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NYSSCPA extends helping hand to public with annual tax panels

BY ROBERT BUSWEILER
Trusted Professional Correspondent

Even in the midst of a grueling busy season, NYSSCPA members once again carved out time from their professional schedules to give back to their communities, dispensing free tax advice as part of the Society's annual volunteer tax panels in February and March.

The panels, which are cosponsored by local media outlets and held across the state, are a long-standing tradition that the Society established in order to connect members with residents and business owners who need assistance filing income taxes.

Since its early days more than 30 years ago, when the NYSSCPA partnered with a single New York City radio station to answer listeners' questions, the program has bloomed: This year, some 75 member volunteers from Buffalo to Long Island answered more than 1,000 questions from the public. Participating chapters included Buffalo, Mid Hudson, Nassau, Northeast, Suffolk and Westchester, as well as members of the Manhattan/Bronx, Queens/

Brooklyn and Rockland chapters.

Participating media outlets hosted the panels at their offices, covering the events in their broadcasts and online and print publications. The panels provide a tremendous amount of exposure for the profession, said NYSSCPA President **J. Michael Kirkland**, and allows CPAs to develop a stronger connection to the public.

"By volunteering, not only do Society members provide a service to the community, but they help to enhance the 'CPA' brand," he said.

Newsday: Suffolk and Nassau Chapters

For the third year in a row, Long Island's daily newspaper, *Newsday*, partnered with the Society and, thanks to its steady promotion of the event, the panel drew a big response from the community. Nassau and Suffolk Chapter members spent six hours over the course of two days fielding more than 140 questions from residents and small business owners in a live Web chat.

A number of questions focused on marital situations, including one from a man who had separated from his wife years ago but,



Westchester Chapter member Robert M. Winton helps a caller during a tax hotline session at *The Journal News* office on March 1. He was one of nearly 75 Society volunteers across the state to field tax queries from the public.

until recently, still shared a home with her. Now that they live apart, could they finally file their taxes as single individuals? According to member volunteer **Elliott Lavietes**, it was not so much the living situation but the legal situation of the marriage that was key. His answer: "Only if you have a divorce decree or a formal decree of legal separation."

A recap of both chats was posted online by *Newsday*. Following the tax panel, *Newsday* also ran a two-page spread in its business section that featured more detailed

responses from the CPA volunteers.

Volunteers:

Alex Resnick
Jill S. Scher
Jeffrey J. Kravitz
Dov Zaidman
John P. Spinelli
Cari Manteiga
Donald R. Crotty

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PCAOB's expanded audit report proposal raises litigation concerns

BY CHRIS GAETANO
Trusted Professional Staff

Though the Public Company Accounting Oversight Board (PCAOB) believes that a proposal for major revisions to the standard audit report it released last August will provide investors with better, more actionable information,

critics of the plan are expressing concern that the changes will significantly expand legal costs, by creating more areas of attack for potential plaintiffs.

If implemented, the PCAOB's proposal would retain the pass/fail grading that is in the current reporting model, but would greatly expand the other information and disclosures required. For example, the pro-

posal would require that the auditor use the report to communicate "critical audit matters," or CAM, which are essentially areas that the auditor found to be challenging during the course of the engagement. This, according to the PCAOB's exposure draft, is meant to provide users with previously unknown information about the audit, enabling them to conduct a more thorough analysis of

the financial statement and bridge what the board describes as information asymmetry between investors and management.

The NYSSCPA has come out strongly against the proposed changes, arguing in a comment letter released last year that efforts

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Determining when allegations of unethical behavior have merit


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PRESIDENT'S COMMENTARY

Together, we've laid a strong foundation for our future

In a few weeks time, I will participate in one of the great traditions of our organization, by passing the reins as Society president to a successor—the more-than-capable **Scott M. Adair**. It has been my honor to serve you, and I am grateful to have had the opportunity to do so. Though I am leaving office, I do not consider this to be a leave-taking; having been a proud member of the NYSSCPA since 1982, I remain devoted to protecting the CPA designation and advocating on behalf of the clients and communities we serve through active engagement with the Society.

Still, every transition offers a chance for reflection, and I've given a lot of careful thought to my time in office.

When I first assumed the position, I said that I would be your “joyous servant,” spreading the word of your good works. To that end, I've had more than 20 speaking engagements, promoting the profession and telling audiences near and far about the work that we do.

At the start of my term, I also noted that there is no manual, handbook or game plan to prepare you for the job of Society president. That was particularly true in fiscal year 2013–2014, which, more than any other year in recent memory, brought tremendous change for the organization—from our move to 14 Wall Street, to the series of new initiatives we unveiled. I'm so proud of what we accomplished together. Moreover, I believe the foundation we laid will benefit the Society and the profession for decades to come.

This includes the Next Generation (i.e., NextGen) program, which we launched in an effort to support Young CPAs and demonstrate our commitment to their success. NextGen offers the professional development services and relationship-building opportunities that YCPAs want and need. Beyond that, it provides a sense of community—a place where young and as-

piring CPAs can seek out advice and learn about opportunities. The program includes our new career development magazine, *NextGen*, and NextGen: The Conference for Young CPAs, but doesn't end there. Among other things, our Next Generation team is currently implementing the NYSSCPA Campus Connect initiative, which 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 our Foundation for Accounting Education (FAE).

The team is also poised to launch the Society's Classroom Connect program to promote financial literacy in area high schools.

In keeping with the theme of supporting young and future professionals, this past year, we inducted the first members of our Young Leadership Circle, a new program that identifies rising stars within the profession and gives them opportunities to learn from and interact with Society officers. We've also worked hard to expand the reach of our diversity program for high school students, Career Opportunities in the Accounting Profession (COAP), welcoming former New York Gov. David A. Paterson to serve as its ambassador and Honorary Fundraising Committee Chair.

In terms of our future, when Society leaders look back on fiscal year 2013–2014 decades from now, I'm certain they will conclude that our relocation to the Financial District was key in repositioning the NYSSCPA as a 21st century organization. For one thing, the new location—which was selected after a task force that included myself, President-elect Adair, Past President **Gail M. Kinsella** and **Joseph M. Falbo Jr.**, reviewed more than 40

properties throughout Manhattan—boasts a full suite of technology that allows us to better reach and serve our members throughout the state. When the task force first examined the space, there was nothing but brick walls, bare floors and columns; we had to imagine the possibilities. I'm so pleased to report that the reality of our new home far exceeds anything we could have dreamed of.

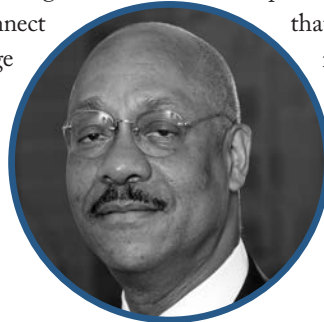
In addition to these projects, the NYSSCPA continued to take an active role in legislative issues. We were successful in our attempts to protect New York CPAs from having to comply with duplicated regulatory requirements

when the New York State Department of Taxation and Finance approved its tax return preparer regulations in December. We also saw the fruits of our efforts as we worked with State Attorney General Eric T. Schneiderman's office and played a proactive role in the development of the Nonprofit Revitalization Act. The NYSSCPA's involvement in the bill's review process led to several key provisions being incorporated, including an increase in the audit requirement threshold from \$250,000 in annual revenue to \$500,000.

I'd like to thank the members of the 2013–2014 board for their enthusiasm, passion and pride in the Society and the profession. I also extend my deepest appreciation to you, the members, for being so generous with your expertise and time. None of our initiatives would be possible without you.

Finally, I extend my most sincere congratulations to Scott Adair. It's been a great pleasure to work alongside you. I know the Society will be in good hands.

president@nysscpa.org



J. Michael Kirkland

Letter to the Editor

Questioning assumptions about the minimum wage

I read “NYSSCPA members weigh in on efforts to raise minimum wage,” in the April 2014 issue of *The Trusted Professional* and wanted to share a few thoughts.

First of all, thank you for taking on the topic because of its relevance to our clients, employees and communities, and its overall economic impact. I thought two angles were missing in the analysis.

Isn't there any positive impact on sales and

profits in having more motivated, better fed and less stressed employees (less stressed because they may no longer need to rush to a second or third job, or worry about a rent or a medical bill)? Is there any research to back or reject this idea? What does the hard evidence suggest? It is better sometimes to look at the facts, stats and science rather than at what just seem logical or intuitive to us. The last minimum wage increase occurred in July of 2009: It rose from \$6.55 to \$7.25. Although that was a relatively small increase in comparison to the 26 percent currently discussed, it still

provided ample data to assess its actual impact and extrapolate what a new hike may do to the economic and social well-being of the country.

Anytime there is a debate about minimum wages, we often assume that any raise will need to be automatically passed on to the consumers. But that idea fails to consider that a significant proportion of small business customers (especially the businesses that pay minimum wages) are also employees of other

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Kirkland thanks member volunteers

Technical hotline volunteers

The NYSSCPA wishes to extend its thanks to all committee technical hotline volunteers who have so freely given their time to serve their fellow members during this busy year. The technical hotline, which exists in order to assist practitioners with their professional issues and questions, has grown into an efficient service and a valuable member benefit because of the contribution and commitment of the committees and their hotline volunteers. It has only been successful through their support. Those interested in serving as volunteers for the technical hotline should contact their committee chairs for more information.

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NYSSCPA President Thanks Comment Letter Drafters

The NYSSCPA is considered a valuable source of comment letters about important issues affecting the profession. Our robust comment letter process is supported by many individuals who generously dedicate their time and expertise to ensure that the Society is serving its members and the public. We extend our sincere appreciation to the principal drafters listed below.

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The NYSSCPA wishes to express its gratitude to its outgoing committee chairs. Many of the Society's accomplishments are achieved through its committees. The leadership, dedication and commitment of these committee chairs benefit not only our members, but our entire profession as well. We thank the following chairs whose terms end in May 2014.

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Society pushes for J-51 change

BY CHRIS GAETANO

Trusted Professional Staff

In a comment letter published on March 11, the NYSSCPA urged New York City's Department of Housing Preservation and Development (HPD) to modify a form for its J-51 real estate program that is currently out of sync with generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS)—leaving CPAs who are asked to certify the paperwork in an awkward position.

The city has been looking to tweak its J-51 rules, which date back to the 1950s, in recent months.

J-51 was designed to help encourage the owners of multifamily buildings to undertake improvements for the health and safety of tenants, such as asbestos removal and boiler replacements, by providing them with incentives—namely, abatements or exemptions on real estate taxes. Qualifying for the program involves meeting a number of different requirements, one of which is to identify the costs of improving the building within the parameters specified by the HPD's Form J-2 regarding itemized lead-based paint hazards. The form must then be certified by a CPA.

The problem, according to the Society, is that while program rules make reference to GAAP and GAAS, Form J-2, as provided by the HPD, is not in accordance with GAAS, and content that the CPA would base his or her opinion upon does not always conform to GAAP. This, according to the NYSSCPA, poses issues for CPAs.

“Rule 29.10(7)(i) of the NYS Rules of the Board of Regents ... prohibits a reference to GAAS in a CPA's report if the accompanying financial information is not in accordance with GAAS,” the Society wrote.

Form J-2 also asks the CPA to confirm the owner's total cost for the rehabilitation and that this determination was made in accordance with GAAP. However, the Society said, within GAAP, the cost of rehabilitation generally falls under rules governing capital expenditures, which hold that the calculation of maximum allowable costs for improvements (e.g., \$750 for ceramic bathroom tile) may not necessarily be consistent with GAAP standards. Instead, the basis of accounting is the financial reporting provisions of Chapter 5 of Title 28 (Housing Preservation and Development) of the Rules of the City of New York.

As a result, issuing an opinion on these costs and their conformity with GAAP can also be problematic. Under the Board of Regents rules, GAAP cannot be referenced in a CPA's report unless the basis of accounting is promulgated by a standards-setting body recognized to do so, “which does not include the city of New York.”

Another issue that the NYSSCPA brought attention to is that the report includes the word “independent” in reference to the person

who certifies Form J-2, but the Society felt that this was unnecessary, and that if the declaration is retained, it should be included as an addendum to the report, rather than as an actual part of the report itself. It also felt that the report should be signed by the firm—not the engagement partner—as GAAS requires that auditor's reports be signed by the firm.

Abraham E. Haspel, a member of the NYSSCPA's Real Estate Committee and one of the authors of the Society's comment letter, said that because there is usually a deadline for obtaining the Form J-2 certification, CPAs face significant client pressure to complete the process, despite these concerns. What happens, he said, is that the attorney representing the client says, “It's the HPD's way or the highway! You don't get it! We can get someone else to do it!”

“The CPA is caught between a rock and a hard place, so to speak. He has to decide whether to lose the client ... or conform to the demands of the attorney representing the client,” Haspel said. “The client is not interested in losing the opportunity to receive the abatement exemption.”

