KINSELLA INDUCTED AS NYSSCPA PRESIDENT

Gail M. Kinsella was introduced as the newly installed president of the NYSSCPA at this year’s Annual Election Meeting and Dinner held in New York City.

From left, Secretary/Treasurer Scott M. Adair, Kinsella, Immediate Past President Richard E. Piluso and President-elect J. Michael Kirkland at the dinner.

New York state legislative session ends

Opposed bills left on table

By RICHARD J. KORETO
Trusted Professional Correspondent

The NYSSCPA is pleased to report that three bills in the New York State Legislature it opposed with strongly worded memorandums of opposition have been left on the table. While the three bills had varying degrees of success in the Senate, none made it to the Assembly floor by the end of the legislative session on Thursday, June 21. The Society believes its advocacy efforts in Albany were partly responsible for the bills’ failure to proceed.

The NYSSCPA’s ability to support or oppose bills that have an impact on the profession is largely based on contributions from the NYSSCPA membership to our political action committee (CPAPAC). The more powerful the PAC, the more powerful the NYSSCPA’s voice in Albany becomes. There is more about CPAPAC, and what you can do to help the Society make your voice heard in Albany, on the NYSSCPA website (www.nysscpa.org).

Below is a brief summary of the bills and their status. Links to all the bills and the memorandums are available on the NYSSCPA website’s Government Affairs—Legislation page.

Internal audit functions in school districts

According to its official summary, Bill S4556, sponsored by Sen. Michael H. Ranzenhofer (R-61), would make “internal audit functions optional by school districts.” The bill languages, as well as its Awards Committee.

During his farewell speech, outgoing president Richard E. Piluso remembered the first time he met Kinsella. His first impression, was of “an outstanding professional, and even more important—an outstanding person.”

Since then, he said, his intuition has been confirmed many times. Piluso then outlined what he felt were some key accomplishments of the NYSSCPA during his tenure: the passage of a law allowing cross-border practice mobility in New York state; the FAE’s ongoing educational efforts; the Society’s advocacy work, particularly regarding...
Powering up the NYSSCPA leadership pipeline

When I joined the NYSSCPA in 1991, I had been a CPA for a little more than one month. Back then, it was as though that as a New York-licensed CPA, I would join the state Society. I know I’m not alone in this sentiment. I’ve heard many of you say the same thing—that joining the NYSSCPA was not something you pondered once you were licensed; it was simply something you did. If you cared about your career, professional development and networking, especially as licensed professionals, you would join your professional association.

When I joined this organization more than 20 years ago, I certainly did not think that I would one day be its president, but because there were so many leadership opportunities with the Society—from the moment I joined, until now, as president—I was able to take advantage of the many resources available to me. I didn’t begin volunteering for Society committees with the goal of becoming president in mind; I did it with the goal of professional development. It didn’t really matter what the goal was, though, because the path turned out to be the same—the path of self-improvement and a commitment to always strive for excellence. As president, one of my goals is to ensure that current NYSSCPA leadership cultivates the next generation of NYSSCPA leaders just as our mentors cultivated us.

The NYSSCPA Board of Directors is comprised of accomplished experts in the profession, but it is crucial that we have diverse perspectives on the board. One way that you can participate in this recruitment effort is by serving on the NYSSCPA Nominating Committee. The Nominating Committee is responsible for nominating members to the NYSSCPA Board of Directors, and committee service is generally comprised of two meetings: a conference call in December and one in-person meeting, on Jan. 13, 2013, in Manhattan. While the time commitment is limited, the importance of the work of this committee cannot be overstated.

Because the work of this committee is so important, there are certain criteria that those who wish to serve on the Nominating Committee must meet. You have to be a CPA member with at least five years of continuous Society membership and you must have at least two years of participation on a state-level committee, as a member of a chapter board or some combination of both. I know there are many dedicated, active committee and chapter members who care about the future of this organization, but I’m not so sure they know about the opportunity they have to shape the future of this organization by choosing its future leaders. If you have already served on the Nominating Committee more than three times after June 1, 2003 (this is a bylaw requirement), or have served on the committee at any time within the past two fiscal years, you cannot serve on the committee; however, that does not preclude you from encouraging other members who are eligible to serve.

To become a candidate for the Nominating Committee, you must download a petition from the NYSSCPA’s website at www.nysscpa.org/downloads/petition/ and have it signed by 10 CPA members and delivered to NYSSCPA headquarters by 5 p.m. on Aug. 10, 2012. Please refer to page 5 of this issue of The Trusted Professional for more details about serving on the Nominating Committee.

Beyond participating on the Nominating Committee, another way you can help foster leadership development in younger members is to encourage your junior accountants to attend the Young CPA Conference from July 15–17 at Turning Stone Resort in Verona, N.Y. This conference provides young CPAs with an opportunity not only to learn the leadership skills needed for the future of the NYSSCPA, but it is also an opportunity for these future leaders to make connections with some of the young CPAs who have already committed to pursuing leadership opportunities with the Society. Attendance at the two-day conference will earn conferencegoers 16 CPE credits for just $324 if they are members of the NYSSCPA. To my mind, that is a terrific deal that you might want to take advantage of. That price includes one night’s hotel stay, a networking dinner the first night of the conference and a series of sessions on topics ranging from personal ethics and leadership development to public speaking and business writing—crucial skills that will give our future leaders the advantage they need to become stronger professionals and better leaders in the NYSSCPA. If you are sending some of younger juniors to the conference, tell them to talk to me about future leadership opportunities with the NYSSCPA—I’ll be a speaker at the conference and would very much enjoy meeting them and hearing their stories.

Gail M. Kinsella

October issue—August 27

November issue—September 24

For more information on submitting an article, email nsaunders@nysscpa.org.

To update subscription information, contact Member Services at 800-633-0320.

The Trusted Professional

T he New York State Society of CPAs and The Trusted Professional greatly value editorial contributions from our members, readers and those affiliated with the accounting profession. Additionally, we are happy to publish pertinent ads and notices. To ensure that each issue of The Trusted Professional is distributed on a timely basis, we have issued the following deadlines by which such materials must be received:

September issue—July 23

October issue—August 27

November issue—September 24

Views expressed in articles printed in The Trusted Professional are the authors’ only and are not to be attributed to the publication, its editors, the NYSSCPA or E&Y, or their directors, officers, or employees, unless expressly so stated. Articles contain information believed by the authors to be accurate, but the publisher, editors and authors are not engaged in rendering legal, accounting or other professional services. If specific professional advice or assistance is required, the services of a competent professional should be sought.
What challenges do you face as CFO that you’d say are unique to being at the N.Y. Fed?

Well, interestingly, CFO responsibilities at the Fed are similar to other organizations with certain exceptions: We don’t merge, we don’t raise funds, we don’t have to worry about taxes, and so in some ways it’s simpler.

However, where it becomes more challenging is when we have things like a financial crisis, and as part of addressing that crisis, the Fed takes actions to try to stabilize the economy and do things, like acquire troubled toxic assets from institutions or lend money on an emergency basis to institutions. When this occurs, we wind up introducing new products, processes, et cetera, which we have not thought about, requiring us to build out accounting systems, control systems and reporting mechanisms on a very quick basis. So, the adaptability and agility required of our accounting staff, of our management and our systems really is something unique here.

What’s been your most challenging experience at the Fed so far? What’s your most memorable “war story”?

That’s fairly easy to articulate. I joined the Federal Reserve with one set of objectives in mind and, shortly after I joined, I found myself in the middle of a global financial crisis, which I refer to as being in the eye of the storm.

