irondequoit Country Club, 4045 East Ave.

Cost: \$35 per person

Course Code: 45050407

Contact: Phyllis Bloom at pbloom7@naz.edu

WESTCHESTER

Annual Golf Outing and Networking Event

When: May 13

Where: Glen Arbor Golf Club, 234 Bedford Center Road, Bedford Hills

Contact: Jeff Schwartz at jeff@stantonandleone.com
Check the website for pricing.

Young CPA Wine Tasting Event

(Benefits Blythedale Children's Hospital)

When: May 15, 5:30-8 p.m.

Where: Willow Ridge Country Club, 123 North St., Harrison

Cost: \$45 member; \$50 nonmember (paid in advance); \$50/\$55 at door

Contact: Heather Oboda at hoboda@citricooperman.com

Meeting the tax crunch head on Westchester gears up for popular tax hotline, annual scholarships

BY BRIAN REESE

Utica Chapter President

As we reach the heart of tax season, with the corporate deadline fast approaching, the “madness” is beginning and stress levels are soaring. In order to avoid burnout during this busy time, try to maintain a good work/life balance—make sure “me time” is a priority and continue gym routines, leisure pursuits and hobbies to help blow off steam.

Here are a few other tips for staying healthy and sane during the remainder of tax season:

- Eat well and don't skip meals. Try to eat three good meals a day. This will keep your energy up and prevent you from filling up on junk food.
- Bring healthy snacks to work such as fruit, yogurt or nuts instead of candy bars, chips and soda.
- Drink plenty of water to keep yourself

hydrated and alert. Water is much better than sugary energy drinks that only help short term.

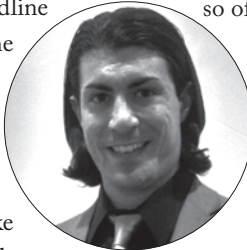
- Get up and walk around the office every so often to get your blood circulating.

- Make time for exercise, whether it is going to the gym or doing a quick workout at home. Yoga and breathing exercises can also alleviate the stress of tax season.

Employers/bosses can help employees during the tax crunch, too. Some ideas include stocking the break room with snacks (healthy of course), having lunch brought in a few times a month and randomly cancelling a Saturday at the office. Keeping morale up in turn keeps productivity high—burnout reduces the efficiency and effectiveness of the hours employees put in.

Finally, breathe in and exhale slowly—the end of busy season is near.

brian@rfcpa.net



BRIAN REESE
Utica Chapter President

BY GINA LINSS

Westchester Chapter President

Even though it is tax season and April 15 is right around the corner, the Westchester Chapter plans to keep going and stay active throughout these busy months.

The Westchester Chapter, in cooperation with *The Journal News*, will host its annual tax hotline

on March 1 at *The Journal News* offices at 1133 Westchester Ave., White Plains. We are looking for volunteers to answer phone-in and web chat questions. This is a wonderful way to provide community service and to get publicity for our profession. We need your assistance in helping our county residents with any tax questions they may have. Volunteers will be asked to participate in two-hour time slots: 10 a.m.–12 p.m. and 12–2 p.m. If you are interested in participating, please contact **Robert M. Winton** at rwinton@citricooperman.com or 914-949-2990, ext. 3326. Make sure that you include your name, address and telephone number, along with the time slot you are interested in; we will contact you with more details. We will also let you know what materials to bring that past volunteers found helpful to refer to when answering questions. The Westchester Chapter appreciates your help.

We launched our annual scholarship drive in February and will be accepting applications for scholarships shortly. The Westchester Chapter has been awarding scholarships to deserving Westchester high school seniors for more than 10 years. Anyone who knows a Westchester high school senior who intends to major in accounting should have them contact **Mark G. Leeds** at 914-468-

7313 or their guidance counselor for more details. We would like to extend our scholarship efforts to deserving college seniors, but since our budget for scholarships is fixed, we will need to identify other sources of funding. We are very interested in partnering with firms/companies to create sponsorship opportunities. If your firm or company is interested in sponsoring such a scholarship, please contact **Mark Leeds**.