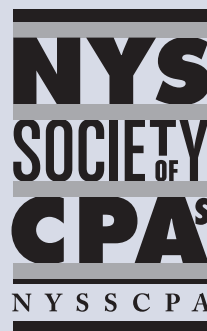
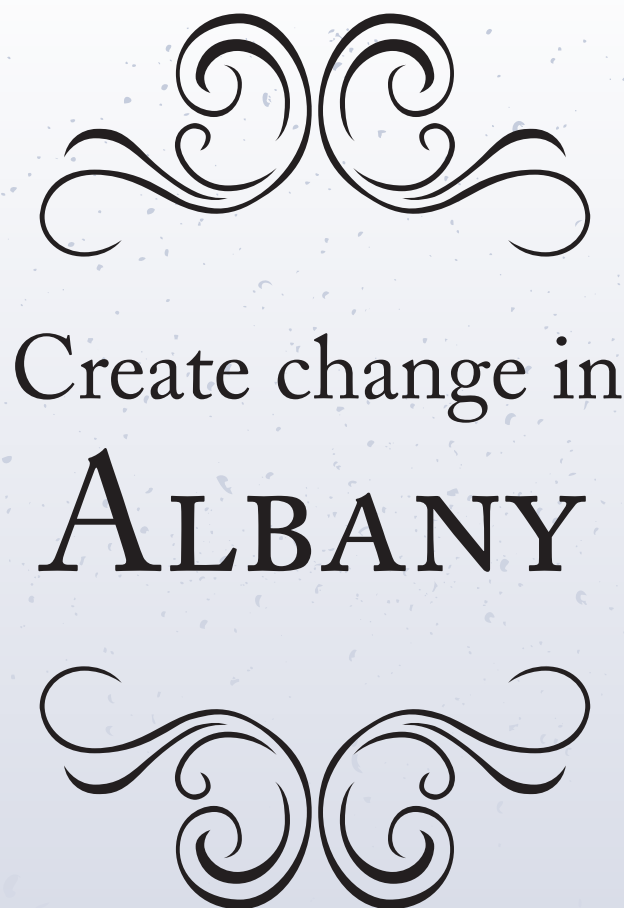
The NYSSCPA, in addition to noting its objections to the program as it currently stands, also submitted a sample form it drafted that *would* be in accordance with GAAP and GAAS standards. (To view the sample, as well as the rest of the Society's comment letter, see www.nysscpa.org/commentletter/hpd.pdf.) Haspel added that the HPD has already expressed an interest in the Society's opinions on this matter. Eric Bederman, the HPD's press secretary, said that the department is in the process of completing the revisions and will be making them public in the near future.

Still, while the HPD contemplates the changes, how should CPAs proceed? It's a question that Haspel, as a frequent volunteer for the NYSSCPA's technical hotline, has encountered numerous times. The best that a CPA can do, he said, is to attach a correct report in accordance with all standards to the unmodified required certification, which is allowed under GAAS, according to the article, “When the Rules and the Law No Longer Agree: Proceed with Care When Regulator-Prescribed Forms Do Not Comply with GAAS,” by Ahava Z. Goldman, a senior technical manager with the AICPA Audit and Attest Standards Team, and Thomas A. Ratcliffe, technical director of the AICPA Center for Plain English Accounting. The piece was published in the November 2013 *Journal of Accountancy*.

However, Haspel noted that this is still an uncomfortable situation that “does not reflect on our credibility and is deleterious to our image, there is no question,” as the original HBD form must still be signed in addition to the corrected report.

“The ultimate goal is to try to get forms that ... conform with professional standards,” he said.

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By representing more than 29,000 members, the NYSSCPA acts as the unified voice for CPAs throughout New York State. While we are often able to use our strength in numbers to take action, political advocacy sometimes requires a

more grassroots approach. This is why the NYSSCPA is inviting its members to become a part of its Key Contact Program. Much in the same way networking is vital to professional advancement, developing a strong political network of connections is important to any government advocacy program.

To Become a Key Contact:

Click on the Government Affairs tab on the NYSSCPA website and then click on the “Get Involved” link

Or type the web address directly into your internet browser:

nysscpa.org/page/key-contact

Members can also call:

212-719-8385

PCAOB

Continued from front page

by regulators to expand the role of the auditor and provide more hand-holding to investors as they navigate a company's financial information would not only fail to improve users' understanding of entities, but could create further confusion with unnecessary details.

In a public forum about the auditor's reporting model that the PCAOB held on April 2, many of those who might be affected by the proposal expressed their own concerns about the potential for increased litigation that could accompany the changes. During the session, Richard Murray, an at-

"It puts the auditor in a devilish position in the way the litigation process moves forward," he said. "The auditor can be questioned ... 'Why didn't you carry through and recognize the consequences?' "

torney who represents large insurance companies and is a former head of legal affairs for Ernst & Young, noted that the nation has an "unfortunately litigious culture," adding that the CAM proposal would create a new and more extensive risk of exposure to private rights of action for auditors.

"It puts the auditor in a devilish position in the way the litigation process moves forward," he said. "The auditor can be questioned—if whatever went wrong happened to involve something you addressed in the CAM process—'Why didn't you carry through and recognize the consequences? Why did you address so many CAMs and not happen to find the right one?'"

That view was shared by **Russell J. Kranzler**, chair of the NYSSCPA's Litigation Services Committee, who said he imagined that "the class action attorneys are jumping up and down because they'll have more people to sue," given what he felt was the subjective nature of the CAM requirement under the PCAOB's proposal. Critical audit matters, he said, aren't well defined in the literature, which leaves what to include and exclude up to auditor judgment. Ultimately, this opens up the possibility that an auditor will wind up sitting in a courtroom as a result, being asked, 'shouldn't you have done this or that?'" he added.

According to Lisa L. Shrewsbury, an attorney and partner at Traub Lieberman Straus & Shrewsbury LLP, the CAM requirement would also increase liability insurance costs. Shrewsbury's firm focuses on defending insurance claims, with professional liability as one of its practice areas, and has a history of defending CPA firms from lawsuits. For audit firms "that plan to do this type of auditing work, I think it's fair to as-

sume that they will have an increase in premiums, because the risk will most certainly increase," she said.

"Anytime you have a situation where the scope of professional responsibility is increased, you have an increase of potential liability," she explained. "So, from my perspective and those of insurers of accountants, there is certainly a concern. I can certainly foresee an uptick in claims against accountants."

On the other side of the coin, Daniel L. Evans, a CPA and an attorney who is active in the Bar Association, was far from rattled by the changes. In fact, he welcomed them, saying that it's better for the profession to be

known for its judgment, rather than only the ability to memorize a deluge of rules.

"Any kind of judgment is a two-edged sword, no doubt about it, but that's what the profession is about," he said. "The profession should embrace judgment. That's why [auditors receive] training, that's why they have the experience, that's why they have accounting education programs. They are designed to shape and mold and develop a fine-tuned instrument of judgment as to what is and is not important, and the profession should not be ducking that."

Evans added that bright-line standards are their own kind of litigation trap, as missteps of arcane and byzantine rules can bring legal consequences as well. He said that if he had to choose being sued for having a different assessment of what's important vs. missing a rule, he'd rather pick the former than the latter, as "I don't want to be known for [being able to] memorize rules; I want to be known for the judgment and the value that [I] bring to the examination."

What's really at stake

Howard B. Levy, a member of the NYSSCPA's Auditing Standards Committee who was one of the principal drafters of the Society's comment letter about the PCAOB proposal, said that he is more concerned with the increased intensity of litigation rather than increased frequency of lawsuits. "The real fear here is that when litigation does arise, it will be more costly," he elaborated.

"Lawsuits happen. ... But as they do, this new reporting vehicle is going to give people more to raise questions about, more to challenge," he said.

This, he added, will run up defense costs for firms and, by extension, settlement costs.

"[Plaintiffs] will pursue these lines of questioning with, 'Why put this in the report and not this,' 'Why say this and not that,' and all those costs looked at down the road will cause insurers and people whose pockets are at risk to be willing to settle for higher amounts," he said.

And for **Arthur J. Radin**, a member of the Society's SEC Committee, the real bone of contention is that the proposal aggravates the already heavy disclosure load that CPAs currently face, which, he said, drowns out helpful information in other data that aren't actually that useful to investors. "Redundan-

cy and overdisclosure is the issue," he said.

"All this does is add another layer of disclosure, in addition to all the other ones that already exist," Radin said. "If you own a stock, you get a book about a half inch thick, which everyone looks at and then puts in the garbage because it's totally unreadable. Everything is in there three times, and the SEC makes noises about cutting it down, but nothing happens."

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Letters

Continued from page 2

small businesses. It will be interesting to look at studies about how people in those demographics spend their additional income when they get a raise. Do they put the incremental income in a savings account or under their mattress? Or do they go to the small business on the other side of the street to spend it? Perhaps higher minimum wages mean higher expenditures by minimum wage workers and more sales for small businesses or small franchises of big-name companies. Further-

more, the real cost of living is constantly changing with an upward trend, and in a way that the inflation figures don't always capture. As such, it may be that prices don't go up in response to wages but that wages timidly and slowly rise to make constantly rising prices more sustainable for consumers and workers.

One thing that I thought was very relevant in the article, though, was the discussion of the appropriateness of the timing of this measure, considering that businesses are still trying to understand and adjust to requirements related to the new health-care bill.

Dallys-Tom S. Medali, CPA, CFE,
CAMS, New York City

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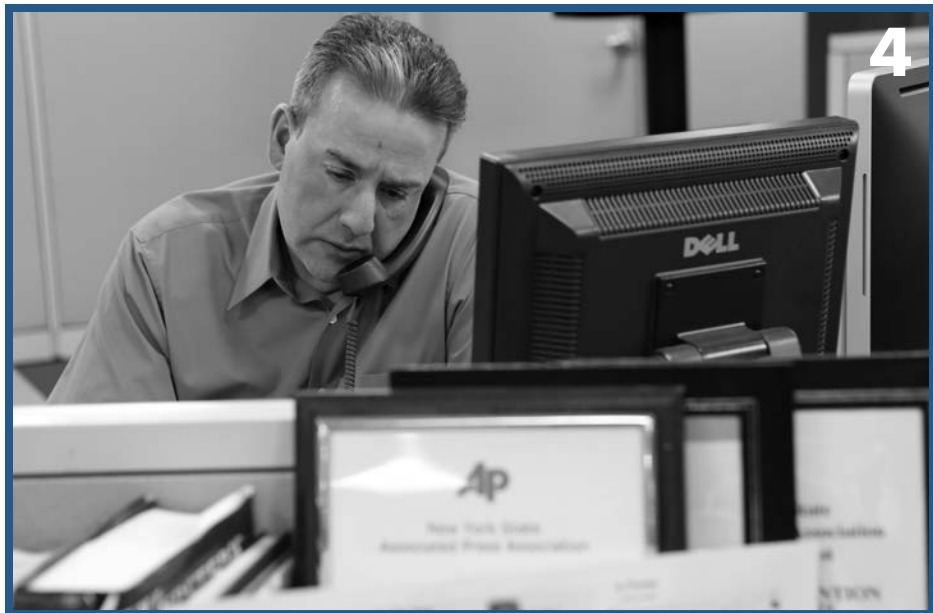
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Tax Panels



1. Bruce M. Zgoda and Todd M. Zgoda man the phones during the *Buffalo News* tax panel; 2. Glenn A. Noakes answers a tax question at the *Poughkeepsie Journal's* Dial-a-CPA event; 3-4. Kristin Krauskopf and Peter D. Brown help callers during a tax hotline session at the *Journal News* office; 5. Suffolk and Nassau volunteers at *Newsday*; 6. Katherine Santaniello at the *Journal News*; 7. Jonathan M. Horn, Joseph Nacmias and Laurence I. Foster at the *Daily News* tax panel.

Continued from front page

Jack Angel
Pamela A. Diamond
Gary M. Goldberg
Ruth Betz
Phyllis S. Dent
Christopher G. Farrell
Scott Sanders
Elliott Lavietes
Jacquelyn Paccione
Robert J. Schaffer

New York Daily News: Multiple chapters

NYSSCPA members from around the metropolitan area fielded questions for three days from *Daily News* readers, as part of the Society's largest tax panel in the state.

Twenty-five CPA volunteers faced the typically wide-ranging gamut of queries that the *Daily News* tax hotline serves up, from issues surrounding inheritance to investor adviser fees.

One of the largest newspapers in the nation, the New York *Daily News* provided a tremendous amount of publicity for the tax panel, which ran on March 18–20. Its coverage included both print stories in its paper and posts on its website, which can be viewed at <http://nydn.us/1nBXCNC>.

Although the bulk of the questions came via the phone hotline, which was staffed by more than four volunteers during peak times, the *Daily News* continued to utilize a live Web chat as well. This combination of communication allowed the volunteers to answer several hundred questions each day during the panel.

Volunteers:

Joseph Nacmias
Arthur Bloom
Marc Albaum
John R. Lieberman
Jonathan M. Horn
Vincent Cervone
John A. Lombardo
Laurence I. Foster
Generoso J. Romano
Peg Horan
Ronald B. Hegt
Anil R. Melwani
Vincent J. Cosenza
Avery E. Neumark
Herbert Wolff
Adam Baruch
Steven Shinder
Mark H. Levin
Scott M. Cheslowitz
Abraham Y. Cohan
Pablo F. Sanchez
Samuel M. Kearton
Patrick R. Colabella
Elliot Schwartz
Joseph B. Sesay

WRGB-CBS 6: Northeast Chapter

In an effort to expand the reach of its tax panels, the Society partnered with a television station for the first time this year, the Albany-area CBS affiliate WRGB-CBS 6. The station featured the NYSSCPA's six member volunteers in its Answers Team segment. Members spent two hours answering calls in the newsroom, and WRGB reporter Jennifer Lewke conducted a live check-in with them every 15 minutes.

"We had over 200 calls in just two hours,"

Lewke said. "You provided great and useful information to our viewers and the calls just kept on coming!"

Volunteers:

Mark Witte
Shawn P. Mauche
Wesley J. Sweeney
Steven Shinder
Kelly A. Saposnick
Bernadette H. Schopfer

Buffalo News: Buffalo Chapter

On March 18, 11 volunteers from the Buffalo Chapter staffed the *Buffalo News* tax panel during a four-hour session.

Via phone and live Web chat, the volunteers answered a variety of questions, which included queries on student loans, handling cancelation of debt, dependents and income tax rates.

"Most people are happy just to have somebody to call, which makes us feel good," said **Timothy J. Hoelscher**, a past Buffalo Chapter executive board member.

The *Buffalo News* published the names

of the volunteers and a summary of some of the more popular questions several times before and after the event. A recap of the event was also posted in the newspaper and online, where it can be viewed at <http://bit.ly/1gamBEM>.