To illustrate, our balance sheet at Sept. 30, 2008, was about $300 billion, mostly U.S. Treasury securities, which are fairly straightforward and not that complex, and by Dec. 31, which was the next quarter, it was $1.2 trillion, and those additions were not because we purchased more Treasuries. It was just three months, it was $1.2 trillion, and those additions came from the commercial paper market, which had been frozen. So, we set up operations at the New York Fed through the most recent financial crisis, where he saw the implementation of numerous measures to build financial stability, as well as witnessed changes in the Fed as a result of the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act. He talked with Trusted Professional report Chris Gaetano on June 21.

What are the most important days of your career so far? What was the biggest day of your career so far?

The most important days of my career so far were Sept. 17, 2008, and Sept. 19, 2008, because my team and I were putting in place all of the measures that were required to keep the financial system functioning. These days are etched in my memory. The biggest day of my career so far was Dec. 31, 2008, because that was when we were able to put in place a comprehensive plan to address the issues that we were facing at that time.

What challenges do you face as CFO that you’d say are unique to being at the N.Y. Fed?

I joined the Federal Reserve with one set of objectives in mind and, shortly after I joined, I found myself in the middle of a global financial crisis, which I refer to as being in the eye of the storm. In this building and overseeing the infrastructure and operations of the bank in our real estate and general service areas. In this regard, one of the more interesting things I have to deal with is managing an iconic building. It’s very distinct; it’s Italian Renaissance architecture and a national landmark. One of my responsibilities is running this building and overseeing the restoration and reconstruction of something built in 1928 to support the U.S. government. An interesting challenge. Balancing how to make this a modern, well-run, efficient organization in a historic landmark is one of the unique challenges I’ve had.

What are your three biggest priorities right now, in terms of your stewardship of the N.Y. Fed? How are you working to meet them?

The priorities that I have really gone to making sure that we have the right people that are properly skilled to address the challenges that are here at the Fed in dealing with the assets, manage and the information that’s needed to make decisions. So, the recruitment and development of our staff is really important, and so we have introduced the competency models for our finance and accounting staff that we use to measure and rate them and help them develop their skills. The second is ensuring we have the right processes supported by the right technology so we can be efficient in bringing in effective reports and perspectives to support the bank. To this end, we introduced the business process excellence discipline to support the whole internal auditing program and really understanding their processes, with the goal of improving them. Third is improving and continuing to improve the product, the output, of what the finance team does for the Fed in terms of transparent reporting on a timely basis, in terms of adding and providing value and additional analytical support to our decisions, and in moving our financial capabilities from being primarily a scorekeeper, where we collect, control and report data, to being value-added analytical advisers. We’ve

CORRECTION TO NOTICE OF THE PROFESSIONAL ETHICS COMMITTEE

The NYSSCPA Professional Ethics Committee proposed on May 10, 2012, a modification to Ethics Rule 101-2—Subordination of judgment by a member. The modification included updating the referencing to professional standards, moving existing text to a footnote and deleting the reference to “as defined herein.” The Executive Committee took no action on the proposal and no change was made to the ethics rule.

CORRECTION

SEC Practice Committee Chair Michele B. Amato’s firm name, Friedman LLP, was incorrectly spelled in a July 2012 FAE Anti-Fraud Conference report. Friedman LLP was correctly spelled in a July 2012 listing of new and continuing NYSSCPA committee chairs. We regret the error.
What CPAs Need to Know to Practice in the Empire State

What Is the Guide?
The Guide is an NYSSCPA online resource for CPAs who are planning on or currently doing business in New York state, available exclusively to NYSSCPA members. It provides brief descriptions of issues CPAs need to be aware of when doing business in the state, as well as links to authoritative resources.

The Guide will be continually updated so that it always provides the latest information and resources.

Who Should Use the Guide?
The Guide is for:
• CPAs who practice in a N.Y. accounting firm, or are based in another state but have clients in N.Y., or work for companies with business in N.Y.
• CPAs who work in business and industry, academia, or government
• CPAs in other states thinking of relocating to N.Y.
• Accounting students planning to work in N.Y. after earning their CPA designation

What Information Can CPAs Find in the Guide?
The Guide is organized into four different sections to help CPAs find information quickly and easily. These are some of issues it addresses:
• Board of Regents Rules on who can practice in N.Y. state and what the requirements are
• CPE requirements
• Ethics rules
• Mobility regulations
• Municipal audit rules
• Details of Mandatory Quality Review in N.Y. state
• References to the AICPA Peer Review Program
• The N.Y. state income tax system, individual and corporate
• E-filing regulations
• Links to major N.Y. tax forms

Access the Guide at nysscpa.org/resourceguide. (Login required)

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Newsmaker

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taken steps to introduce the right technology and processes to support decision making. So, keeping that evolution going and not just in the Federal Reserve Bank of New York but supporting those initiatives across the system is a key priority.

What technical accounting issues do you run into most often while managing the finances at the N.Y. Fed?

From a technical accounting perspective, let me point out how our structure works: Our audit opinions and financial statements are not prepared under U.S. GAAP [Generally Accepted Accounting Principles] but in accordance with OCBOR [other comprehensive basis of accounting], and those policies are established and are codified by our Board of Governors. We have a participation in and we heavily influence those decisions, because the New York Reserve Bank is the largest and most complex in its asset composition, but the policies are in the purview of the Board of Governors. But the issues we deal with are not that dissimilar from what other financial institutions have to deal with: determining market and fair value for our assets, particularly the nontradable assets, and dealing with Tier 1, Tier 2, Tier 3 financial instruments and with what the value of those assets are, and spending a lot of time making sure we understand and get it right. We have four separate subsidiaries with complex assets, with options and other idiosyncrasies in them that we make sure we take into account, and so that’s something I spend a lot of time on.

Speaking as a CPA, what are your thoughts on bringing International Financial Reporting Standards into the United States and the different methods being considered by standards setters and regulatory bodies, particularly the endorsement model that seems to be gaining in popularity? Also, how would the increased use of IFRS affect the Fed?

It’s an interesting question. As a CPA, I obviously am aware of the convergence exercises the SEC [Securities and Exchange Commission] has undertaken with the IASB [International Accounting Standards Board], and I think that the diligence with which they are going about their efforts is appropriate.

But I think that the Fed has a unique situation. We are not only preparing our own financial statements, but we are also examining financial statements and examining banking institutions and financial institutions and requiring reports in accordance with regulatory accounting standards. So, I think the first question is that the Federal Reserve and other regulators in the U.S. have to come to grips with is how they would use IFRS and how its use might impact the way they examine banks. Then, from that set of decisions, I think the Federal Reserve would consider how to apply it to their own financial statement preparation situation. As a consequence, it’s why it makes sense that the Board of Governors are the ones who would have more of the say in the decision making around the adoption of IFRS, because it impacts more than preparing financial statements.

Broadly speaking, how would you describe your overall financial management strategy at the Fed? How has this strategy changed in response to the financial crisis?

I think that the financial crisis allowed us to take a look at the resources that we had and the skills that we had, and allowed us to invest in recruitment in a lot of skilled, experienced people who could come on board and contribute right away in the new and dynamic business climate. So, we’ve taken advantage of that opportunity and hired people. I think the other aspect is continuing to ensure that we have an agile environment and what I mean by that is Dodd-Frank is changing the whole regulatory landscape and putting more demands on increasing our staff and demanding that we increase our skills. Agility on our part is a must.

The Dodd-Frank Act broadened the Federal Reserve’s sphere of influence. How has this affected operations at the N.Y. Fed?

Well, the Dodd-Frank Act, I think, has impacted (operations) in several ways. I mentioned one, just being able to deal with the expanded role that we have in bank supervision, so being able to react and respond to that and support the operations with better management information and accounting mechanisms, as well as real estate, is one set of challenges.