The Young CPAs are beginning to start work on their annual Wine Tasting/Networking Event to benefit Blythedale Children's Hospital. They are currently looking for volunteers to help organize the event. In addition, they are looking for donations of raffle items. Last year they were able to raise more than \$1,200 in raffle ticket sales, which went directly to the hospital. If you are interested in helping please contact **Heather M. Oboda** at hoboda@citricooperman.com.

Save the Dates:

April 2014 — CPA Examination Overview (date and location to be determined)

May 2014 — President's dinner and scholarship presentations (date and location to be determined)

May 5 — All-day Estate and Financial Planning Conference, Citigroup Conference Center, Armonk

May 13 — Annual golf outing and networking event, Glen Arbor Golf Club, Bedford Hills

May 15 — Young CPA wine tasting event to benefit Blythedale's Children Hospital

glinns@citricooperman.com

Staten Island begins planning for another successful COAP program

BY DENNIS ANNARUMMA

Staten Island Chapter President

Staten Island Chapter officers and board members met at the end of January to reflect on our accomplishments over the last year and, more importantly, begin planning for the upcoming year. While the chapter will not be offering CPE sessions during tax season, our CPE Committee will be hard at work planning for upcoming sessions that will begin in early May. You will be receiving email correspondence informing you of the CPE session details. I would also like to thank our current CPR Committee chairperson **Cynthia A. Scarinci** and our sponsorship coordinator **Anthony J. Maltese** for their hard work and the tireless hours they spent to make last year's CPE events so successful.

In February—even as the snow was still falling—our COAP Committee held its initial kickoff meeting for the 2014 COAP program, which will again be held on the Staten Island campus of St. John's University. In coordination with other lo-

cal area programs, the program dates have been set and the student applications will be sent out by the Society in the coming weeks. St. John's University informed us that four of our participants from last year's program have been selected to attend St. John's and have chosen accounting as their main course of study. Last year's program will be difficult to top, but our committee is hard at work with their various contacts to make this year's program even more enjoyable and exciting for participants. The dates of this year's program are June 28, 29, 30, July 1 and 2. We will again be asking members to volunteer and help us out with this great event. Additional information will be provided over the next several months.

I would also like to congratulate **Doreen M. Inserra**, a member of the Staten Island Chapter, for being recognized as an honoree of the Louis R. Miller Business Leadership Award. Doreen is one of eight Staten Island business leaders to be recognized for their business leadership with this award.

dennis.annarumma@ey.com



DENNIS ANNARUMMA
Staten Island Chapter President

For more Chapter News, visit
TrustedProfessional.com

How do you use your CPA skills in a non-CPA context?

(We bet it involves calculating tips.)



JOHN W. HERMUS, Suffolk Chapter

It's great to be able to help family and friends with tax advice when needed. On the other hand, there's one perceived "skill" that accountants always seem to be relied upon for—the ability to split a bill whenever we're dining out. We've all had it happen. Say you're out with 10 friends. The bill comes, and someone will inevitably slide it down to your end of the table and say, "Give it to the accountant—he can figure it out." Let's get real; it's not that hard!

jhermus@sheehan CPA.com



EMILY GARDNER, Southern Tier Chapter

Besides being good with numbers, being a CPA makes you a great problem solver and complex thinker—it helps you to figure out how to approach a situation and resolve it efficiently. This comes in handy for just about every aspect of life, from small things like personal budgeting, to bigger decisions like whether it's better for you to buy or lease a car, or how to navigate a mortgage agreement. Your accounting knowledge can also make you a huge asset to your community. I've served on nonprofit boards in the past, and they often need that sort of knowledge and expertise. One board I was on until recently, for example, didn't understand the idea of net assets vs. cash—they just assumed that net assets meant money they had available. I helped them to clarify things in order to make better decisions.