Volunteers:

Peter X. Bellanti
Timothy J. Hoelscher
Joseph T. Kabacinski
Rosemarie C. Steeb
Mark G. Janulewicz
David J. Lever
Bruce M. Zgoda
Dennis W. Jewell
Jane E. Jewell
Todd M. Zgoda
Christine A. Learman

Journal News: Westchester Chapter

For the second year in a row, Westchester's *Journal News* tax panel saw an increase in participation from the public, with volunteers from the Society's Westchester Chapter fielding more than 80 questions on March 1.





Nine volunteers worked the phone lines and participated in a live Web chat moderated by *Journal News* Tax Watch columnist David McKay Wilson. Areas that callers focused on this year included deductibility of medical expenses and tax issues regarding self-employment. The volunteers also responded to several questions concerning capital gains taxes, which rose from 15 percent to 20 percent for couples earning more than \$450,000.

The *Journal News* tax panel was held on a Saturday this year—a move that helped drum up interest in the program. Member volunteers answered questions from 10 a.m. until 2 p.m.

The *Journal News*' coverage of the event included a wrap-up of common questions, available at <http://lohud.us/1n7aE2t>, and a photo gallery of the volunteers that can be viewed at <http://lohud.us/1nBRwWe>.

Volunteers:

Robert M. Winton
Peter D. Brown
John O'Keefe
Jason I. Roif
Katherine Santaniello
Bharti Gupta
Kristin Krauskopf
William Minoff
Steven Shinder

Poughkeepsie Journal: Mid Hudson Chapter

More than 35 people were able to get their pressing tax questions answered, thanks to a team of volunteers from the Mid Hudson Chapter who participated in the *Poughkeepsie Journal's* annual Dial-a-CPA night on March 26.

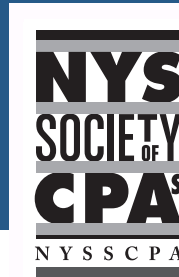
During the event, member volunteers answered queries via phone, live chat and email, with questions focused mainly on personal income taxes and business issues.

The *Poughkeepsie Journal* promoted the event before and after the panel was held with several stories that can be read at <http://pojone.com/1mVnvFh>.

Volunteers:

Tracey J. Niemotko
Tracy Badgley
Beth Vought
Brian DiFillipio
Glenn A. Noakes

rbusweiler@nysscpa.org



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Group's voluntary sustainability guidelines raise questions

BY CHRIS GAETANO
Trusted Professional Staff

Public companies are increasingly under pressure to produce corporate sustainability reports—disclosures that go beyond the bottom line and paint a picture of an entity's environmental and social impacts. However, the question of how these data can be accurately conveyed

between 2008 and 2013. **Renee Mikalopas-Cassidy**, chair of the NYSSCPA's International Accounting and Auditing Committee, said the driving force behind this is investors, who want more information about a company's practices. For example, she said, California's pension system is notorious for wanting to know about the "social consciousness" of the businesses it invests in. Still, she noted, there have been difficulties in determining how exactly that should be done.

cial standards designed for inclusion in the Form 10-K, so we're really focused on fitting into mandatory disclosure for publicly listed U.S. companies," said Amanda Medress, an SASB spokesperson.

Though the Financial Accounting Standards Board (FASB), is an observer on the International Integrated Reporting Council, another body that concerns itself with sustainability standards, the board itself currently does not

produce standards for 80 different industries, a process that they are aiming to complete by the end of 2016.

In the legal frequently asked questions (FAQs) on its website, the organization said that its standards fit in well with SEC guidelines on financial disclosures, noting that several rules and regulations, including Regulation S-K and the Sarbanes-Oxley Act, "implicitly require" the disclosure of material sustainability information on Form 10-K, as well as in other periodic SEC filings.

The SEC, however, has taken issue with the SASB's efforts. During a March 27 speech at the 26th Annual Corporate Law Institute, SEC Commissioner Daniel M. Gallagher expressed frustration with third-party standards setters, and explicitly called out the SASB for what he believed to be an entity outside the proper regulatory channels trying to tell companies what they should be including in their reports.

"I don't mean to single out the SASB, but it's important to stress that, with the sole exception of financial accounting—where the Commission, as authorized by Congress, has recognized the standards of the Financial Accounting Standards Board as generally accepted, and therefore required under Regulation

See Sustainability Guidelines, on page 9

"The Commission does not and should not delegate to outside, non-governmental bodies the responsibility for setting disclosure requirements."

—*Daniel M. Gallagher, SEC Commissioner*

and how they relate to an entity's legal regulatory filings remains a subject of debate—as evidenced by a recent butting of heads between the Securities and Exchange Commission (SEC) and a new organization that has released its own set of voluntary guidelines for sustainability reporting.

According to a KPMG study released in December 2013, of 250 of the world's largest companies some 93 percent now publish corporate sustainability reports each year; what's more, in the United States, the percentage of large companies producing these reports jumped from 74 percent to 86 percent

The Sustainability Accounting Standards Board (SASB), a nonprofit founded in 2011, recently made an attempt to clarify the issue. In February, the organization released for comment a series of provisional standards applicable to the financial sector, which outline how to disclose sustainability issues, such as environmental risk to mortgaged properties; systemic risk management; and the integration of environmental, social and governance risk factors. The guidelines were constructed specifically for inclusion in Form 10-K, which public entities must file with the SEC on a regular basis.

"Our standards are the only set of nonfinan-

have sustainability on its agenda, according to spokesperson Christine Klimek. The AICPA has, as part of its Assurance Services Executive Committee, a sustainability task force that focuses its efforts on communications, targeted advocacy efforts and the development of education and training materials.

The SASB standards provide methods for sustainability disclosures for commercial banks, investment banking and brokerage, asset management and custody activities, consumer finance, mortgage finance, security and commodity exchanges, and insurance. Medress said that the SASB would like to

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Sustainability Guidelines

Continued from page 8

S-X—the Commission does not and should not delegate to outside, non-governmental bodies the responsibility for setting disclosure requirements,” he said. “So while companies are free to make whatever disclosures they choose on their own time, so to speak, it is important to remember that groups like SASB have no role in the establishment of mandated disclosure requirements.”

The SASB, in an April 4 letter to Gallagher, said that it “is a private sector body that does not and cannot mandate disclosure standards and [has] no intention of displacing or undercutting the SEC’s authority to prescribe disclosure standards.” Instead, the letter said, the SASB’s purpose is to develop standards that help companies fulfill their disclosure obligations related to short- and long-term sustainability. The organization went on to say that the SASB supports the SEC’s mission to provide decision-useful information to the investing community, as well as to protect the long-term interests of investors.

At the moment, the SASB is still in its beginning stages, having released its first set of standards only this past July. Understanding the novelty of this guidance, Medress said that the board plans to hold a series of roundtables to instruct companies that are volun-

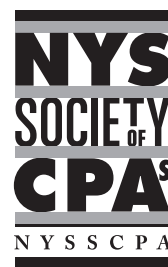
tarily planning to use the standards on how to work them into their form 10-K. This process, she admitted, can be a little involved.

“We recognize this is a longer process that will involve changed management within the organization and offices of the CFO office and corporate sustainability office working together,” she said. “We don’t expect it to happen overnight.”

She was also confident about the SASB’s relationship with the SEC, saying that the organization briefs the commission about its standards development work on a quarterly basis, and that the group’s board of directors includes former SEC Commissioner Aulana I. Peters and a former SEC chair, Elisse B. Walter. “The SEC is well aware of the work we’re doing, and we plan to continue giving them quarterly briefings throughout standards development process,” she said. Medress also noted that the SASB has been working closely with Big Four firms, whom she said have been “very interested in following the development of our standards—all of them have representatives on our advisory council.”

The moment, beyond the development of standards, Medress said the SASB is focusing on educating companies about the guidelines so that they will choose to use them—and be able to implement them well.

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IFIAR survey: audit problems an ongoing and global concern

BY CHRIS GAETANO
Trusted Professional Staff

According to a worldwide survey released on April 10 by the International Forum of Independent Audit Regulators (IFIAR), public company and bank audits around the world are plagued by deficiencies in critical areas, heightening concerns about how well auditors are fulfilling their role in providing assurance on financial statements. The findings echo the results of the organization's previous survey, conducted in 2012, which came largely to the same conclusion.

investments and securities, which came up 26 times. The results came from 13 member agencies that provided data on the inspections of audits of 95 financial institutions deemed SIFIs or G-SIBs. The audits were conducted by 29 firms.

The survey also examined firmwide internal quality control systems. Within these, the most common issues found were engagement performance, which came up 380 times; human resources, which came up 146 times; and independence and ethics requirements, which came up 104 times. The responses came from 30 member agencies inspecting 134 audit firms.

bers, and there are differences between countries, but the big concern we are having, if you look at the findings, is there is so much commonality overall," she said. "If you add all the inspection outcomes of our members, you see real trends, in a sense."

In the end, Ferguson asked professionals to put the results of the survey into context, noting that audit regulation is comparatively new; the PCAOB itself is actually the oldest organization in IFIAR.

"This profession is being subjected to a level of scrutiny now, detailed scrutiny, that is both new and probably unique in [the] way this is being looked at," he continued.

mean audit failures, as there can be a perception that just because an auditor could have done something better, the entire audit was flawed.

Further, he noted that the issues involving fair value accounting, which appeared often in audits of public interest entities, can be common in a volatile economy, considering that people have to look forward and "evaluate what might happen based on what *has* happened."

Renee Mikalopas-Cassidy, chair of the NYSSCPA's International Accounting and Auditing Committee, noted that a lot of the areas where regulators found problems were somewhat recent developments, such as the widespread use of fair value vs. historical cost basis of accounting, as well as increasing mandates over internal controls, especially in terms of risk assessment quantification.

"This is an emerging skill set, so to speak, because everyone documents these issues a little differently," she said. "... I can understand why these are universal issues because things are developing." Mikalopas-Cassidy then added, "If I had a wish list, I'd go back to historical cost accounting. But that genie's out of the bottle."

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"The high rate and severity of inspection deficiencies in critical aspects of the audit, and at some of the world's largest and systemically important financial institutions, is a wake-up call to firms and regulators alike."

—Lewis H. Ferguson, a PCAOB member and IFIAR chair.

IFIAR is a coordinating body of 50 audit regulators in Africa, the Americas, Asia, Europe, the Middle East and Oceania, which includes the U.S. Public Company Accounting Oversight Board (PCAOB).

As part of the survey, IFIAR member agencies in 30 countries reported their inspection findings and organized them into three categories of audit firm activities: audits of listed public interest entities (PIEs); audits of systemically important financial institutions (SIFIs), including global systemically important banks (G-SIBs); and internal systems for firmwide quality control.

IFIAR stressed that the findings do not necessarily indicate areas where a material inaccuracy was found but, rather, areas in which the auditors did not perform up to standards.

For public interest entities—defined as listed entities, entities that are defined by regulation or legislation as a public interest entity, or entities for which the audit required by regulation or legislation to be conducted is in compliance with the same independence requirements that apply to the audit of listed entities—the most common deficiencies involved fair value measurement, which came up 217 times; internal control testing, which came up 156 times; and the adequacy of financial statements and disclosures, which came up 120 times. The results came from 30 member agencies reporting findings from inspections of 989 audits of listed PIEs at 113 audit firms.

For SIFIs—financial institutions whose failure might trigger a crisis—and G-SIBs—banks of significant size, complexity and cross-jurisdictional activity—problem areas included audits of allowance for loan losses and loan impairments, which came up 42 times; internal control testing, which came up 39 times; and audits of the valuation of

Needless to say, IFIAR felt the results were a cause for concern.

"The high rate and severity of inspection deficiencies in critical aspects of the audit, and at some of the world's largest and systemically important financial institutions, is a wake-up call to firms and regulators alike," Lewis H. Ferguson, a member of the PCAOB and the chair of IFIAR, said during a press briefing. "More must be done to improve the reliability of audit work performed globally on behalf of investors."

However, he stressed that the survey does not provide an adequate basis for a year-over-year analysis of audit quality and, therefore, cannot be said to be a metric for whether audits are getting better or worse around the world. Instead, he said this should be seen as a first step in promoting cross-border audit quality.

Using the information gleaned from the survey, Janine van Diggelen, IFIAR's vice chair, said that audit firms should take steps to develop "root cause analysis" that will provide firms with a better understanding of the factors that underlie the findings, which include governance, cultural and behavioral aspects relevant to the deficiencies. Ferguson said that examples of factors that firms might examine could include partner workload, the ratio of partners to staff, the ability and availability of experts and compensation structures.

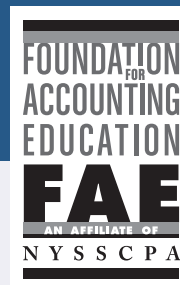
Apart from that, van Diggelen added, "The findings also demonstrate the need for firms to continue improving their auditing techniques, as well as their internal monitoring policies and procedures."

She went on to note that the fact that so many firms in so many countries face the same problems was particularly troubling.

"There are, of course, differences among the firms that were inspected by our mem-

"So, I'm not all that surprised we're seeing these kinds of things."

Julian E. Jacoby, chair of the NYSSCPA's Auditing Standards Committee, felt that the survey took a fair view of audit firms and said that he appreciated IFIAR's reiteration that inspection findings don't necessarily



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House bill: exempt some public filers from XBRL requirement

BY CHRIS GAETANO
Trusted Professional Staff

A bill introduced in the House of Representatives in March would exempt small public filers from having to use eXtensible Reporting Business Language (XBRL), a computer markup language that has been mandated for all filers by the Securities and Exchange Commission (SEC) since 2011.

start using XBRL in June 2009, while all other large domestic filers were required to use the language starting in June 2010. All other filers, including small public companies, were required to use XBRL by June 2011.

On March 6, Rep. Robert Hurt, a Republican from Virginia, introduced H.R.4164, the Small Company Disclosure Simplification Act, which, if implemented, would exempt small public filers from the SEC requirement to use XBRL. Under the bill, if an

In addition, the act would require the SEC to conduct an analysis of the costs and benefits of the XBRL requirement and report the results to Congress. The bill cleared the House Financial Services Committee on March 14 by a vote of 51 to 5, and is currently awaiting passage by the entire House.