But there are several others: One of the things that came out of Dodd-Frank was the establishment of the Office of Financial Research, which is not part of the Fed but which will need extensive data that is provided by and collected from the financial industry and provided by the Fed, which is a central point of collection for the data. Building out the processes, and getting the controls and the costs so we can do that in an efficient and effective way, has added another dimension to one of the demands that are placed on our environment.

And the third deals with the establishment of the Office of Minority and Woman-Owned Businesses, which addresses diversity and the support of diversity through vendors, through hiring and personnel practices, and through education and community support activity, all of which is something the Federal Reserve Bank of New York and the rest of the reserve banks have had as a high priority, but became codified and required in Dodd-Frank. This now includes reporting on an annual basis to Congress. One of my other responsibilities is procurement and vendor management, so ensuring we’re keeping track of and recording and reporting in a way that’s useful to Congress is another thing that has changed, which doesn’t get a lot of publicity when people talk about Dodd-Frank.

What do you feel is the biggest source of financial risk for the N.Y. Fed right now?

Well, the financial risk is really interesting because the financial risk we have is interest rate risk, because we have a $2 trillion fixed-income portfolio that we manage as part of our monetary policy requirements.

www.nysscpa.org/youngcpa or call 800-537-3635.

The conversation continues online at www.trustedprofessional.com/newsmakers
standards-setting for private companies; the Society being named a sponsoring organization for mandatory quality review; and membership growth.

He stressed that these were not goals “I achieved,” but milestones “we achieved,” and thanked Society staff as well as NYSSCPA committee members, and so many other members who helped guide the Society.

The NYSSCPA membership also elected seven new members to the Board of Directors, including vice presidents Sherry L. DelleBovi, David Evangelista, Suzanne M. Jensen and Anthony J. Maltese; five directors-at-large: Christopher G. Cahill, Harold L. Deiters, Arthur J. Roth, Yen D. Tran and Richard T. Van Osten; and five directors as chapter representatives: Anthony T. Abboud of Syracuse, William Aiken of Manhattan/Bronx, Gregory J. Altman of Buffalo, Barbara E. Bel of Westchester and Scott M. Hotalen of Southern Tier. J. Michael Kirkland was voted president-elect; he will be installed as president in 2013.

Almost two thousand votes were cast for the election of six officers and 10 directors, including 33 votes against or partially against the slate of candidates.

NYSSCPA presents awards to top members

Also at the dinner, Past Secretary/Treasurer Joseph M. Falbo Jr. was recognized at the NYSSCPA’s 115th Annual Election Meeting and Dinner, for the professionalism and integrity that he exemplified, in the words of NYSSCPA Past President David J. Moynihan.

Falbo was presented with the Society’s Special Recognition Award in honor of his work establishing a new internal financial reporting system, to provide NYSSCPA volunteers and leaders with the information needed to steer the Society.

As secretary/treasurer, Falbo worked with Past President Moynihan, members of the Society’s Finance Committee and the Society’s executive director and controller to create a simplified, easy-to-understand financial reporting structure.

Moynihan, who presented Falbo with the award, said that upon learning the award is reserved for highlighting extraordinary contributions to the Society that warrant special attention, noted “Who could be more deserving than Joe Falbo?”

Falbo said he was “humbled and honored” to accept the award, which he accepted on behalf of his fellow CPAs, the state Society and his family—the “people who inspire me to be a better person every single day.”

Also recognized were the two recipients of the NYSSCPA Distinguished Service Award: Steven Valenti and Past President George T. Foundotos. Member Tracey J. Niemotko was awarded with the Dr. Emanuel Saxe Outstanding CPA in Education Award at the dinner.

The Society also recognized the hard work of two young CPAs at the annual meeting.

“With the return of numerical grades on the CPA exam, the Society can this year return to this tradition,” said Piluso, referring to the Society’s Charles Waldo Haskins Memorial Award, given to two individuals who earned the highest and second-highest scores on the uniform CPA examination in New York state.

“Haskins was so passionate about the profession, and felt so strongly about the role that education and ethics play in creating an ethical profession, that the Society memorializes its founding president by issuing an award in his honor,” said NYSSCPA Executive Director Joanne S. Barry as she presented the awards. “It’s this type of achievement by two of our promising future CPAs that we believe would make our founding president very, very proud.”

Daniel J. Busby received the gold award and Joshua J. Elkenberry received the silver award.
1 From left to right, President-elect J. Michael Kirkland; Director as Representative of the Manhattan/Bronx Chapter William Aiken; Manhattan/Bronx Chapter Past President Barry F. Doll and NYSSCPA Executive Director Joanne S. Barry. 2 NYSSCPA Past President Robert Faglarone, inducted into the CPA Hall of Fame in 2011, and newly installed NYSSCPA President Gail M. Kinsella. 3 Stephen P. Valenti, winner of the Distinguished Service Award, and family. Left to right, Laura Valenti, Nick Luckenbaugh, Mary Lou Valenti, Stephen P. Valenti, Diane Valenti and Stephen Dagnell. 4 Tracey J. Niemotko, winner of the NYSSCPA Dr. Emanuel Saxe Outstanding CPA in Education Award, with Immediate Past President Richard E. Piluso. 5 NYSSCPA Past Presidents George T. Foundotos, Alan E. Weiner, Sharon Sabha Fierstein, David A. Lishon and Thomas E. Riley. 6 Piluso greets Joseph M. Falbo Jr., recipient of the NYSSCPA Special Recognition Award, and his children, Nicholas and Samantha. 7 Distinguished Service Award winner George T. Foundotos receives his award from Piluso. 8 NYSSCPA President-elect J. Michael Kirkland and President Gail M. Kinsella. 9 NYSSCPA Vice President David Evangelista, with daughter Madeline and wife Margret. 10 Michele B. Amato, chair of the NYSSCPA SEC Practice Committee; Elliot Hendler, member of the NYSSCPA Ethics Committee; Michael McDonald, chair of the NYSSCPA C Corporations Committee.
R&D credit: it’s not just for laboratories anymore

By CHRIS GAETANO
Trusted Professional Staff

Although the definition of the research and development credit has expanded to include a wide variety of industries over time, it was first instituted in the 1980s, many businesses still think that this lucrative tax benefit is only for the white lab coat set—much to their detriment, according to a speaker at the FAE’s May 1 Apparel & Textile Breakfast Conference.

Sonny Grover, senior managing director and executive vice president at alliantgroup in New York, said that many business clients assume that “R&D is just for lab coats, or R&D is just for pharmaceuticals.” Part of this, he said, comes from the history behind the R&D credit, which at first was greatly concerned with the hard sciences and technological development when it came into being during the Reagan administration.

“When I started my career in R&D studies in the ‘80s, it was almost always for the pharmaceutical industry, for the deep sciences. I would never be sitting in front of a group that [involved] apparel,” he said.

The reason for the credit’s original focus, he said, was Congress’ desire for dynamic economic development. With this in mind, Grover said, “because there are so many people who can take advantage.”

“The reason for the credit were difficulties to meet, which kept out smaller businesses. Part of the reason for this, too, was that the standards for the credit were difficult to meet, which kept out smaller businesses, he said.

“Congress’s focus was ‘How do we innovate the small- to mid-sized business level?’” Grover said, “because there are so many people who can take advantage.”

Today, he said, in order for an activity to qualify for the credit, it must involve a new or improved business component, be technological in nature, eliminate uncertainty, and involve a process of experimentation. These criteria could be applied to a product, a process, a technique or design, a formulation, an invention and to software.