Finally, as a less "high-stakes" example, I find that I'm usually the one people turn to when they need to figure out how to split the bill. It's funny because I have a few girlfriends and we're all CPAs, and when we go out and we're trying to split the bill, we always joke, "Hey, I'm not getting my standard billing rate here."

egardner@peworchik CPA.com



JORDAN S. FREY, Manhattan/Bronx Chapter

The first thing that comes to mind would be to budget my daily expenses and to stay organized in my everyday life—if an accountant can't manage his own money, what message would that send to a client? A less intuitive answer, though, involves communication skills. At work, I need to deal with a wide variety of people every day. Some clients are older, while others are young; some are sophisticated and savvy, while others aren't sure what this whole 1099 thing means. They're people from all sorts of different fields and backgrounds whose only common point, it seems, is the need for accounting services. You learn that you can deal with a lot of different types of people and are able to start conversations with people just about anywhere. And, of course, every accountant knows that when you're out to eat with friends and the bill arrives, everyone will turn his or her head and look at you expectantly and say, "You're the accountant—trusted advisor, right?"

jordan.frey@eisneramper.com



MARIA SUPPA, Utica Chapter

When I use my accounting degree outside the normal course of work, it's usually because people are asking me tax and investment questions. I get a lot of questions from family and friends along the lines of, "How should I handle this?" and "What's the best way to do that?" Of course, I always have to give the disclaimer that I don't work in public accounting and don't do taxes anymore, because lots of people assume that you know the ins and outs of taxes. I do financial statements and valuation claims, and yet around this time of year, people will still say, "Oh, you're in your busy season right now!" when I really haven't worked in public accounting or done taxes in seven years.

Of course, when you're a CPA, it does make you more aware of your own personal finances, and you can definitely keep track of things better and help your family to do the same. I do find that I help my family in this area, especially when they make spending decisions like buying a house.

And, of course, there is splitting the bill. I'm always the one who gets stuck doing it. Sometimes, when I go shopping with my sisters, they ask, "If this is 20 percent off, what would that be?" I get the sales percentage question every time I go shopping.

msuppa1212@gmail.com



BRUCE A. LAMARCA, Nassau Chapter

One area outside the office where it's handy to be in the accounting profession is when family members call me up and ask me questions—which can happen quite often. They ask things like, "What forms do I have to file if I want to claim this?" or "Is this taxable, is this nontaxable?" or "So, I was wondering whether or not I can write this off—could you help me out?" I let my experience guide me in helping them.

blamarca@st-cpas.com

In Memoriam

The Society salutes the following members who have passed.

Information is presented here according to what is on file in the Society's database. The names below are of those previously unreported members whose profiles were updated with their passing between Nov. 2, 2013, and Feb. 18, 2014.

Kenneth S. Bordins, Auditor, Josephon Luxenberg Kance & Dolinger, PC, New York, N.Y. Resided in New York, N.Y. Born in 1953. Member of the Society since 1989. Member of the Manhattan/Bronx Chapter.

Abraham J. Briloff, Retired, A. J. & L. A. Briloff, New York, N.Y. Born in 1917. Member of the Society since 1941. Member of the Manhattan/Bronx Chapter.

Peter A. Corsentino Jr., Manager, Grodsky Caporino & Kaufman, LLP, Jericho, N.Y. Resided in Valley Stream, N.Y. Born in 1949. Member of the Society since 2004. Member of the Nassau Chapter.

Anne G. Davis, Controller, Random House Inc., New York, N.Y. Resided in Farmingdale, N.Y. Born in 1962. Member of the Society since 1988. Member of the Manhattan/Bronx Chapter.

Seymour L. Goldstein, Sole Practitioner, Seymour L. Goldstein, CPA, New York, N.Y. Resided in New York, N.Y. Born in 1917. Member of the Society since 1949. Member of the Manhattan/Bronx Chapter.

Stanley R. Greenberg, Sole Practitioner, Stanley R. Greenberg, CPA, Howard Beach, N.Y. Resided in Howard Beach, N.Y. Born in 1920. Member of the Society since 1960. Member of the Manhattan/Bronx Chapter. Served on the Continuity of Practice Committee (1979–1984); CPA Journal Business Activity Committee (1979–1982); Local Practitioners and Small Firms Committee (1983–1984); Management of an Accounting Practice Committee (1984–1986); and the General Committee on Members in Public Practice (1982–1984).