“With millions of Americans still out of work, our top focus in Congress should be enacting policies to help spur job creation throughout the country,” Rep. Hurt said in a

companies losing equal access to the capital markets because their corporate data will be less accessible and less transparent than large company data,” among other things.

However, members of the NYSSCPA’s SEC Practice Committee said they thought the act made sense. **Mitchell Mertz**, who works with public companies, noted that while XBRL allows for easy comparison between companies, “I don’t know how important that is for smaller companies to have,

“New companies and developing companies have enough to worry about in raising funds and operating, and if they don’t have to deal with [XBRL], it’s a small thing off their plate.”

— Mitchell Mertz, SEC Practice Committee

XBRL uses a standard set of definitions or “taxonomies” that enables the automatic extraction and exchange of financial data. The data can be read by computers and fed into analytic tools, allowing investors to access specific information from a filer’s reports much faster than if they had to manually search through corporate documents, according to the SEC.

The SEC approved the mandated use of XBRL for public companies in 2008 and released the final rule to the public in April 2009, though the commission did allow for a phased implementation: domestic and foreign large accelerated filers with a worldwide public common equity float over \$5 billion had to

entity is classified as an Emerging Growth Company—defined by the Jumpstart Our Business Startups Act as an issuer with total annual gross revenues of less than \$1 billion during its most recently completed fiscal year—it would not have to use XBRL when it files with the SEC. If a filer is not classified as an Emerging Growth Company, but its annual gross revenues are less than \$250 million, it too would be exempt from the XBRL requirement” and would continue to be exempt until either five years have passed since the passage of the bill into law, or “a determination by the commission ... that the benefits of such requirements to such issuers outweigh the costs.”

statement released shortly after the bill was introduced. “We must refine costly regulations—especially those disproportionately affecting smaller public companies and those who are considering accessing capital in the public markets. The requirement of [XBRL] has proven to be an example of a regulation where the costs currently outweigh potential benefits for small, innovative companies.”

In its own statement, XBRL US, the national consortium for XBRL business information reporting, said it disagreed with the bill, arguing that it would “result in small

at least initially.”

“I think it’s good, especially for new companies and developing companies. They have enough to worry about in raising funds and operating, and if they don’t have to deal with [XBRL], it’s a small thing off their plate,” he said.

Committee member **Elliot Hendler** agreed, noting that the bill “is not an unreasonable proposal.” However, he added that, in general, he doesn’t think XBRL alone improves things for entities of any size.

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UPCOMING INDUSTRY COMMITTEE MEETINGS

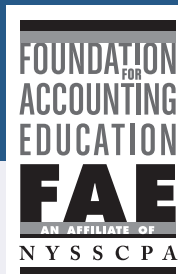
Chief Financial Officers	Wed., May 21
Construction Contractors	Thurs., May 22
Internal Audit	Mon., May 19
Investment Management	Tues., May 6
Private Equity and Venture Capital	Tues., May 13
Real Estate	Wed., May 7
Small Business Outreach	Wed., May 21

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What CPAs need to know about life insurance and the IRC

BY CHAD L. REYES

Even during the very depths of the Great Depression, the U.S. Supreme Court noted that life insurance for dependents is “kept up very often at the cost of painful sacrifice, and abandoned only under dire compulsion” (*Burnet vs. Wells*). Because of the socially beneficial role that life insurance plays in families that have lost a loved one, it has been afforded very favorable tax treatment by the Internal Revenue Code (IRC). For example—

- death benefits paid to the beneficiary are free of income tax [IRC Section 101(a)(1)];
- increases in the cash surrender value are not includable for income tax purposes, until distributions and/or a surrender of the contract occurs [IRC Section 72(e)]; and
- the transfer of an insurance contract to another like-kind insurance contract (life insurance to life insurance, annuity to annuity, or life insurance to annuity) is allowed, without triggering a taxable event (IRC Section 1035 exchange).

A life insurance contract ordinarily enjoys favorable income tax treatment if the policy meets the IRC definition of life insurance and does not become a modified endowment contract (MEC). Cash value policies issued after Dec. 31, 1984, must satisfy one of the two actuarial tests in order to meet the IRC’s definition of life insurance: the cash value accumulation test (measures the amount of cash value relative to the amount of the death benefit) or the guideline premium test (measures the amount of premiums paid relative to the amount of the death benefit). A MEC policy is subject to income tax rules during the insured’s lifetime that differ from those applicable to a non-MEC policy; however, the tax treatment of the death benefit is unaffected. The main effect of a MEC policy is the taxation of the cash value upon the funds being distributed from the contract.

Employer-owned life insurance policies

IRC Section 101(j) was enacted on Aug. 17, 2006, as part of the Pension Protection Act of 2006, which included new rules related to the taxation of death benefit proceeds of an employer-owned life insurance policy. Specifically, IRC Section 101(j) subjects the death benefits on employer-owned life insurance policies to income taxation, to the extent that they exceed the employer’s basis in the policy, unless a valid exception applies and notice and consent requirements are satisfied.

The following constitute valid exceptions:

- The insured is an employee at any time during the 12-month period before the employee’s death or is, at the time the contract is issued, a director or a highly compensated employee.
- The death benefit is paid to a member of

the insured’s family, a beneficiary designated by the insured, a trust for a family member or designated beneficiary, or the insured’s estate.

• The death benefit is used to buy an equity interest in the employer/business from a family member, a designated beneficiary, a trust for a family member or designated beneficiary, or the insured’s estate.

In order to satisfy the notice and consent requirements, the employer must notify the employee/proposed insured of the following,

Because of the socially beneficial role that life insurance plays in families that have lost a loved one, it has been afforded very favorable tax treatment by the Internal Revenue Code (IRC).

prior to the issuance of the policy: that the employer intends to insure the employee’s life, the maximum amount for which the employee could be insured and that the employer will be the beneficiary of the death proceeds. Thereafter, the employee must provide written consent to being insured.

Utilizing life insurance

Life insurance is a unique product that taxpayers purchase for numerous reasons. Along with its favorable tax treatment, life insurance can help provide taxpayers with peace of mind. The following are some of the ways that life insurance can be utilized:

- Estate liquidity—provides cash so that assets do not have to be sold
- Human life value protection—provides full economic replacement value to the beneficiaries, in the event of the premature death of the insured
- Permission slip—provides financial confidence in knowing that assets can be fully utilized while alive because there is a permanent death benefit that will replenish the assets to the heirs when the insured passes away
- Transferring concentrated stock positions to heirs—ensures that heirs do not have to sell stock at the wrong time
- Employee stock ownership plan liquidity—provides funds to be able to cash out participants’ accounts
- Estate equalization—assures that life insurance can be used to equalize the amounts among all the beneficiaries, when other assets are not being distributed equally (e.g., when one beneficiary gets property, such as a business interest, that is worth far more than the assets left to distribute among the other beneficiaries)
- Income, with respect to a decedent—prevents erosion of assets, such as various retirement accounts or royalties that are subject to income taxes and estate taxes after death
- Creates tax-advantaged income—pro-

vides an income stream by converting non-income-producing assets into income-producing assets, usually coordinated with charitable-planning strategies

• Business continuity—ensures that the business will be able to continue by providing funds needed, in the event of the deaths of senior management, through key person insurance or by funding business transfer agreements

• Addresses multiple marriage issues—provides for children from more than one

A policy checkup can also project future premium obligations at different funding levels, along with stress tests for each projection. In an ideal world, all projections would be 100% accurate; however, this is not always the case. A stress test should include worst-case scenarios, middle-of-the-road scenarios and best-case scenarios.

Taxpayers’ situations do change, and so do their planning needs. If they purchased life insurance in the past, they might need to update their beneficiaries. As it pertains

to ownership, their estate might have grown to the point where they might benefit from having the ownership of the policy be an irrevocable life insurance trust. A policy checkup reviews current ownership and beneficiary designations relative to wealth creation, protection and transfer-plan objectives.

Conducting a policy checkup

Life insurance has traditionally been viewed as a commodity that could largely be ignored once coverage was obtained, but it is actually a complex financial instrument with a great many moving parts. It may be affected by changes within the industry, the economy and, most importantly, by personal circumstances. Close attention and monitoring of a taxpayer’s life insurance policies will ensure that there are no issues or difficulties in the future. Such policies should be reviewed as regularly as all of the taxpayer’s other assets.

A policy checkup will provide an assessment of existing coverage details, costs and benefits associated with the policy. Most taxpayers do not truly understand what type of coverage they have or how the policy actually functions. In addition, policy costs are usually not clearly stated, making it very difficult for taxpayers to see the true cost of ownership of their existing policies.

Furthermore, a policy checkup can help review the financial strength of the taxpayer’s current insurance carrier. This is important because the policy contract is a promise to pay at some point in the future. The financial viability of each insurance company can vary, and it is prudent to review its financial strength on an annual basis.

During a policy checkup, tax advisers can identify guarantees of the policy—or the lack thereof. The insurance industry, like many other sectors, has been affected by the low interest-rate environment the country has been experiencing. As a result, some of the products that were projected to perform in a certain way might not have accomplished their intended objectives, which may leave taxpayers with unintended consequences.

Chad L. Reyes is president and CEO of Wealth and Legacy Group, a boutique life insurance firm.



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JOEL LANZ



Can your firm ward off a cyberattack?

Your firm or business might think it's adequately protected from hackers. But is it?

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

From the colossal data breach at Target last year, to revelations that an Internet security bug left Web surfers prey to hackers, recent headlines have pushed executives and their boards to reexamine how equipped they are to protect their businesses from cybersecurity attacks. Here's a look at some common assumptions businesses make about cybersecurity threats that could leave them vulnerable.

1. We're small, and therefore, hackers won't waste their time with us.

Hackers, unfortunately, appreciate that smaller businesses may not be able to afford the tools and other risk-mitigation strategies larger companies employ to effectively reduce cybersecurity risk. They also know that smaller businesses may face challenges in attracting, compensating and keeping cybersecurity protection professionals. Because of this, small businesses have become

an increasingly favorite attack target. What's more, a significant number are not even aware that they've been hacked.

2. We know where our critical information is and have implemented protective strategies.

In the early days of computing, companies had a pretty good idea of where their data was stored and a realistic sense about who had access to it. But with the advent of the "Internet of things"—a tech concept that calls for the everyday items of our world to connect to the Internet, not to mention the increased reliance on third-party service providers and their subcontractors, and the deployment of cloud computing solutions—understanding where data are kept has become a heightened challenge. Even among companies that maintain all data in-house, understanding where data are kept in a distributive environment can be an overwhelming task. Reconsider what you know—and don't know—about where your data are stored. Otherwise, you won't be able to adequately assess and respond to threats facing it.

3. We use a firewall and are therefore protected from cyberthreats.

Using a firewall is a critical component for deploying a multilayered cybersecurity protection strategy. However, to be effective, the firewall needs to be properly configured and its rule sets need to be appropriately defined. Vulnerable organizations, more often than not, set these guidelines when first installing the firewall, but rarely go back to review their applicability or effectiveness, let alone apply industry-recommended security-hardening guidelines. (FYI, the best of these guidelines call for data traffic to be appropriately monitored and for data leaving the organization to meet established or expected criteria in order to minimize the impact of data leakage, in case of a breach.)

4. Our people are too smart to fall victim to cybersecurity hoaxes.

Ideally, yes, but in practice, not always. The weakest link in cybersecurity strategies is the human element. For instance, studies show that people continue to share passwords and, if not properly guided, use easy-to-guess passwords. In fact, listings of frequently used passwords indicate that unbelievably simple ones such as "12345678" and "password" continue to be popular choices. In addition to enforcing complex password configurations, companies should consider the benefits of using a password-cracker tool to determine the effectiveness of their employees' passwords.

5. Our data are encrypted, so we must be OK.

Encrypting data is an important risk management strategy. However, encryption is only as good as the controls used for its implementation and control—for example, the complexity of the password used to encrypt the information. If it is easily guessed, the data can then be decrypted. Another challenge facing businesses is the control over the encryption keys—ensuring that they

are under dual control and are appropriately safeguarded. This includes ensuring that these keys are kept physically separate from the data that are being protected.

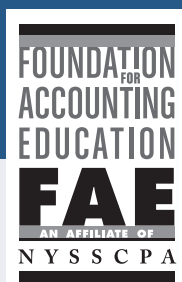
6. We don't need to worry, since we outsource.

Unfortunately, you do. Rare is the service contract that adequately addresses and protects a business from cybersecurity risk. For example, your contract may call for critical patches to be applied, but makes no mention of important patches (yes, in the technology lexicon there is a difference). By the way, your contract does contain a reasonable contracted timeframe for which the critical patches will be applied, correct? In short, without appropriate written agreements, confusion may arise regarding the level of services that has been contracted for and what is delivered.

7. Cybersecurity isn't a business issue, so let the techies handle it.

It only takes one breach—which could cost a business millions of dollars—for executives to realize that cybersecurity risk is a business issue. As more businesses move toward digital service delivery and interact with their customers electronically, managing cybersecurity risk will become a critical skill—and a business's success and reputation will rely on management's ability to master this area. Implementation of periodic testing and implementation of core controls will go a long way to determining and assessing the effectiveness of cybersecurity protections.

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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Bewildered by Bitcoin? How to make sense of virtual currency

BY CHRIS GAETANO
Trusted Professional Staff

The past few years have seen an explosion of online virtual currencies, the oldest and most popular of which is Bitcoin. Unlike traditional mediums of exchange such as dollars, pounds and yen, Bitcoins are linked to no one nation, are not regulated by a central bank and transactions that use them are not processed by an intermediary financial institution. Because there is no intermediary, purchases made with Bitcoins are more or less as anonymous as those made with cash. The total market cap of these virtual currencies is in the billions, with Bitcoin claiming the lion's share at \$7.3 billion.