Because of these changes, apparel and textile businesses can take advantage of the credit, he said, and brought up several case studies. One company, for example, was able to use the credit because they were improving leather jackets through developing new leather finishing treatments, rain-resistance technology and increased breathability, which resulted in a $203,000 credit. Another, he said, involved a shoe company that developed a patented comfort cushion for a new line of shoes and improved its manufacturing process and developed perspiration-absorbing material. A third, a jewelry company, was able to qualify by developing improved soldering, casing and molding techniques, as well as developing a new silver-finishing product.

Despite the expansion over the years in the applicability of the R&D credit, he pointed out that it’s still one of the more restrictive ones in the world. Canada, for example, has a refundable credit (in the U.S., it is nonrefundable) along with help desks to assist companies to claim it. This is because countries throughout the world are competing for talented researchers for their labor force.

The Small Business Jobs Act AMT fix only applies to the 2010 tax year, though the credits carry back five years. As a result, businesses can still use them even if they ran a loss that year, and carry forward up to 20 years, he said. However, he added that the credit is very popular, usually being a key part of Congress tax extender packages, so he was confident that it could be extended.

“So we can very much expect … that the credit will be extended,” he said, adding a caveat: “We don’t think it will happen until [after the election].”

Upcoming Industry Committee Meetings

Construction Contractors
Thurs., July 26

Entertainment, Arts and Sports
Wed., July 11

Family Office
Thurs., July 19

Internal Audit
Tues., July 31

Investment Companies
Thurs., July 26

Private Equity and Venture Capital
Mon., July 23

Real Estate
Wed., July 11

Stock Brokerage
Thurs., July 12

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

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

Upcoming Industry Conferences

Hedge Funds and Alternative Investments
Thurs., July 19

Construction Contractors Accounting,
Consulting, and Taxation
Thurs., Aug. 9

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Legislative

Continued from page 1

school districts.” However, the memo emphasized that “any deficiency noted by the comptroller may not necessarily identify and address significant issues with the school district. The internal audit function exists precisely to identify and effectively address such issues.”

This bill finished the session committed to the Rules Committee in the Senate without a companion Assembly bill.

Frequency of internal audits for school districts

This bill, S4486, also sponsored by Ranzenhofer, would change the internal audits by school districts from annually to every five years. The bill’s language said this would “reduce the duplicative and onerous requirement of both internal and external annual audits.”

Again, the NYSSCPA memorandum of opposition sent on June 11 praised the goal of reducing costs for school districts. However, the memo said that the “risk assessment process in school districts should be continuous to ensure proper procedures are being followed and to identify areas where fraud and misappropriations may exist.” If internal audits are performed only every five years, the memo said, “there is an increased likelihood that deficiencies could have existed for several years before the audit.”

The bill passed the Senate and was referred to the Assembly Education Committee, where it had previously sat since January as A8404, sponsored by Assemblyman Peter J. Abbate Jr. (D-49). However, as the session ended, it had proceeded no further.

AG investigations, retirement plans and the Martin Act

Two identical bills—A9627, sponsored by Assemblyman Peter J. Abbate Jr. (D-49), and S7465, sponsored by Sen. Tom Libous (R-52)—“would require the Attorney General to investigate and, where appropriate, to commence a civil action to recover damages suffered by New York public retirement systems as a result of securities fraud,” according to the bill’s official language. The attorney general would have to “investigate and where appropriate pursue allegations of securities fraud upon the request of the New York State and Local Employees Retirement System and the Police and Fire Retirement System,” according to the proposed legislation.

The Martin Act, which gives the attorney general wide authority to combat fraud, would be updated accordingly. As the introductory bill’s sponsor’s language concedes: “Shockingl...
Fraud pitfalls on both offense and defense

By CHRIS GAETANO
Trusted Professional Staff

A fraud investigation can be fraught with numerous pitfalls, whether you’re the one being investigated or the one doing the investigating, said speakers at FAE’s June 12 Anti-Fraud Conference.

When it comes to fraud investigations, CPAs should be especially wary of their exposure, according to Benjamin Brafman, a prominent criminal defense attorney who has represented clients such as Michael Jackson, Sean Combs and Dominique Strauss-Kahn. He pointed out that in every white-collar fraud case he has worked on, the accountant has been, at the very least, a key witness. Often, they are directly blamed, since many business owners have no idea how their businesses actually operate—or claim that they don’t—and so leave operations to the accountant. When things go wrong, the client will then say that he or she had no idea that anything was amiss.

“If, at the end, you have two choices—go to jail or blame the accountant—it’s almost always ‘blame the accountant.’ So, you are vulnerable,” he said, adding that he has seen this defense tactic used effectively time and time again.

To people who say that this isn’t fair, what’s Brafman’s response? “Tough. There is no fairness. Fairness is in a kid’s game when you’re eight years old saying, ‘That’s not fair.’ When you’re in the big leagues, in the law, there is no such thing as fair,” Brafman said.

With this in mind, Brafman said it’s important to know your client and to also be aware that you might not know your client as well as you think you do.

“All those financials you prepared and certified … they may all be wrong, all very wrong. The tax returns you prepped may be wrong,” he said. And if they are, it happened under the CPA’s watch. “So I don’t want to panic anyone, but you have exposure of your own kind, professional exposure, perhaps civil liability, because you should not have been asleep at the switch.”

Brafman reminded his audience that they have a legal and ethical obligation to perform due diligence when it comes to their clients. Is the client in the plumbing supply business, but sending payments every month to a vendor that has absolutely nothing to do with plumbing supply? Does the client make about $100,000 a year but have a $2 million house, drive a Mercedes and send his kids to Princeton and Yale? Maybe it’s nothing, but you can never be sure. Too many, he said, look the other way, which is how they wind up getting into trouble.

This, he said, is a bad approach because conscious avoidance of the issue can be seen as advancing criminal conduct. Furthermore, if the situation does attract the attention of the authorities and the accountant is cross-examined, it can lead to some awkward questioning that, in the end, “makes you look like either a liar or inept or [like you] could not care less,” none of which are attractive qualities for a CPA.

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He notes, of course, that it’s easy to say all of these things, but that actually doing them is a lot more difficult, especially when a client is a rainmaker who accounts for over 70 percent of the firm’s business and that walking away means, all of the sudden, not being able to pay the mortgage. People don’t just wake up one day and decide to enable fraud, he said; it’s a gradual process. What he sees many do in situations like this is begin rationalizing, so that they can keep doing what they’re doing and not lose that lucrative client to someone else.

“It’s not fraud, it’s ‘aggressive tax guidance,’ or ‘being cutting edge,’” he said.

When faced with a situation where you have instinctual doubts about a client, he suggested that it might be a good idea to go to a senior person within your firm for guidance, someone independent, objective and, ideally, a little conservative.

If things advance to a point where the CPA is faced with a subpoena, or if federal agents are actually sitting in his office, he said it’s best to simply keep quiet and get a lawyer. Whatever you do, he warned, don’t make a bad situation worse by lying or, in the worst case, destroying documents in some sort of blind panic.

“You initial panic reaction is to throw the computer in the ocean,” Brafman said. “Doesn’t matter. Burn all the hard copy? Big mistake. All it demonstrates is a consciousness of guilt. … [Evidence] will ultimately surface. It’s kids reacting in a panic to when mother opens the door. You’re adults. Don’t panic.”