Kenneth R. Greenhut, Tax Partner, McGladrey LLP, New York, N.Y. Resided in Great Neck, N.Y. Born in 1947. Member of the Society since 1975. Member of the Manhattan/Bronx Chapter.

Herbert Hammer, Retired, Jackson, N.J. Born in 1920. Member of the Society since 1958.

LeRoy J. Herbert, Retired, Monmouth Beach, N.J. Born in 1923. Member of the Society since 1963.

Myron J. Jacobs, Retired, Schwartz & Associates, Jericho, N.Y. Resided in Jericho, N.Y. Born in 1924. Member of the Society since 1953. Member of the Nassau Chapter.

Louis Kogan, Retired, Roslyn, N.Y. Born in 1921. Member of the Society since 1957. Member of the Nassau Chapter.

Leonard Kuznetz, Manager, New York State Department of Taxation and Finance, Rye Brook, N.Y. Resided in Eastchester, N.Y. Born in 1946. Member of the Society since 1985. Member of the Westchester Chapter. Served on the Taxation of Individuals Committee (1986–1989).

Burton T. Lefkowitz, Retired, Scarsdale, N.Y. Born in 1930. Member of the Society since 1956. Member of the Westchester Chapter. Served on the Accountants Club Committee (2007–2008).

Arthur L. Levine, Retired, Oakland Gardens, N.Y. Born in 1926. Member of the Society since 1958. Member of the Manhattan/Bronx Chapter.

Irving Rom, Retired, Chicago, Ill. Born in 1923. Member of the Society since 1956.

Bernard Rosen, Sole Practitioner, Bernard Rosen CPA, Melville, N.Y. Resided in Melville, N.Y. Born in 1921. Member of the Society since 1954. Member of the Suffolk Chapter.

John A. Rubino, Audit Partner, John Anthony Rubino & Company CPA, P.C., Sparks, Nev. Resided in Smithtown, N.Y. Born in 1943. Member of the Society since 1980. Member of the Suffolk Chapter. Served on the Entertainment and Sports Committee (1981–1984); Management Tools and Techniques

Committee (1992–1993); General Committee on Members in Industry, Government and Education (1990–1991); Microcomputer Users Group (1986–1988); Partnerships and LLCs Committee (1984–1985); Retail Committee (1987–1990); and the Stock Brokerage Committee (1991–1993).

George Sager, Lexington, Mass. Born in 1921. Member of the Society since 1956. Member of the Manhattan/Bronx Chapter.

Howard Shapiro, Retired, Northport, N.Y. Born in 1940. Member of the Society since 1967. Member of the Suffolk Chapter.

Stephen L. Siegel, Vice President, Tin Box Company, Farmingdale, N.Y. Resided in Hewlett, N.Y. Born in 1941. Member of the Society since 1966. Member of the Nassau Chapter.

Vincent P. Sirianni Jr., Partner, Davie Kaplan CPA P.C., Rochester, N.Y. Resided in Canandaigua, N.Y. Born in 1959. Member of the Society since 1987. Member of the Rochester Chapter.

Marc L. Sloane, Partner, Horowitz & Ullmann CPAs P.C., New York, N.Y. Resided in New York, N.Y. Born in 1953. Member of the Society since 1982. Member of the Manhattan/Bronx Chapter.

Arnold Sussman, Retired, Westbury, N.Y. Born in 1929. Member of the Society since 1961. Member of the Nassau Chapter.



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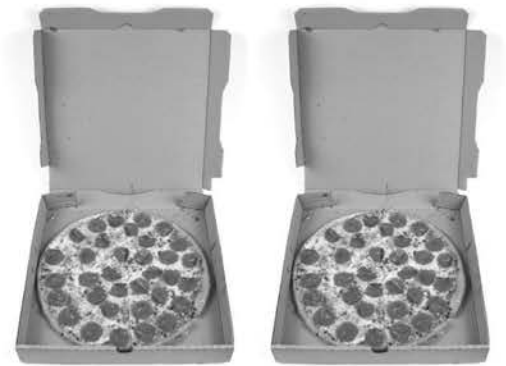
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