With numbers like this, it's no wonder that these currencies have attracted significant attention, both from investors like the Winklevoss twins—who currently hold the largest number of Bitcoins outside the Federal Bureau of Investigation (FBI)—to regulatory agencies like FinCEN (Financial Crimes Enforcement Network) and, most recently, the Internal Revenue Service (IRS). To help you get a better handle on the virtual currency, here are five things you should know about Bitcoin:

1. Bitcoins are generated through a process called "mining." In order to create just one Bitcoin, a computer equipped with a special type of mining software must receive and solve a complicated math problem—the kind that makes even a PC sweat. The first machine to solve the problem scores the Bitcoin. Thereafter, subsequent problems become more complicated, requiring even more processing power in order to earn the next Bitcoin. That means that the more Bitcoins there are in circulation, the more difficult it becomes to mine new ones. All told, the network is designed to produce a finite number of Bitcoins—21 million.

2. You probably cannot mine Bitcoins yourself anymore. Because they've been around since 2009, the math problems required to generate new Bitcoins have become so computationally complex that miners have found it easier to combine their efforts into networks that distribute the fruits of their labor among their members. And it's not done with your standard PC either: Miners tend to have dedicated specialized machines that are designed to do nothing but mine Bitcoins. This is a very energy-intensive process, and people might find that the gains they

make from mining Bitcoins can still be outweighed by their electric bills—it requires that much energy. Consequently, rooms where mining computers are placed tend to also be uncomfortably hot, though according to geek.com, one person came up with an interesting work-around to that problem: He submerged what is essentially a supercomputer in liquid nitrogen.

3. No one knows who invented them. Bitcoin has its roots in a November 2008 academic paper that outlined how digital currency might work. The author of this paper is listed as Satoshi Nakamoto, but his actual identity remains unknown, as even the people who worked on the original Bitcoin program have never seen Nakamoto in the flesh. In March, *Newsweek* claimed to have identified Nakamoto, but it was soon revealed that the magazine had simply found a man who happened to share the same name. Still, while the original inventor, as well as the original investors, remains unknown, he is at the same time fabulously wealthy: Nakamoto is estimated to hold approximately 1 million Bitcoins.

4. Bitcoin is both completely anonymous and completely public. When you make a transaction using a Bitcoin, the entire network knows it. Those aforementioned "math problems" are, in actuality, complex cryptographic calculations that track the current and past ownership of every single Bitcoin in existence in order to ensure that no one is copying, forging or otherwise manipulating the Bitcoin process. It would be akin to spending a single dollar bill and having a computer check the dollar's serial number against every other dollar bill in existence in order to ensure that it's the only one with that number, as well as check every transaction that that particular dollar bill was involved in since it first ran off the printing press. However, because this confirmation process runs by Bitcoin address—comparable to a bank account number, essentially—and not by name, while all the computers in the network know that a Bitcoin was indeed spent, they do not know by whom (though intermediaries like exchanges might require you to identify yourself). While tracing transactions to specific

SPECIAL TECH REPORT

See Bitcoin, on page 15



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IRS: treat virtual money as property, not currency, for tax purposes

BY CHRIS GAETANO

Trusted Professional Staff

In a notice released on March 25, the Internal Revenue Service (IRS) clarified its position on digital currencies such as Bitcoin, declaring that such mediums of exchange should not be counted as currency for tax purposes, but should, instead, be treated as property.

The move came five years after the launch of Bitcoins and just weeks after Mt. Gox, the largest Bitcoin exchange on the Internet, experienced a sudden and dramatic collapse, prompting allegations of fraud.

According to the notice, CPAs dealing with the tax implications of a Bitcoin transaction should use the principles generally attributed to property transactions rather than to foreign currency exchanges. Because digital currencies are not technically a currency in the eyes of the IRS, this also means that they do not generate foreign currency losses or gains for U.S. federal tax purposes.

The new guidance is significant, in part, because it means that Bitcoins will be treated as capital assets, making gains or losses taxable, according to NYSSCPA member **Edward Mendlowitz**. “As a currency you wouldn’t pay taxes, but as property you do,” he said. **Scott M. Cheslowitz**, a member

of the NYSSCPA’s Tax Division Oversight Committee, noted that should the Bitcoin transaction result in capital gain treatment you can then offset that income with current year capital losses, or with prior year capital loss carryforwards, which, he said, have their own tax planning benefits.

As stated by the IRS, if the fair market value of property received in exchange for a virtual currency exceeds the taxpayer’s adjusted basis of that currency, the taxpayer has a taxable gain. Conversely, if the value is less than the adjusted basis, it’s a loss. If the gains or losses are ordinary, such as in the case of inventory or other property held mainly for sale for customers in a trade or business, then it would not be considered a capital asset.

In order to determine fair market value, a CPA would first check to see if the currency is listed on an exchange and if the exchange rate is established by market supply and demand; if it is, then the fair market value would be determined by converting it into U.S. dollars—or another currency that can be converted to U.S. dollars—at the exchange rate, “in a reasonable manner that is consistently applied,” according to the IRS.

Mendlowitz said that it was similar to when someone is paid in a stock that rises and lowers in price.

“Let’s take Apple stock,” he said. “It varies

5 to 10 points a day. So, if I paid you in Apple stock, how would we value that? The IRS said it’s based on the opening and closing. Another way to do it is to check the ticker at the moment and [record that as the value].”

A broader look at the landscape

Beyond classification, the IRS guidance also explains how digital currencies fit into the overall tax regime. For example, taxpayers who receive some form of virtual currency as payment for goods or services must include it as part of their gross income and include its fair market value, measured in U.S. dollars, as of the date when that virtual currency was received.

Sometimes, though, digital currencies are not bought or sold from another individual but are instead “mined,” that is, created by computer programs in which extraordinarily difficult math calculations must be performed in order to generate new instances of the currency. When a taxpayer successfully mines digital currency, it counts as income, with the fair market value of that new currency being includable in gross income. If the taxpayer conducts his or her operations as part of a trade or business, and the activity is not undertaken as an employee, then the net earnings from this venture are subject to self-employment tax. Similarly, when an independent contractor is paid in virtual currency, it is also subject to self-employment tax.

Further, if you’re an employee paid in digital currency, it’s still subject to employment taxes as well, and must be reported on your W-2 form.

“Generally, the medium in which remuneration for services is paid is immaterial to the determination of whether the remuneration constitutes wages for employment tax purposes,” the IRS said.

Cheslowitz said he agreed with this point, and felt that the IRS made a good call on this.

“Anytime you get paid for a service, it will be considered compensation, and if you’re an outside contractor, you should be paying self-em-

ployment,” he said. “Whether it’s a Bitcoin or a broader system, you shouldn’t have separate standards.”

Similarly, regardless of whatever medium one makes a payment in, it’s still subject to information-reporting rules. Payments in digital currency should be reported using the fair market value of that currency as of the date of the payment. Payments are also subject to backup withholding, just like any other payment made in property, and so payers making reportable payments using digital currency will need to get a taxpayer identification number (TIN) from the payee.

In the event that a taxpayer acts as a third-party settlement organization—say, someone who settles payments made in digital currency on behalf of merchants who accept it—one is also required to report payments made to the merchant on Form 1099-K (Payment Card and Third Party Network Transactions) if, for the calendar year, both the number of transactions settled for the merchant exceeds 200 and the gross amount of payments made to the merchant exceeds \$20,000.

The IRS closed out its guidance by reminding taxpayers that failure to comply with tax law does carry penalties. This, Cheslowitz said, is probably the prime reason why the IRS released the guidance—to tell taxpayers that, despite Bitcoin being a digital currency, it’s still subject to mainstream tax rules.

“I think this is the IRS’s way of dealing with something that’s becoming widespread,” he said. “They want to make it clear that if you receive [Bitcoins], you’ve got to pay tax on the value of what you receive, the same as if you receive cash or anything in a barter transaction.”

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Bitcoin

Continued from page 14

people isn’t impossible, it’s extremely difficult and generally more trouble than it’s worth.

5. Bitcoin isn’t the only game in town. Since the Bitcoin computer code is publicly available, any technically minded person can create his or her very own digital currency—and some have. Though Bitcoin was the first on the scene, there has since been

an explosion of other online currencies that are similar, with tweaks here and there. For example, while Bitcoin is, for the most part, a deflationary currency, Dogecoin is explicitly an inflationary one. Other virtual currencies include Ripple, Litecoin and Coinye (formerly called Coinye West, before a threat of legal action from the performer Kanye West forced a name change).

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War Story Quiz: Do these allegations of unethical behavior have merit?

BY DUNCAN B. WILL, CPA/ABV/CFF, CFE

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.

Andrew Donovan, CPA, began his career at Able, Best & Charm (ABC), a large regional accounting firm. After many long years of punching a timesheet, he decided to branch off on his own and start the accounting/consulting firm Worth What You Pay (WWYP) consultants.

Below are three scenarios involving allegations against WWYP. Which have merit? The answers are included at the end of the article.

Allegation #1

Andrew had great relationships with his ABC clients and knew they would be a substantial component of his new firm's client base. To ease the clients' transition, he invested in software identical to ABC's and made duplicate copies of his ABC clients' electronic files.

ABC later alleged that, by taking the electronic files without first obtaining consent from it or its clients, Andrew behaved in a way that was discreditable to the profession and violated client confidentiality.

Andrew disputed the allegations, arguing that 1) he only copied but did not remove the records, 2) most of the clients elected to become WWYP clients and 3) he destroyed the files of entities that chose to remain with ABC.

- ABC's allegations have merit.
 ABC's allegations are without merit.

Allegation #2

Andrew had always bristled at having to account for his time and was determined to get out from under that burden when he launched WWYP. Instead of the traditional hourly billing approach, Andrew's new firm embraced "value billing." In other words, when he invested a considerable amount of time on a project that didn't bear fruit, Andrew ate the time. But when he knew just what to do and would finish a project within hours or minutes, he would bill the "value" of his work, which was often much more than what the actual time would indicate.

Despite signing an engagement letter that included language detailing the value billing, one of WWYP's clients disputed the propriety of the terms, claiming that the billing practice is unethical and violates professional standards.

- The client's claim has merit.
 The client's claim is without merit.

Allegation #3

Andrew knew that his newly formed firm, WWYP, could not perform financial reporting services, as the firm had chosen not to participate in the profession's peer review program. Instead, the firm offered tax compliance, tax planning, business valuation, a variety of agreed-upon procedures (including attestation) and bookkeeping services.

Investors and creditors of one of his clients sued WWYP, alleging that the firm 1) should have discovered a devastating embezzlement by management, 2) was required to be independent but was not and 3) should have undergone an engagement review.

Andrew and WWYP dispute each allegation, arguing that 1) the firm's engagement letters stated that its services couldn't be re-

lied upon to disclose errors, fraud, misappropriation of assets or illegal acts; 2) services were limited to a few agreed-upon procedures, including attestation, tax compliance and bookkeeping, so independence was not required; and 3) no peer review was required, since financial statement preparation services were limited to management-use-only financial statements.

- The allegations have merit.
 The allegations are without merit.

Answers:

Allegation #1—ABC's allegations have merit. The AICPA's ET Section 591 Ruling 191 prohibits these actions, and ABC has a duty to its clients to maintain their confidentiality. Not only is Andrew wrong to take files without consent, but ABC would be violating its clients' confidentiality if it had remained silent on the matter.

Allegation #2—The client's claim is without merit. There are no professional standards prohibiting value billing. Though value billing may not fit each situation, it is appropriate in some circumstances.

Allegation #3—The allegations have merit. Including a clause in an engagement letter disclaiming responsibility for preventing and detecting improprieties is a good best practice and is often mandated by professional standards. However, it's still not a panacea against causes of action alleging that the accountant's services should have prevented or detected the impropriety.

WWYP performed agreed-upon procedures (AUP) engagements, some of which were attestation services. By definition, this means that accountants performing these

services must be independent of their client. Therefore, the allegations are valid. The firm would need to have taken appropriate steps to maintain its independence.

The firm's understanding of services that would subject a firm to peer review is flawed. CPA firms are subject to peer review if they report on historical or prospective financial statements and if they perform a variety of other attest engagements, including several types of agreed-upon procedures engagements.

Duncan B. Will, CPA/ABV/CFF, CFE, is the loss prevention manager as well as an accounting and auditing specialist with Camico (www.camico.com). With more than 30 years in accounting, he manages his department's efforts to deliver to policyholders the high-quality Camico experience.

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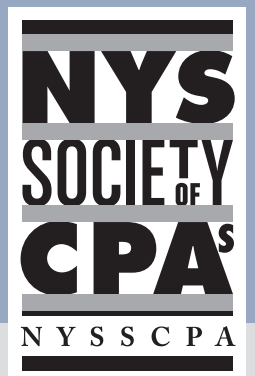
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- ▶▶ Committees and task forces
- ▶▶ Professional education and CPE



Every chapter of the New York State Society of CPAs has a Young CPA committee, and extends membership to young CPAs throughout the state.

Find out how to become involved by contacting Tekecha Morgan at tmorgan@nysscpa.org or call 212-719-8425.

Buffalo boosts student scholarships, welcomes new officers

BY PATRICIA A. MCGRATH
Buffalo Chapter President

I recently had the pleasure of presenting outstanding achievement awards to area accounting students at our Education Night. I would like to thank **Daniel Whelehan** and his committee for organizing invitations to the students and their families; for coordinating keynote speaker **John R. Koelmel**, President of HarborCenter; and for organizing a two-hour CPE session, "Hot Topics for Not for Profits," co-presented by **Timothy J. Hoelscher**, **Rosemarie C. Steeb** and **Mike de Freitas**. I thoroughly enjoyed meeting with the students before dinner. Our area colleges and universities have prepared these students well for careers in accounting—they are well versed in the academics required of a future, CPA and are well prepared with soft skills required of any business person.