Not that it’s any easier for the other side, either. John See Anti-Fraud, on page 17

“If, at the end, you have two choices—go to jail or blame the accountant—it’s almost always ‘blame the accountant.’”
— Benjamin Brafman, criminal defense attorney

See Anti-Fraud, on page 17
PCI SSC is responsible for managing the PCI DSS, while the is responsible for complying with the PCI Data Security must take precautions for protecting credit card information, further establishes that businesses implement generally recognized information security “good practices.” Certain high-risk activities, including very large transaction volumes or risk activities, including very large transaction volumes or changes to architectures including, but not limited to, cloud computing, may impact compliance. For example, appropriately planning for infrastructure maintenance—including the impact of changes to architectures, including but not limited to, cloud computing—confirms contract compliance and use of technology paid for, and reduces the complexity and variability of technology used. Perhaps most important, financial professionals should not be intimidated by the terminology used in IT budgeting, although some research might be necessary to fully understand the issues represented in the budget and to fulfill their financial responsibilities.

Q: Is my client responsible for protecting customers’ credit card numbers?
A: If your client accepts or processes credit card data, your client must take precautions for protecting credit card information, and is responsible for complying with the PCI Data Security Standard issued by the PCI Security Standards Council. The PCI SSC is responsible for managing the PCI DSS, while the enforcement of the standard is performed by the payment card brands (MasterCard, Visa, American Express, etc.). In general, the standard requires that businesses implement generally recognized information security “good practices.” Certain high-risk activities, including very large transaction volumes or online activities, may require an independent assessment from an approved company, referred to as a Qualified Security Assessor, or a vulnerability scan performed by an Approved Scanning Vendor. Although QSAs or ASVs do not have to be CPAs, some CPA firms—especially those with robust information security practices—have obtained the appropriate approvals from the PCI SSC to provide this type of service. Please note that access to IT resources, including key trends impacting industry players. For example, the AICPA conducts a technology survey annually that highlights technology initiatives considered to have the most impact on accounting from a public accounting as well as management accounting perspective. Larger companies frequently subscribe to services such as technology research and the advisory company Gartner to help them identify trends and expectations.

Recently, the focus of many IT budgets has been to “do more with less.” To encourage alignment with business initiatives and reduce the complexity and variability of technology used, access to IT resources, including key trends impacting industry players. For example, the AICPA conducts a technology survey annually that highlights technology initiatives considered to have the most impact on accounting from a public accounting as well as management accounting perspective. Larger companies frequently subscribe to services such as technology research and the advisory company Gartner to help them identify trends and expectations.

Q: I’m getting ready to prepare and review the IT budget for next year. What should I be considering?
A: Although budgeting for IT is complex, in many ways it does not differ materialy from budgeting for other significant business investments and expenses. Business planning, alignment of technology investments to achieve those plans, benchmarking, competitive analysis and monitoring trends appearing in trade journals are among the factors that drive IT budget planning. A wealth of potential ideas to address business needs can be obtained by talking with vendors at state society and industry meetings and trade shows. Surveys are frequently published that help identify key trends impacting industry players. For example, the AICPA conducts a technology survey annually that highlights technology initiatives considered to have the most impact on accounting from a public accounting as well as management accounting perspective. Larger companies frequently subscribe to services such as technology research and the advisory company Gartner to help them identify trends and expectations.

Q: Are Excel or Access: Which one should I use?
A: For many practitioners, the answer has more to do with their familiarity with the applications rather than the features themselves. Most readers are well acquainted with Excel. Its strong analytical capabilities, as well as its flexibility to adjust analysis and columns as the user deems appropriate with minimal programming knowledge, make it a very popular application in the profession. New versions of the software have significantly increased the analytical capabilities and presentation of financial analysis including the use of pivot tables, statistical techniques and graphing/charting tools. Although Excel can handle both numeric and alphanumeric data, its core purpose is financial analysis, and there are limits on the size of the spreadsheet that can be used. Excel’s major shortcoming is that it becomes more complex and is modified by the user, the opportunity for errors increases dramatically.

Access is a more sophisticated application that is better suited to managing information. Its features facilitate the connection to external databases while storing large amounts of text, and can also provide a report on all actions taken on the database, including the types of queries that were run. It requires a more disciplined approach as the various relationships within the database need to be defined during the database design process, and generally provides less flexibility for modification than Excel. As with any tool, a small learning investment by the practitioner will result in the ability to effectively leverage the capabilities offered.

Utilities within both software applications provide the ability to exchange data. For those unfamiliar with Access, the decision of which program to use will typically depend upon how many of the user’s objectives can be achieved using Excel. For those familiar with both tools, Excel is likely to be better used for financial analysis, while Access would be used for more complex and larger data analysis efforts.

Microsoft provides a number of free training tools to enhance your knowledge of Access and Excel. These tools are available at office.microsoft.com/en-us/training-FX101782702.aspx.

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

Tech Q&A for today’s CPA

By JOEL Lanz, CPA/CTIP, CFF, CISA, CISSP, CISM, CFED

Editor’s Note: Welcome to The Trusted Professional’s new monthly feature, Tech Q&A. Technology is no longer solely within the purview of the IT professional. Almost every working CPA uses technology in some way these days, leading to almost every CPA having questions about technology. NYSSCPA Technology Assurance Committee member Joel Lanz will answer these questions and help our readers better use technology in what is fast becoming a cloud-based world.

Q: How do you handle payroll taxes?
A: Payroll taxes are handled by the employer and the employee. The employer is responsible for withholding income taxes and FICA taxes from the employee’s paycheck and remitting the withheld amounts to the appropriate federal and state tax authorities. The employee is responsible for ensuring that their current tax withholding rate is set up correctly. The employer is also responsible for calculating and reporting quarterly and annual payroll tax returns.

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Call Robert Fligel, CPA, at 212-490-9700 or email rfligel@rf-resources.com. Visit rf-resources.com to see active situations and people. All contacts are confidential, of course.
Society members: consider serving on the NYSSCPA Nominating Committee

By SCOTT M. ADAIR
NYSSCPA Secretary/Treasurer

WHAT IS THE NYSSCPA NOMINATING COMMITTEE?

Are you interested in helping to select who will serve on next year’s NYSSCPA Board? If so, consider serving on the Society’s Nominating Committee.

This year’s 11-person Nominating Committee will be recommending a president-elect, four vice presidents, a secretary/treasurer, five at-large directors and directors from the Mid Hudson, Northeast, Queens/Brooklyn, Rockland and Utica chapters. These nominees are then presented to the membership in a proxy/ballot that is sent out in April.

Under Article IX of the Society’s bylaws, the CPA membership-at-large fills nine Nominating Committee positions, and the Board of Directors designates the remaining two members. Read the NYSSCPA bylaws on our website at www.nysscpa.org/page/about-us/society-overview/bylaws.

NOMINATIONS PROCESS

To be nominated for the Nominating Committee, petitions with original signatures must be received on or before Friday, Aug. 10, 2012, and sent to: NYSSCPA Secretary/Treasurer, 3 Park Avenue, 18th Floor, New York, NY 10016. Obtain a Nominating Committee petition at www.nysscpa.org/downloads/petition.

Petition signers are limited to signing only one petition, and signatures of members signing multiple petitions will be disregarded on all petitions they sign. Signers must also certify that the nominee would serve if elected. Petitions must be signed by at least 10 CPA members (other than the nominee), all of whom have been members for five consecutive years; however, submission of multiple petitions for one nominee will not cause the nominee to be disqualified, so long as there are at least 10 signers in the aggregate for that nominee.

Potential Nominating Committee members should know that they may not themselves be nominated for any position. If you hope to serve on the Board of Directors, you should not put yourself forward for the Nominating Committee.

A candidate for the Nominating Committee must not be a current member of the Board of Directors or have been a member of the Nominating Committee either for the two immediately preceding fiscal years or for any three years after June 1, 2003. Also, he or she must have been a member of the Society for at least five continuous years, including at least two years of participation on either a statewide committee or a chapter executive board, or a combination of both.

Once all the Nominating Committee petitions are received, if more than nine people are nominated, we hold a membership election to determine the nine petitioners to serve on the committee. If fewer than nine nominations are received, the Board will select the additional committee members, along with the two it designates under the bylaws.

Failure of the post office or any other person or entity to deliver a completed petition to the above address by 5 p.m. on Aug. 10, 2012, shall cause such petition to be disregarded. Any submission by email (including email submission of a petition in PDF format) or by fax shall be disregarded. Submission of a petition with any photocopied signature shall be disregarded.

FIRST MEETING DATE

The date set in the bylaws for the Nominating Committee to meet is Jan. 10, 2013. In recent years, the Nominating Committee has also met via conference call in December to prepare for the January meeting.

FOR MORE INFORMATION

For additional information on the nomination process, contact NYSSCPA Secretary/Treasurer Scott M. Adair at secretatytreasurer@nysscpa.org or NYSSCPA Counsel Brad Pryba at bpryba@nysscpa.org.
Introducing FAE’s Regional Learning Centers

The Foundation for Accounting Education is kicking off this year’s CPE season with an updated strategic business plan that identifies ways to improve seminar scheduling in order to reduce cancellation rates due to low attendance, increase cost-effectiveness and better service members throughout New York state.

FAE’s approach in achieving the goal of successfully meeting the needs of our members is to focus on five statewide “Learning Centers,” where the majority of seminars have been scheduled for 2012.

Find the new FAE Learning Center in your region!

- **FAE Learning Center—Eastern New York**, serving CPAs in the Adirondack, Mid Hudson, Northeast and Utica chapter region. Seminars are scheduled at the Albany Marriott, 189 Wolf Road, Albany, NY 12205.

- **FAE Learning Center—Long Island**, serving CPAs in the Nassau and Suffolk chapter region. Seminars are scheduled at the Melville Marriott Long Island, 1350 Old Walt Whitman Road, Melville, NY 11747.

- **FAE Learning Center—New York City**, serving CPAs in the Manhattan/Bronx, Queens/Brooklyn and Staten Island chapter region. Seminars are scheduled at the FAE Conference Center in Midtown at 3 Park Avenue, at 34th Street, 19th Floor, New York, NY 10016.

- **FAE Learning Center—Westchester**, serving CPAs in the Mid Hudson, Rockland and Westchester chapter region. Seminars are scheduled at the Doubletree Hotel Tarrytown, 455 South Broadway, Tarrytown, NY 10591.

- **FAE Learning Center—Western New York**, serving CPAs in the Buffalo, Rochester, Southern Tier, Syracuse and Utica chapter region. Seminars are scheduled at the Holiday Inn Rochester Airport, 911 Brooks Avenue, Rochester, NY 14624. (Due to high demand, popular seminars have also been scheduled in Buffalo and Syracuse.)

Check out the complete 2012 FAE Seminar Listing for CPE sessions in your area in this special pullout section designed to be saved for future reference. For seminar details and to register, visit www.nysscpa.org/dae. Be sure to visit our website at www.nysscpa.org/dae periodically for additions and updates.

### FAE Learning Center—Eastern New York

**Serving CPAs in the Adirondack, Northeast, and Utica Chapters**

**Seminars Scheduled at the Albany Marriott**

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**FAE Learning Center Location**

Albany Marriott
189 Wolf Road
Albany, NY 12205-1100

*Off-Site Location*

Holiday Inn Albany
205 Wolf Road
Albany, NY 12205-1124

### FAE Learning Center—Long Island

**Serving CPAs in the Nassau and Suffolk Chapters**

**Seminars Scheduled at the Melville Marriott Long Island**

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**FAE Learning Center Location**

Melville Marriott Long Island
1350 Old Walt Whitman Road
Melville, NY 11747
### Seminars Also Scheduled Off-site

#### in Buffalo Due to Popular Demand

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### FAE Seminars

**2012**

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Tonsick, another conference speaker and the founder of Fraud Solutions, a consulting company, said that many companies make big mistakes when it comes to investigating fraud at the workplace. One of the biggest is assuming that they can easily identify a fraudster to begin with. He noted that one case he worked on involved a woman who stole $1.2 million from a company through payroll fraud. Most people would have never guessed that she’d be someone whose actions led to a prison sentence.

“If she were sitting in this room right now, you would all love her. [Fraudsters] are very charming. It’s how they do what they do,” he said.

Companies make some really common mistakes once they discover fraud, Tonsick pointed out. For example, many will try to confront the perpetrator prematurely, before evidence is collected and a case can be built. This, he said, is a big mistake, because it lets the suspect know that the jig is up. It gives him time to get a lawyer or even tamper with evidence that, at the time, only he knows actually exists.

“A lot of stuff disappears very quickly,” he added.

Another common mistake, he said, is calling the police right away. While this might seem like a good idea at first, the police rarely have the sufficient resources to conduct a white-collar crime investigation and, generally, tend to have other priorities.

When collecting evidence, companies should remember that their target may have accomplices. Don’t make the mistake of sharing information right away, Tonsick said, “because you never know who is involved with it.” Letting too many people know what’s happening with the investigation, or even that there is an investigation to begin with, can alert people who are in on the deal.

In general, though, he said that he would recommend starting with an internal investigation, as long as it’s done right. Companies should establish ground rules for the investigation early on, part of which means keeping people on a need-to-know basis in order to avoid leaks and keep the trail as short as possible. Don’t advance to a lawsuit until the internal investigation has been taken as far as it can go. Also, he noted, it might not even be worth it to sue in the case of fraud.

“It’s a business decision. Do a cost–benefit analysis. How much money are you willing to spend to prove a point? If a person doesn’t have any assets … if you’re not going to get anything back, what’s the point? It might make you feel good, but it won’t get you anything,” Tonsick said.

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Marketability discounts gaining legitimacy in valuation cases

By CHRIS GAETANO
Trusted Professional Staff

While the application of marketability discounts in shareholder litigation can be a murky area due to a lack of statutes that could give them clarity, the legal challenges that have cropped up around this subject have revealed a fairly consistent and robust case law that has cemented its use in business valuation cases, according to a speaker at the Foundation for Accounting Education’s Business Valuation Conference on May 21.

Fred D. Weinstein, an attorney who specializes in business valuation cases and who represented minority shareholders in the landmark valuation case Matter of Jamaica Acquisition, Inc. v. Shea, said that challenges to the application of marketability discounts—reductions in a business’ value due to a lack of ability to quickly convert an investment into cash—usually come up in cases involving small, closely held corporations that are often family owned, where there usually is no readily available market for its stock, despite whatever on-paper value that stock might have.

“Legal entities that, by their very nature, contradict the concept of market value represent unique challenges,” he said. “Shareholders in closely held corporations, in contrast with shareholders in public companies, are unlikely to find buyers for their shares.”

Despite this contradiction, the courts have consistently ruled in favor of the application of marketability discounts. From Weinstein’s viewpoint, the “broad sweep” of these discounts “has not only been repeatedly upheld, but will continue to be upheld in this area of shareholder cases.”

The problem, he said, is that courts have consistently ruled in favor of the application of marketability discounts, yet the cases have also consistently lacked a theoretical grounding because the verdict generally concerns just the liquidity of the assets in question. Although case law has affirmed the applicability of the discounts in and of itself, the finer details are still being worked out in the courts.

“There’s not a lot of analysis in the decision, not a lot of guidance. It’s a number, and it’s frustrating to try and divine some unifying concept. All that is said in many of these cases is there should be [discounts], and generally, they fall within 10 to 25 percent,” he said.