During a review of our year-end finances, the Buffalo Chapter Board increased the

number of \$2,500 scholarships funded to the state to benefit Western New York students from four to five, reflecting our continued commitment to the future success of our profession.

Continuing that mission, the Buffalo Chapter has recognized the following Young CPAs for actively participating in YCPA events over the past year, and are sponsoring them to attend the Young CPA conference to be held in Rochester on June 15–17: **Kevin Penner**, **Amelia Wright**, **Bin Chen**, **Christie Adamczak**, **Mindy R. Elniski** and **Amanda R. Ornowski**. Congratulations to these professionals and their respective accounting firms! The YCPA Committee will be holding a CPE session relating to personal branding. The YCPAs will personally invite the MBA graduates of the area accounting programs to join them at this event. Further details will follow.

The Buffalo Chapter would also like to thank the following chapter members who braved the cold on March 8 to answer tele-

phone calls on various tax questions from the public. The call-in event was hosted in partnership with the *Buffalo News* and included the following volunteers: **Tim J. Hoelscher**, **Peter X. Bellanti**, **Bruce M. Zgoda**, **Todd M. Zgoda**, **Mark Janulewicz**, **David G. Lever**, **Rosemarie C. Steeb**, **Dennis W. Jewell**, and **Christine A. Learman**.

Other events from our Not for Profit Committee in coordination with the Bar Association Committee are currently being planned for May and June; we will continue to keep you posted with email alerts.

Finally, I would like to thank **Gregory J. Altman**, **Franca Trincia**, **David A. Arcara** and **Sherry L. DelleBovi** for their efforts in developing the slate of officers and new directors for the 2014/2015 year: **Thomas Burns**—President; **Bruce M. Zgoda**—President-elect; **Rosemarie C. Steeb**—Treasurer; **Sarah Clare**—Secretary; **Christine Falbo**, **Christine Learman**, **Jamie L. Lotz**, **Richard M. Brennan**, **Patricia A. Johnson**, **Jennifer Kartychak**, **Franco Strangis** and **Daniel Whelehan**—directors. I took over as pres-

ident last year knowing that the officers, directors and committee chairs represent a strong, loyal and dedicated group of individuals. They made my job much simpler. I thank you all.

I would like to give special thanks to **Denise M. Gueli**, our most dedicated and conscientious secretary. Denise is stepping down this year as secretary of the Buffalo Chapter. The Buffalo Chapter will miss her presence at our meetings. We hope that she will return to us in another position in the near future.

I am grateful that the Buffalo Chapter will be well represented next year with **Tom Burns** as president. Tom has been a board member for several years and will be a great leader for the chapter.

I would like to conclude my final *Trusted Professional* article with a riddle. What do the following items have in common: *Mad Men*, Warren B. Cutting and **Joe Falbo**? The answer will be in next month's *Trusted Professional*.

Hopefully we can begin to tend our gardens by the time you read this article!

pmcgrath@tsacpa.com



PATRICIA A. MCGRATH
Buffalo Chapter President



BARBARA A. MARINO
Man/Bx Chapter President

End of the fiscal year? Time flies when you're having fun

BY BARBARA A. MARINO
Manhattan/Bronx Chapter President

As I sat down to write this, my last president's message, I couldn't believe that my term was almost over. It seemed like just yesterday that I was writing my first message. Back in May 2013, I was thinking: *Am I crazy for serving as chapter president again while, at the same time, serving as VP of chapters? Will I really be able to manage these important roles along with my day job? Will I be able to make a difference?* Now, 11 months later: *Wow, that was an amazing year. It was so worth it; I wish it didn't have to end.* I truly mean that. I have been given the opportunity to meet and work with such great people, expand my knowledge of the NYSSCPA and give back to a profession that has always treated me very well. I'm very thankful that I was able to experience this past year and

will cherish the memories forever. I wish our next Chapter President, **Iralma Pozo**, the same exciting experience that I had. Enjoy every minute Iralma, because time flies when you're having fun.

I hope you were able to take advantage of the many programs the chapter board and committees held this year. From June 2013 through May 2014, the chapter held 17 events, not including the numerous high school visitations the One-on-One Committee made; where possible, we tried to hold joint events with other chapter and statewide committees. We held two high school career days, where the Promoting CPA Careers Committee educated nearly 150 students about the accounting profession and gave them the opportunity to tour accounting firm offices in Manhattan. We held networking and social events (i.e., a New York Mets game and holiday and thank-you get-togethers), which often

raised money for good causes, such as Toys for Tots, New York Cares and the Theodore Wilson Accounting Scholarship. We offered 22 CPE credits on various topics, such as "How to Communicate with Power, Purpose, and Confidence"; SEC enforcement; Social Security retirement benefits; and a five-part series on financial forensics at a very reasonable rate. (Please see past president messages for details on CPE sessions held throughout the year.)

All the wonderful events wouldn't be possible without the efforts of a small group of volunteers who help identify, plan, organize and execute our events. These volunteers have been supportive and have taken the necessary action to get things done during my presidency and I'm extremely grateful for their efforts. Thank you for your dedication and hard work: President-elect **Iralma Pozo**; Vice President **Digant Bahl**; Treasurer **Margaret M. Hannon**; Secretary **Elysa K. Dauerman**; Past Chapter President **Roman Matatov**; Past Chapter President

Sherif Sakr; Board Directors **Shantwina Hicks**, **Maya C. Khan**, **Colin Mohamed**, **Adam H. Reiss** and **Alan M. Willinger**; special friends of the board Past President **Todd K. Ichihara**, Past Chapter President and Outgoing NYSSCPA President **J. Michael Kirkland** and past board member **Pei-Cen Lin**, as well as our chapter representative **William Aiken** (Past Chapter President), AICPA councilperson **Elliott L. Hendler** (past board member) and chapter committee chairs **Fatime Ardolic**, **Jordan S. Frey**, **Michael E. Shuster** and **Steven B. Zelin**. Even though the NYSSCPA staff aren't volunteers, it would be absurd if I didn't thank them. There was no way we would have been as successful without their support and assistance. They went well above and beyond what was expected to make sure our chapter's needs were met. Thank you, NYSSCPA staff—especially **Lelia Dickenson**, who always seemed to answer the

A thank you to our members

BY TRACEY NIEMOTKO
Mid Hudson Chapter President

As my term of president comes to an end, I would like to express my appreciation to the officers and board members of the Mid Hudson Chapter for their dedication and hard work. This has been a hectic, yet amazing year. We have accomplished a lot and it was a pleasure working to strengthen our professional community.

I was very fortunate to have had the support of **David Purcell, Brian DiFilippo, Rebecca Hasbrouck, and Paul Rafanello**, who were just outstanding chapter officers. I also greatly appreciate the dedicated service of our board: **Bill Berardi, Magda Reyes, Denise Finney, Michelle O'Reilly, Thomas Kennedy, A. Rief Kanan, Maria Petrollese, Domenick Del Rosso** and **Beth Vought**. We are delighted that Rief Kanan was awarded the 2014 Dr. Emanuel Saxe Outstanding CPA in Education Award; it is well deserved.



TRACEY NIEMOTKO
Mid Hudson Chapter President

As president, I got to observe first hand the charitable spirit of dedicated colleagues. Members of our board volunteered to mentor accounting students. **Michelle O'Reilly, Leslie Tillotson** and **Robert Unger** guest-lectured, and **Jennifer George** presented on business communication skills.

The many successful networking and CPE events that we had this year reflect the hard work of our members. I am encouraged by our many seasoned mentors like **Tom DiGovanni, Woody Levitan** and **Gary Cassiello** who after decades of service still generously volunteer. I also appreciate **Marti Sassi** for chairing our nominating committee, **Michael Suarez** for his service and **Tracy Badgley, Brian DiFilippo, Beth Vought** and **Glenn Noakes** for participating every year in the Dial-A-CPA hosted by the *Poughkeepsie Journal*.

A goal of this year was to promote the profession by supporting accounting students. Towards that end, our YCPAs were

See Mid Hudson, on page 20

Thanks for letting me serve

BY SCOTT SANDERS
Nassau Chapter President

It's hard to believe that this is my final message as the 60th president of the Nassau Chapter. It has been an absolute honor to serve you—the members—and a heartfelt thank you goes out to the officers, executive board and committee chairs for all the tremendous respect and support I have received this past year.

Looking back, I have made some significant changes in the way the chapter runs. I am confident that with the additional board meetings, the creation of the organizational chart and President's Advisory Committee and the allocation of responsibilities across the officers, executive board and committee chairs, the chapter will continue to thrive.

I would like to welcome our new incoming officers: President **Robert Barnett**; President-Elect **Philip Kanyuk**; Vice-President **Lynne Fuentes**; Treasurer **Christine Hallahan**; and Secretary **Anthony Basile**. I would also like to welcome our new incom-

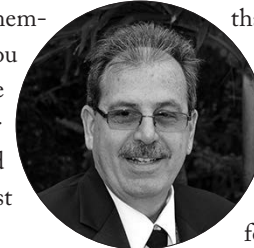
ing directors: **Jill Scher, Kristina Albarella, Mark Goldschmitt, Cynthia Sze, Michael Katz, Anthony Aronica, Elliot Lebenhart,** and **Alex Resnick**.

I have truly enjoyed working with all of the officers and board members, and I hope that I was able to share some of my business experience and expertise, while learning the value of each member's opinions and how the democratic process works. I believe that we accomplished a lot for our members and I know that they will benefit from all of the decisions that we made over the past year. I appreciate all of you attending the board meetings and participating in the various topics presented to you.

I would also like to thank the President's Advisory Committee—made up of **Michael Gaines, Eric Kramer** and **Mark Meiberg**—for giving me their suggestions and guidance over the past year, which was truly instrumental in the success of my role.

In addition, I would like to thank the very hardworking and dedicated committee

See Nassau, on page 22



SCOTT SANDERS
Nassau Chapter President

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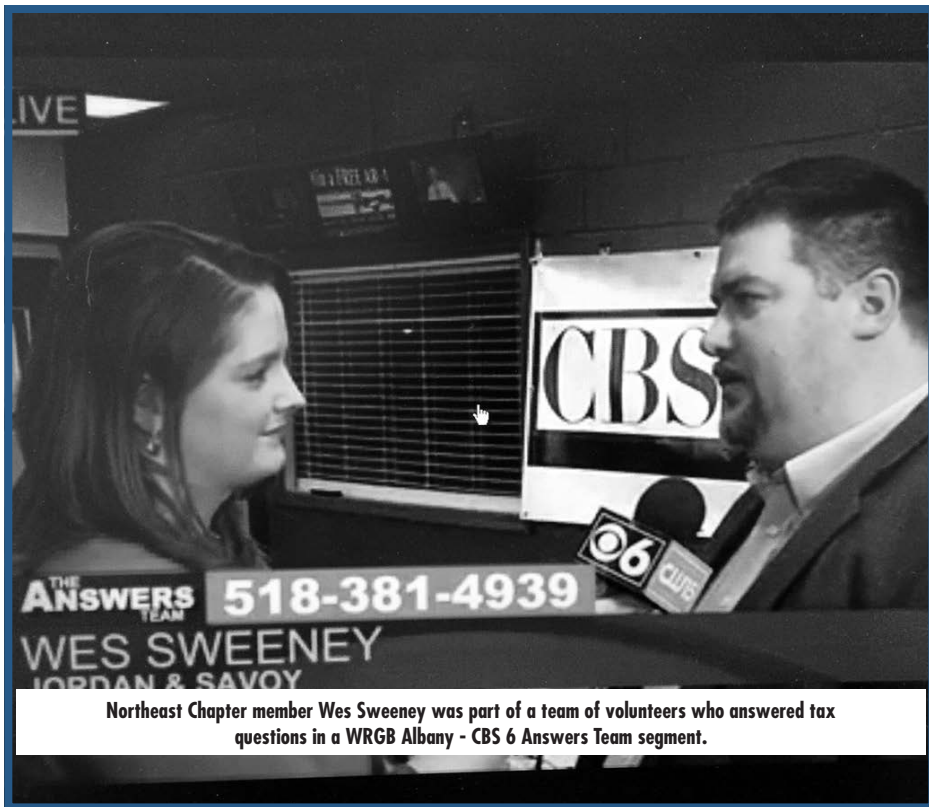
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Annual tax panel a hit with public

BY MARK WITTE

Northeast Chapter Member

On March 5, I participated in a panel discussion, along with five other CPAs from various public accounting firms in the Capital Region, that offered free income tax advice to local taxpayers. The panel was organized in partnership with WRGB-TV CBS 6 in Albany, which promoted the panel live on its 5 p.m., 5:30 p.m. and 6 p.m. news broadcasts, as well as on its website. The panel fielded more than 200 phone calls in two hours via a telephone hotline and provided income tax advice and guidance for various questions from the public. It was an action-packed two hours in which the panel answered phone call after phone call and provided valuable information.

The taxpayer questions and related advice ranged from the need to file a tax return to whether or not various types of income—mainly Social Security and disability benefits—are taxable to fair market value step-up adjustments for property received through an estate. Many of the questions were significantly different from the client tax issues we

face each day in public practice. While not everyone's tax situation is the same, the panel helped taxpayers who did not know where to look for answers or whom to ask for help.

Many of the callers expressed their gratitude and were very thankful that the tax panel provided this free service. It was a great experience, knowing that our advice benefited taxpayers who would not have otherwise received the guidance, and one that I hope to repeat next year.

The chapter would like to thank all who participated on the panel this year and the firms that released them during this busy season. In addition to myself and my firm, UHY Advisors NY, Inc., in Albany, the list includes: **Shawn Mauche**, Wojeski & Company CPAs, P.C., East Greenbush; **Wes Sweeney**, Jordan & Savoy, Troy; **Steve Shinder**, Shinder & Shinder CPAS PC, Nanuet; **Kelly Saposnick**, The Bonadio Group, Albany; and **Bernadette Schopfer**, M Group Consulting LLC, White Plains.