For example, Weinstein referred to the Murphy case (Murphy v. IRS), where a business that was primarily a real estate holding company tried to apply marketability discounts only to goodwill. The judge said this was “fundamentally unsound,” because the idea of discounts is rooted in their intended applicability to the shares themselves, and not the underlying assets.

Weinstein also brought up the Giaimo v. Vita case, where a brother, Giaimo, sued his sister in order to dissolve two family-owned closely held corporations that together owned 19 residential buildings in Manhattan. In this case, a special referee, assigned to establish fair value of the assets, denied the use of marketability discounts because they would create a situation where such discounts are applied for lack of control, which Weinstein said case law does not really allow.

For example, when valuing shares, all shares of the same class must be recognized equally, he said. This decision was challenged, and while the trial judge who reviewed the case agreed that marketability discounts should not be applied, she also ruled that the original reasoning was wrong; the real reason the marketability discounts should not be applied, Weinstein said, was because the underlying assets in question did have a market, because they were unusual assets that were not readily available in New York.

Despite the fact that the discounts were not applied in the Giaimo case, Weinstein said that both cases strengthened the concept of marketability discounts itself, which means that marketability discounts are likely here to stay.

“In my view,” he said, “to not apply [marketability discounts in business valuation cases] would be a mistaken way to approach valuation.”

cgaetano@nysscpa.org
problems stemming from fee billing and collection have always plagued CPA firms, but even more so since the economic downturn. Clients that have lost business are slower in making payments to CPAs, who, in turn, suffer from slower cash flow. There are basic steps that can be taken, though, to avoid or manage almost all billing and collection problems. Even better, these same steps will help improve the quality of your practice, attract a better client base, generate more fees, and improve collection and cash flow.

Client screening
Client screening is the first step toward controlling losses and enhancing your client base, services and fee structures. The basic process utilizes a checklist to flag problem clients. Some of the questions include the following:
- Is the client the kind that the firm would like to have?
- Does the client demonstrate integrity?
- Is the client financially viable?
- Why did the client choose our firm over others?
- What does the client like about our firm that causes them to stay with us?
- Are the client and the engagement still a good fit for our firm?

If either the client or engagement is not a good fit, do not accept the engagement. Due diligence is also essential to client screening and should include the following steps:
- Perform background and credit history checks.
- Obtain and assess the quality of references, and additional references to check, if necessary.
- Check with the predecessor firm after obtaining permission from the client.

Client screening engagements document the firm’s understanding with the client and serve as the firm’s first line of defense in the event of a dispute. The engagement letter should limit your scope of services by employing words that limit your responsibility and by avoiding words that expand it. To reduce “payment resistance,” involve your clients in the design of the engagement letter, and communicate your billing and payment policies during the initial client meeting. The economic downturn causes the top five clients, with descriptions of why they like these clients above the others. The descriptions then point the partners in the direction of the clients they want to attract.

At the same time, learn to recognize higher-risk engagements and plan your billing and collections according to the risk you face before you begin. Buy-sell transactions, public offerings and initial public offerings, limited partnerships, financial services, real estate and construction engagements all tend to be higher risk engagements.

Billing tips
If the bill or its description of services is unclear, clients will be inclined to put it aside and to call about it later, lengthening the time it takes to pay the bill. Bills that are standardized, clear, concise and descriptive are more likely to be paid sooner.

Different services often require different billing practices. Consider alternative fee structures, such as hourly rates, fixed fees, value pricing, refundable advance retainers and replenishment, or a combination of billing and collection practices.

If a client offers a reasonable partial payment, take it and consider disengaging.

This will free up more of your valuable time to pursue better clients who pay their bills on time and in full.

- Use standardized letters that may be modified and tailored to fit each of the engagements.
- State estimates, if applicable, and clarify that they are not fee quotes.
- Use retainers and retainer replenishment for clients that are slow-paying, financially stressed or new to the firm (until they have established some credit with you).
- Remind clients that retainers are not an estimate of the total cost of the engagement, do not earn interest and must be paid before work begins.
- Always include a stop-work clause and enforce the clause to prevent unpaid fees from building up to the point where you believe you can no longer walk away from the client. When the unpaid fees become so large that the firm wants to sue for them, the client has little to lose by suing the CPA for malpractice. The legal fees incurred as a result of the lawsuit result in a large balance is due, call 10 days before the due date to be sure the invoice has been received.

Collection calls are relatively effective, inexpensive, immediate, personal and informative. Staff should be trained on the rules under the Fair Debt Collection Practices Act, which prohibits unintentional harassment of debtors. Anger management and mediation training will also help staff deal with difficult people.

Once you have sent 30-, 60- and 90-day letters, turn the account over to a professional collection agency to avoid spending valuable time and resources on deadbeats. If a client offers a reasonable partial payment, take it and consider disengaging.

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RISK MANAGEMENT

The Trusted Professional / July 2012

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BY RANDY R. WERNER, CPA, J.D., LL.M. (TAX)

Protect your business with better billing and collection practices
By CHRIS GAETANO

any people think the hardest part of operating a business is the launch itself, because there’s so much to think about and so much to do—tax considerations, licenses and permits, regulations and the work of actually running the business itself, successfully, for many years.

But it’s not exactly easy when you’re looking to get off the treadmill and retire, either, according to Business Exit and Succession Planning Committee Chair Keith J. Lazarus.

Exit and succession planning is an emerging area of expertise in the CPA field—and it’s one that Lazarus intends to promote through a series of continuing professional education sessions at his committee’s meetings over the next year.

“We know how to help our clients start a business and how to run a business, but we’re not really trained in how to help them successfully transition out of their business,” he said. “And that’s the purpose of this committee—to show CPAs how to do just that.”

He said that exit planning provides a written road map meant to help a business owner successfully transition out of the business, which means maximizing the value of that business at exit, minimizing the taxes paid on its sale or transfer, and helping the owner achieve his or her personal and financial objectives. This isn’t always done the right way, though. Lazarus explained that leaving a business can be a hit-or-miss approach, often put into place when a business owner has “just had enough,” or gets sick or dies, noting that most CPAs have “had that eleventh-hour phone call from our clients that says ‘someone just made me an offer, and I think I’m taking it,’ and we’re left to tell him how much he’s left with after taxes.” It can either be this ad hoc, last-minute deal, or, he said, it can be a relatively simple, planned approach, which is what CPAs joining the committee will learn.

Why is this committee important? Think about it. There is one universal truth for all business owner clients. And that is, sooner or later, they will leave their business. Hopefully, it will be under favorable and voluntary circumstances. But it could specifically, an exit plan,” Lazarus said. “And he should do so as early as possible and stick to that plan as long as he maintains that business. I can’t emphasize enough the critical difference a moderate amount of planning will make to our clients by creating a market for their business, and ensuring that they receive full payment,” he said.

While exit planning includes elements of estate planning, personal financial planning and business valuation, Lazarus believes that as more baby boomers look to retire and leave their businesses, the demand for this type of planning is going to explode, he said. He cautioned that if CPAs don’t step in to meet this demand, they’re going to miss out on a lot of great opportunities, which would be unfortunate because, given their unique skill sets, CPAs are the ideal candidates to perform this sort of planning.

“I really don’t think anyone else could do this as well as a CPA. We are the trusted professionals and would have an understanding of many of the areas involved in the exit planning process,” he said.

CPAs are involved in business valuation, tax planning and financial needs analysis, the basics of how third-party business sales are structured. Estate planning—as well as knowledge of all these fields—is needed on at least some level to ensure effective business exit and succession planning, he said.