We are also looking to add some new members to the board of directors. If you are interested in serving, please contact our current president **Cynthia Scheuer**, at cscheuer@uhy-us.com.

Mid Hudson

Continued from page 19

wonderful. They visited and encouraged college students by sharing their stories and serving as role models. The YCPAs are a hallmark of our chapter and as a group they have a unique camaraderie that is no doubt fostered by their amazing co-chairs, **Magda**

Reyes and Noelle DeLuca.

My colleagues made my term as president easy; they did the work and afforded me the honor! No doubt, 2014–2015 will be another busy year for our chapter and we look forward to working with incoming Chapter President David Purcell.

tracey.niemotko@msmc.edu



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Current Developments and Best Practices for Today's CFOs and Controllers
May 14–8 CPE

New "Repair Regs"—Sec. 263(a)
May 14–8 CPE

Forensic Accounting: A Comprehensive Guide to Conducting Financial Fraud Investigations
May 15–8 CPE

HSAs, HRAs, and FSAs After the Patient Protection and Affordable Care Act
May 15–8 CPE

Exploring the Updated Internal Control Framework
May 16–8 CPE

Business Valuation Conference
May 19–8 CPE

Anti-Fraud Conference
May 21–8 CPE

Estate Planning Conference
May 22–8 CPE

Advanced Business Law for CPAs
May 23–8 CPE

Nonprofit Industry Series Update: OMB Circular A-133 Basics
May 23–2 CPE

Nonprofit Industry Series Update: The New OMB "Super" Circular
May 23–1 CPE

Federal Tax Update for CPAs in Industry
May 28–8 CPE

MBA in a Day!
May 29–8 CPE

AICPA Peer Review Program Advanced Course
May 29–8 CPE

Federal Tax Update Series
May 29–2 CPE

A Practical Guide to Small Business Health Insurance and Fringe Benefits
May 30–8 CPE

Audits of 401(k) Plans
June 2–8 CPE

Excel Tips, Tricks, and Techniques for Accountants
June 5–8 CPE

Excel Budgeting and Forecasting Techniques
June 6–8 CPE

Current Federal Tax Developments
June 11–8 CPE

Not-for-Profit Accounting and Auditing Update
June 12–8 CPE

Renee's FASB Industry Review
June 13–8 CPE

Sales Tax Issues
June 18–2 CPE

Tax-Exempt Organizations Update Series
June 19–2 CPE

Renee's Private Company Accounting and Auditing Update
June 23–8 CPE

IRS Practice and Procedures Conference
June 26–8 CPE



For more information or to register, visit nysscpa.org/webevents.

CHAPTER EVENTS AND CPE

BUFFALO

NFP Spring Mixer and CPE Session

Topics: Sales Tax, NYS Revitalization Act and other Hot Topics

When: May 22, 2 p.m.–5 p.m.

Where: Buffalo & Erie Country United Way of Buffalo & Erie Country, 742 Delaware Ave.

CPE: 3 (2 Specialized Knowledge, 1 Taxation)

Course Code: 29016411

Cost: \$30 per person

Contact: Sarah M. Hopkins at shopkins@lumsdenpcpa.com

Personal Branding

When: June 12, 5:30–6:30

Where: Classics V Banquet Hall, 2425 Niagara Falls Blvd, Amherst

CPE: 1 (advisory services)

Course Code: 29012501

Cost: \$15 members; \$20 non-members; students free

Contact: Ashley Blecha at asmigelski@mtb.com

Buffalo Summer Symposium

When: July 22–23

Where: Millennium Hotel, 2040 Walden Ave.

Contact: Gregory Altman at GAltman@somerset1.com

Buffalo Chapter Young CPAs Volunteer for the Taste of Buffalo

When: July 12 and 13

Contact: Ashley Blecha at asmigelski@mtb.com

MANHATTAN/BRONX

The Power of Active Listening (2014/2015 Professional Skills Enhancement Series 1 of 3)

When: May 20, 6–8 p.m. (5:30 p.m. registration)

Where: NYSSCPA, 14 Wall St., 19th Floor

Cost: \$25 members; \$35 nonmembers; \$45 walk-ins

CPE: 2 (advisory services)

Course Code: 29152418

Program is limited to 20 registrants.

Financial Forensics Series: Event 5. Capstone Event

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

Where: FAE Learning Center, 14 Wall St., 19th floor

Cost: \$20 members; \$30 nonmembers; \$40 walk-ins

CPE: 2 (specialized knowledge and applications)

Course Code: 29155416

Contact: Roman Matatov at romanmatatov@yahoo.com

Asking a Question (2014/2015 Professional Skills Enhancement Series 2 of 3)

When: June 17, 6–8 p.m. (5:30 p.m. registration)

Where: NYSSCPA, 14 Wall St., 19th Floor

Cost: \$25 members; \$35 nonmembers; \$45 walk-ins

CPE: 2 (specialized knowledge and applications)

Course Code: 29152501

Program is limited to 20 registrants.

2014 Economic Outlook Update—National and Regional (After the Fiscal Cliff)

When: Aug. 20, 6:20–8:10 p.m.

Where: FAE Learning Center, 14 Wall St., 19th Floor

Cost: \$20 members; \$25 nonmembers

CPE: 2 (specialized knowledge and applications)

Course Code: 29155503

Offered in conjunction with the Manhattan/Bronx Chapter and the NYSSCPA Banking Committee. Attendees must register in advance. No walk-ins will be admitted.

Creating and Actualizing Vision (2014/2015 Professional Skills Enhancement Series 3 of 3)

When: Sept. 9, 6:00–8:00 p.m.

Where: FAE Learning Center, 14 Wall St., 19th Floor

Cost: \$25 members; \$35 nonmembers (\$10 additional fee for walk-ins)

CPE: 2 (advisory services)

Course Code: 29152502

Registration limited to 20 participants.

MID HUDSON

Installation, College Awards Dinner and CPE session

CPE Topic: Estate Planning for High Net Worth Clients

When: May 1, 4–6 p.m. (CPE); 6–6:30 p.m. (cocktail reception); 6:30–8 p.m. (dinner and awards)

Where: Powelton Club, 29 Balmville Road, Newburgh

Cost: \$40 (dinner and CPE); \$30 (CPE only)

CPE: 2 (taxation)

Course Code: 29026405

Contact: Paul Rafanello at paul@prcpa.biz or (845-986-8776)

Mid Hudson Chapter 35th Golf Invitational

When: June 2, 12:30 p.m. shotgun start

Where: Wiltwyck Golf Club, Kingston

Cost: \$145 per golfer

Contact: Domenick Del Rosso at ddelrosso@jgspc.com or 845-692-9500

NASSAU

Family Financial Literacy Fair

When: May 3, 10 a.m.–2 p.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 afflynn@cbrmslaw.com

Nassau Chapter Practice Continuity Committee Cocktail Hour

When: May 15, 6–9:30 p.m.

Where: Wickers Restaurant, 206 W. Old Country Road, Hicksville

Cost: \$25 per person; \$30 walk-in

Contact: sgordon@wmrcpa.org

Review of Partnership Employment Agreements and Practice Management Issues

When: May 22, 8–10 a.m.

Where: On Parade Diner, 7980 Jericho Turnpike, Woodbury

Cost: \$25 per person

CPE: 2 (advisory services)

Course Code: 29032429

Contact: Jean Townsend at jtowndsend@st-cpas.com

Nassau Chapter Annual Golf Outing

When: June 12, 10:30 a.m. (registration); 12 p.m. (shotgun); 5:30 p.m. (cocktail/buffet dinner)

Where: North Hills Country Club, Manhasset

Costs: \$400 (golf); \$175 per person (dinner only)

Contact: Carol Pinto at cpinto@ck-co.com

RSVP by May 22

NORTHEAST

Cutting Edge Fraud Schemes and Prevention/Detection Techniques

When: May 12, 9:30–11:30 a.m.

Where: Edison Club, 891 Riverview Road, Rexford

Cost: \$20 per person

CPE: 2 (auditing)

Course Code: 29041402

Contact: Jennifer Pickett (518-783-7200)

Financial Professionals Golf Open

When: May 12, 9:30 a.m. (fraud seminar); 11:30 a.m. (registration and buffet lunch); 12:30 p.m. (shotgun start for golf); 5:30 p.m. (cocktails); and 6:30 p.m. (awards and buffet dinner)

Where: The Edison Club, 891 Riverview Road, Rexford

Cost: \$50 (seminar and lunch only, or cocktails and dinner only); \$150 (individual golfers); \$600 (for foursomes); and \$250 (sponsor-a-hole)

Course Code: 45040405

Contact: James Conroy at jconroy@nybdc.com

QUEENS/BROOKLYN

Queens/Brooklyn Chapter Accounting and Auditing Conference

When: May 22, 8:30 a.m.–5:30 p.m.

Where: St. John's University - Queens Campus, D'Angelo Center, Rooms 416 A, B, and C.

Cost: \$100 members; \$125 nonmembers

CPE: 9 (auditing 5, accounting 4)

Course Code: 28116422

ROCHESTER

Rochester Young CPAs Golf Tournament

When: May 16, 11:45 a.m.–12:45 p.m. (registration); 1:00 p.m. (shotgun start /scramble format/two putt max)

Where: Eagle Vale Golf Course, Fairport

Cost: \$60 per person (includes green fees, cart, driving range, lunch, beverage, and prizes)

Course Code: 45050408

Contact: Riley Carhart at rcarhart@teamdkb.com

Space is Limited: All registration forms and payment must be received by May 2.

SOUTHERN TIER

Young CPA Picnic at the Binghamton Mets (vs. Portland)

When: July 9, 6:35 p.m.; in-game picnic, 7 p.m.

Where: NYSEG Stadium, 211 Henry St.

Cost: \$20 per person

Contact: Marisa Colonna-Garrow at mcolonna@pnlcpa.com

SUFFOLK

Suffolk Chapter 43rd Annual Golf Outing

When: May 12, 11:30 a.m. (shotgun start); (10 a.m. check-in brunch)

Where: Southward Ho Country Club, Bay Shore

Cost: \$450 (golf, brunch and dinner); \$200 (dinner only)

Contact: Irene Howell (631-434-9500)

The Theory and Calculation of Economic Damages

When: May 13, 6–9 p.m.

Where: Baker Tilly Virchow Krause LLP, 125 Baylis Road, Melville

Cost: \$40 per person

CPE: 2 (specialized knowledge and applications)

Course Code: 29085421

Contact: Morton Cohen at mcohen@businessvalny.com

Suffolk Chapter's 13th Annual Long Island Ducks Outing and Picnic

When: June 13, 5:35 p.m. (game starts at 7:05 p.m.)

Where: Bethpage Ball Park, 3 Court House Dr., Central Islip

Cost: \$30 (picnic and ticket); \$24 (attendees under 9 years of age); \$10 (game ticket only)

Contact: Bill Huether at whuether@sheehancpa.com

Tax Planning Under the Revised New York State Estate Tax Rules

When: June 17, 8:30–11 a.m.

Where: Capital One Bank, Executive Dining Room, 275

Broad Hollow Road, Melville

Cost: Free

CPE: 2 (taxation)

Course Code: 29086501

Contact: Seymour Goldberg at info.goldbergira@gmail.com

Pre-registration is required due to building security.

WESTCHESTER

Annual Golf Outing and Networking Event

When: May 13

Where: Glen Arbor Golf Club, Bedford Hills

Cost: \$350 per golfer

Contact: Jeff Schwartz at jeff@stantonandleone.com

Young CPAs Annual Wine Tasting Networking Event

When: May 15, 5:30–8 p.m.

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

Cost: \$45 members; \$50 nonmembers; \$50/\$55 at door

Course Code: 45110408

Contact: Heather Oboda at hoboda@citricooperman.com or register online

WCA's Quarterly Networking Reception

When: May 20, 5:30–7:30 p.m.

Where: Life...The Place To Be, 2 Lawrence St., Ardsley

Cost: \$50 members; \$75 nonmembers

Course Code: 45110411

Contact: Tara Lavery at tlavery@westchester.org

Westchester Annual President's Dinner

When: May 21, 6–9 p.m.

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

Cost: \$65 per person

Contact: Denise Stefano at dstefano@mercy.edu (914-674-7779)

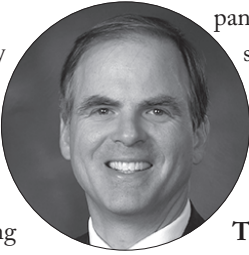
Rochester touches local community

BY MICHAEL D. DESMOND
Rochester Chapter President

At the beginning of my term as president of the Rochester Chapter, I encouraged you to take a look at how you promote and elevate the profession among the general public, your clients, employees, staff, family, friends and fellow CPAs. This proved to be a great help to the efforts of our board and committees over the last year.

Our chapter's efforts to reach high school students considering careers in accounting through COAP and the World of Accounting are having an impact. Students are choosing accounting as a major and attending college as a result of our outreach. I personally know several students who, after attending these programs, have decided to become accounting majors.

Our local colleges and universities are working with the Cooperation with Educational Institutions Committee to acknowledge and celebrate the accomplishments of graduates with the Outstanding Accounting



MICHAEL D. DESMOND
Rochester Chapter President

Student Night Awards. The Young CPAs Committee worked on enhancing and expanding technical and interpersonal skills and networking events. The Young CPAs even sponsored a Habit for Humanity build that is closing in on its goal to start construction. (Contact **Matt Taylor** if you or your employer are interested in sponsoring the project.)

Our industry, nonprofit, taxation and technology committees held their annual events and programs to reach out to chapter members and expand or enhance our education.

I would like to thank you for the opportunity to serve the Rochester Chapter as its president and acknowledge the critical role that the board, committee and members have in contributing to the success of our chapter. Please welcome **Antoinette Spina** as our new chapter president.

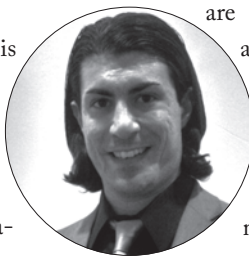
I am confident that as I leave my term that the board, committees and our members have a strong foundation and commitment to the future of the CPA profession and the Rochester Chapter.

mike@heveroncpa.com

Let the planning begin!

BY BRIAN REESE
Utica Chapter President

As I write this message, it is April 2 and the final tax crunch is affecting us all. Hopefully, I'll survive unblemished and make it out alive completing my tenth tax season. Once April 15 hits, the Utica Chapter will begin its planning for upcoming 2014 events.



BRIAN REESE
Utica Chapter President

like to accomplish in my second term. With the help of our board and membership, these are the things I would like to see achieved:

- Continue to raise the bar with high-quality and unique continuing education
- Ensure that our community is aware of the NYSSCPA and what it offers (and increase membership)
- Mentor high school and college students and help them get into the accounting profession

• Grow our young CPA membership and forge relationships with other young community business groups.

I'm really looking forward to serving my second term as president. If anyone has any ideas, suggestions or comments to help improve our chapter offerings, please feel free to reach out to me.

brian@rfcpa.net

Nassau

Continued from page 19

Each of them played an integral part in making this chapter so successful and, from the helm, I was able to see what really makes this chapter tick. It is because of their commitment to volunteer for the Nassau Chapter committee and put together programs for our members and friends that our events are second to none.

Now, a quick recap of what our chapter did over the past year regarding our associations with charitable organizations: The Nassau Chapter raised more than \$13,000 for Island Harvest through the 60th Annual Installation Dinner last May and the Ellen Gordon CPAs 4(a): Cause 5K Run/Walk to End Hunger held in June 2013. The chapter had 40 volunteers donate blood at our November 2013 blood drive for the New York Blood Center. The chapter donated \$1,500 of funds raised at the 60th Annual Installation Dinner to the FAE Scholarship Fund. And recent-

ly, the Nassau Chapter was able to donate \$7,500 to the Career Opportunities in the Accounting Profession (COAP) program.

In summary, the Nassau Chapter was able to donate more than \$22,000 to various organizations that help those in need and those entering the accounting profession, as well as to help save lives with the many blood drives held.

What more can a one-term president ask for of his chapter but to continue to attend the Nassau Chapter events; continue to volunteer and raise funds for worthwhile causes for those in need, for students attending college, and for those entering the accounting profession; and to join the Nassau Chapter committee.

Thank you for the opportunity to serve you as the 60th president of the Nassau Chapter of the NYSSCPA, and I look forward to continuing to participate in other roles for the chapter.

ssanders@st-cpas.com

Queens/Bk gears up for COAP

BY MARK M. ULRICH
Queens/Brooklyn Chapter Past President

As the tax and audit busy seasons come to an end, another busy season begins for those involved in planning and running the Career Opportunities in the Accounting Profession (COAP) programs across the state. COAP planning for summer 2014 is now in full swing for both programs in the Queens/Brooklyn Chapter, located in Queens at St. John's University and in Brooklyn at Long Island University. The Chapter is looking forward to hosting both COAP programs this year and introducing high school students to the profession, teaching them about college and helping them develop their soft skills.

We invite professionals from our chapter to join us in this wonderful service project—if

you would like to share your experiences in the profession with COAP participants, lead a soft skills development session, or help out in any way, please contact me.

Additionally, running concurrent with the COAP planning season is the planning process for the next Society year. The Queens/Brooklyn Chapter is openly recruiting members who are interested in leadership positions on the chapter board or on any chapter committees. The chapter has developed much over the past few years, with a diverse board made up of members from both Queens and Brooklyn and events running in both boroughs during the year. Please get in contact with me if you are interested in stepping up your involvement with the chapter.

Wishing everyone a happy spring season!

ulrichm@stjohns.edu

Man/Bx

Continued from page 18

phone late at night when I would call to leave a message.

Even though this seems like a goodbye letter, I'm not going anywhere yet. I have at least one more year on the board as past president, which will give me the chance to continue to work with the wonderful members of the board and chapter. I look forward to enhancing my relationships with them and hopefully meeting many new members in the future.

Please take note of our upcoming events:

April 9—Manhattan/Bronx Chapter Election Meeting and Financial Forensics Series Part IV—Practice Management Issues, at the Foundation for Accounting Education

(FAE) Conference Center.

May 20—Professional Skills Enhancement Series, Part I of III—The Power of Listening (the reason we have two ears and one mouth) CPE session

May 29—YCPAs' Kickoff To Summer Networking Event

June 17—Professional Skills Enhancement Series, Part II of III—The Power of Asking a Question! CPE session

June 2014—Elder Care CPE session

Aug. 20—2014 Economic Outlook Update—National and Regional (After the Fiscal Cliff) CPE session

Sept. 9—Professional Skills Enhancement Series, Part III of III—Creating and Actualizing Visions CPE session

bmarino@thebackettgroup.com

For more Chapter News, visit
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CPA ROUNDTABLE

Was tax season more difficult this year than it was last year?

KENNETH B. LAKS
Suffolk Chapter

I think it was a tougher season because, first of all, there was the application and introduction of the Obamacare taxes. Though clients may have heard about them, many were taken aback when they saw the full impact they had. You hear a million different things about Obamacare, but you don't really know how you will be affected until you see it on a piece of paper. Calculating those taxes was also difficult because a lot of the forms weren't ready in time, due to the delays that came from the government shutdown.

Beyond that, we were dealing with a lot of developments in the world of foreign disclosures. We had to make extra certain that our clients were letting us know about their foreign assets, like bank accounts, because while things may have been more relaxed in the past, the government has been much more aggressive in the last few years.

So, needless to say, this was a pretty intense tax season. We worked right up until the 15th, late into the night. A lot of this might also be due to increased e-filing—in the past, you would get the return and send it to the client, who would sign it and mail it, but now you can't authorize a return without e-filing, which forces you to stay on top of the client to get a million things done before everything can be squared away. Tax authorities are creating, in my mind, an administrative burden and placing it on top of the accountant.

klaks@avz.com

ROBERT J. SCHAFFER
Nassau Chapter

This year was very intense, and one of the main reasons was the new net investment income tax, which was something else we had to deal with, on top of explaining to clients their increased overall tax liabilities—which they didn't always expect. This was in addition to an issue that has been building up during the past couple of years: brokerage statements coming in later and later. Just when you think you're about done with the information, you get a corrected statement sometime in March and have to go back and revisit your client's paperwork.

Clients, in general, also seem to be getting in their work later, partially because they're getting information later and partially because some people just don't want to deal with things early. Since the schedule can be so condensed, we wind up getting bombarded with things in the last few weeks, starting with the March 15 corporate tax deadline. This tends to leave us with only a few short weeks to get everything else finished, which can be a headache.

The government has been talking a lot about tax simplification, to relieve this sort of thing, but it seems that, year after year, they make things more complex instead, making each year's crunch worse, not better.

rschaffer@ck-co.com

BARRY S. KLEIMAN
Manhattan/Bronx Chapter

We have a high-net-worth-individual taxation practice and we definitely saw a lot of clients get hit with additional taxes. With the combination of rates going up and itemized deductions and personal exemptions going down—plus the Medicare tax, net investment income tax and the increase in capital gains rates from 15 percent to 20 percent—a number of clients found themselves paying a higher effective tax rate in 2013.

It was also a much more condensed season, with the steady workflow starting later. Though it seems like every year goes by quickly, 1099s arrived much later than they normally do, as brokerage firms got extensions, so it was a pretty intense few weeks. Plus, we do a lot of tax planning throughout the year and clients who had been dealing with similar rates for a long time anticipated owing more on April 15 and didn't focus on getting their information out sooner, even after some prodding on our part. Overall, with all these timing factors, as well as dealing with new taxes and information

and analyzing the components of the increased taxes with clients, it seemed to be a much busier busy season.

bkleiman@untracht.com

PHILLIP F. GALLSON
Buffalo Chapter

It seems like every year is kind of crazy, as each one seems to have something new that we need to deal with. I think our biggest problem this year goes back to the reporting of investments—Schedule D [Capital Gains and Losses] and [Revenue Ruling] Form 8949. The extra complication of that, in addition to advisory firms holding off on issuing the reports that we use to determine things like short-term and long-term gains, caused some headaches. The 1099s used to go out on Jan. 31, but in the last few years, they've been allowed to come out on Feb. 15—we even had a few brokerage firms that sent them out later than that. This jams up our own compliance time because we end up waiting for information from clients. We began encouraging clients to start getting in some of their information while they wait for the rest.

pgallson@candgcpa.com

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Auditing	AU
Ethics	E
Specialized Knowledge	SK
Taxation	T

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LOCATION FIELD OF STUDY

Date
Course Title
Course Description
Field of Study Course Code
Site
Developer
Member Fee/Nonmember Fee

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MANHATTAN/BRONX

ACCOUNTING

06/12
Not for Profit Accounting and Auditing Update
AC/4, AU/4 32205511
FAE Learning Center (14 Wall Street, NYC)
AICPA
\$299\424\269\394

06/23
FAE's Private Company Accounting and Auditing
AC/4, AU/4 21113416
FAE Learning Center (14 Wall Street, NYC)
Foundation for Accounting Education
\$299\424

AUDITING

06/12
Not for Profit Accounting and Auditing Update
See course listing under Accounting.

06/13
FAE's FASB Industry Update
AU/8 21196511
FAE Learning Center (14 Wall Street, NYC)
Foundation for Accounting Education
\$299\424

06/23
FAE's Private Company Accounting and Auditing
See course listing under Accounting.

SPECIALIZED KNOWLEDGE AND APPLICATIONS

06/05
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FAE Learning Center (14 Wall Street, NYC)
K2 Enterprises Inc.
\$299\424

06/06
Excel Budgeting and Forecasting Techniques
SK/8 34433511
FAE Learning Center (14 Wall Street, NYC)
K2 Enterprises Inc.
\$299\424

TAXATION

06/11
Current Federal Tax Developments
T/8 34605511
FAE Learning Center (14 Wall Street, NYC)
Nichols Patrick CPE, Inc.
\$299\424

06/12
The Advantages of Delaware Trusts and Decanting New York Trusts to Delaware
This technical session, presented by the Taxation of Individuals Committee, will teach attendees the importance of Delaware trusts in the areas of tax planning and asset protection. It will also cover perpetual trusts, DING trusts, and creditor protection.

T/2 27143511
FAE Learning Center (14 Wall Street, NYC)
Foundation for Accounting Education
\$45\70

06/24
Getting More Active with the Passive Activity Rules and the New Net Investment Income Tax
T/8 33636512
FAE Learning Center (14 Wall Street, NYC)
Surgent McCoy CPE LLC
\$299\424

06/26
IRS Practice and Procedures Conference
T/8 25609511
FAE Learning Center (14 Wall Street, NYC)
Foundation for Accounting Education
\$335\460

06/27
Hot IRS Tax Examination Issues for Individuals and Businesses
T/8 33643511
FAE Learning Center (14 Wall Street, NYC)
Surgent McCoy CPE LLC
\$299\424

ROCHESTER SPECIALIZED KNOWLEDGE AND APPLICATIONS

06/15-06/17
NextGen Conference—Rochester
SK/8 25000541
Radisson Riverside Hotel
Foundation for Accounting Education
\$250\375

SUFFOLK AUDITING

06/02
Audits of 401(k) Plans
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AU/8 22214522
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AICPA
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SPECIALIZED KNOWLEDGE AND APPLICATIONS

06/08-06/10
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SK/16 25000521
Hilton Long Island/Huntington
Foundation for Accounting Education
\$275\400

WEB EVENTS ACCOUNTING

06/12
Not for Profit Accounting and Auditing Update (WEBCAST)
AC/4, AU/4 35205511
AICPA
\$249\374\219\344

06/23
FAE's Private Company Accounting and Auditing (WEBCAST)
AC/4, AU/4 35113416
Foundation for Accounting Education
\$249\374

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06/02
Audits of 401(k) Plans (WEBCAST)
This course focuses on issues related to accounting, auditing and reporting on 401(k) employee benefit plans. The requirements of ERISA and SEC are explored as the provided materials demonstrate ways to plan and conduct an efficient and effective audit of 401(k) plans.
AU/8 35214522
AICPA
\$199\324

06/12
Not for Profit Accounting and Auditing Update (WEBCAST)
See course listing under Accounting.

06/13
FAE's FASB Industry Update (WEBCAST)
AU/8 35196511
Foundation for Accounting Education
\$249\374

06/23
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06/05
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SK/8 35424511
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DISCIPLINARY MATTERS

Ronald P. Carroccio, of Staten Island, N.Y., was admonished by the NYSSCPA, effective Feb. 18, 2014, as a result of a settlement agreement reached in the investigation of alleged violations of NYSSCPA Code of Professional Conduct, Rule 201—General Standards, B. Due Professional Care; Rule 202—Compliance with Standards; Rule 203—Accounting Principles; and Rule 501, Interpretation 501-5—Failure to Follow Requirements of Governmental Bodies, Commissions, or Other Regulatory Agencies, with respect to his performance of professional services in connection with the audit of the financial statements of an entity's employee benefit plan as of and for the year ended Dec. 31, 2009.

Neeland A. Enniss, of Maplewood, N.J., was expelled from membership in the NYSSCPA, effective Dec. 30, 2013, as a result of acceptance of his guilty plea by the Joint Trial Board, in lieu of a hearing. Enniss pled guilty to violating NYSSCPA Bylaws Article XII, Section 12(b) for failing to comply with the educational and remedial or corrective action as directed by the Ethics Charging Authority in a letter of required corrective action.

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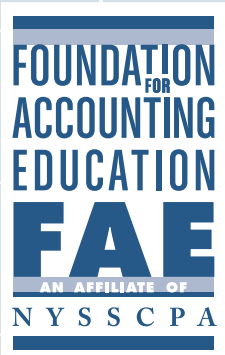
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