Lazarus warned that if CPAs do not capitalize on this fact, they could cede the field to other professionals who are also trying to meet this growing demand, such as insurance professionals, business brokers or retirement planners, all of whom only look at a piece of the total exit planning strategy. Although others might be able to provide exit planning, Lazarus said, few really take the comprehensive approach that a CPA would; in fact, many simply look at exit planning as a way to sell a product, he said. For example, key-man insurance, which falls more under the umbrella of contingency planning, is a very important part of exit planning, but it is not the whole story.

“I believe that business exit and succession planning is an emerging practice area. And it will be a new profit center for us. It’s really a new industry,” he said.

An equation for success

The Business Exit and Succession Planning Committee was established last year, with Lazarus coordinating the effort. With the committee’s help, CPAs can help clients cover parts of the equation, he didn’t see anyone really discussing this specific field, he said.

The committee, which currently boasts 14 members, aims to train CPAs in the basics of exit planning so that they can effectively use those skills when assisting clients—something that Lazarus feels will benefit the profession as a whole.

Participating in the committee will “show CPAs how to work with business owners to help them successfully transition out of their businesses,” which means teaching them how to implement that systemic approach to help ensure that owners maximize what they take from a business and minimize whatever taxes are paid on a sale or transfer.

The committee draws members from diverse fields such as estate planning and business valuation, and allows those members to share knowledge from areas of the profession they may not be as familiar with. They can then apply this information to their own business exit and succession planning strategies. Lazarus noted that a CPAs with a diversified background may even be the ones to consider for a certified financial planner, even he needs to draw upon other fields in order to put together an effective exit plan.

“Can a financial plan be accomplished for a business owner without doing an exit plan first? It can’t. You can’t do a cookie-cutter planning for business owners, without first understanding when the owner will leave, to whom it will be transferred, for how much, how, and when proceeds will be received. It can’t be done,” he said.

In order to provide CPAs with the tools to become succession planners, the committee plans to offer a series of two-credit CPE sessions during each of its monthly meetings, starting July 19.

Sessions will focus on various topics related to helping business clients successfully wind down their companies, including how to conduct a basic financial needs analysis for a business client, which involves determining how much the client needs in order to live comfortably and responsibly, that is, to meet this growing demand, such as insurance professionals, business brokers or retirement planners, all of whom only look at a piece of the total exit planning strategy. Although others might be able to provide exit planning, Lazarus said, few really take the comprehensive approach that a CPA would; in fact, many simply look at exit planning as a way to sell a product, he said. For example, key-man insurance, which falls more under the umbrella of contingency planning, is a very important part of exit planning, but it is not the whole story.

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“Can a financial plan be accomplished for a business owner without doing an exit plan first? It can’t. You can’t do a cookie-cutter planning for business owners, without first understanding when the owner will leave, to whom it will be transferred, for how much, how, and when proceeds will be received. It can’t be done,” he said.

In order to provide CPAs with the tools to become succession planners, the committee plans to offer a series of two-credit CPE sessions during each of its monthly meetings, starting July 19.

Sessions will focus on various topics related to helping business clients successfully wind down their companies, including how to conduct a basic financial needs analysis for a business client, which involves determining how much the client needs in order to live comfortably and responsibly, that is, to meet this growing demand, such as insurance professionals, business brokers or retirement planners, all of whom only look at a piece of the total exit planning strategy. Although others might be able to provide exit planning, Lazarus said, few really take the comprehensive approach that a CPA would; in fact, many simply look at exit planning as a way to sell a product, he said. For example, key-man insurance, which falls more under the umbrella of contingency planning, is a very important part of exit planning, but it is not the whole story.

“I believe that business exit and succession planning is an emerging practice area. And it will be a new profit center for us. It’s really a new industry,” he said.
Chapter leaders open up world of accounting to prospective students

By ROBERT BUSWEILER
Trusted Professional Correspondent

Students throughout New York State are getting a taste of what it is like to be a CPA, both professionally and academically, as NYSSCPA chapters hold their annual career days.

Two chapters that recently held career events were Manhattan/Bronx and Rochester. Approximately 100 high school juniors and seniors showed up at each event.

The Promoting CPA Careers Committee of the NYSSCPA’s Manhattan/Bronx Chapter brought local high school students into the NYSSCPA offices on May 11 to learn about accounting from current accounting college students and Society leaders. The students also participated in mock interviews with professional recruiters.

It was another well-attended career day for the chapter, which holds career day events each spring and fall. High school juniors and seniors from the Academy of Finance and Enterprise (Queens), Academy of Hospitality and Tourism (Brooklyn), Brooklyn Academy of Global Finance, Monticello High School (Sullivan County) and Tottenville High School (Staten Island) attended this spring session.

The volunteer presenters led discussions on CPAs in industry, college life and defining tax and audit procedures, and described what it is like to work in the accounting profession.

“They were very inquisitive,” said past Manhattan/Bronx Chapter President Barbara Marino, who was one of the event’s organizers.

In addition to Marino, speakers included recently installed NYSSCPA President-elect and Manhattan/Bronx Chapter Past President J. Michael Kirkland; committee co-chairs Fatim Ardolic and Steven Zelin; other Society members Jill Harris, Don Kiamie, Sarah Park, Rona Shor, Janet Osterstein, Marcella Bajusz, Joseph Maturando and Brendan Molloy; and college students Krista Levito, L’Oreal DeMatteis and Selin Terzi.

Following the educational sessions held at the NYSSCPA offices, the students were given the opportunity to tour the offices of six local accounting firms and learn more about the accounting profession. Deloitte, Ernst & Young, Grant Thornton, J.H. Cohn, KPMG, and McGladrey opened up their offices for the students to tour. Those firms, in addition to Berdon, Pricewaterhouse-Coopers and WeiserMazars, also made contributions to support the career day event.

The Rochester Chapter held its career day event, which it dubs the World of Accounting, on April 27, giving high school students a taste of what accounting can offer both in college and in the professional world.

During the daylong event, professionals, professors and college students gave presentations to the students about the accounting profession. CPAs at Rochester-based firms Insero & Company and Mengel, Metzger, Barr & Co. hosted office tours and also provided speakers for the event.

“We give them a good menu of different accounting careers. The volunteers that come and speak are very good role models.”
— Kenneth J. Hall, past Rochester Chapter president

Panel speakers included board members from the NYSSCPA Rochester Chapter including Hall, past chapter President Katherine Wele, past chapter President Thomas Zubers, Higher Education Committee member Harold Howe, Caitlin Kelsey, current chapter President Cheryl Yawman, Matthew Bryant, past chapter President Bill Dresnack and Michelle Cain.

IRS Criminal Investigation Division Special Agents, private sector accounting professionals from the Rochester area, and accounting professors and recent graduates from Canisius College, Rochester Institute of Technology, St. John Fisher College and SUNY Geneseo also gave presentations.

The event covered college academics, mock student/recruiter interviews, discussions with recent college graduates, and segments on corporate and government accounting.

Since the Rochester program’s inception in 2003, nearly 1,000 students have participated in the World of Accounting event. This year, students from the Aquinas Institute of Rochester, Bishop Kearney High School, Wayne High School (Ontario Center) and the Webster Central School District participated.

NYSSCPA chapters offer career day events throughout the state, in addition to the Foundation for Accounting Education’s Career Opportunities in the Accounting Profession (COAP) five-day summer program aimed at recruiting young people into the CPA profession.
**FAE EVENTS and CPE OFFERINGS**

**BUFFALO**

Chapter Annual Summer Symposium
When: July 24–25, 8:30 a.m.–5 p.m.
Where: Millennium Airport Hotel, 2040 Walden Ave.
Contact: Gregory Altman at galtman@somerset1.com

CPE: 2 (specialized knowledge and application)
Course Code: 29150303

**FACIALO**

Valuing an Accounting Firm Succession
When: July 18, 6–8 p.m. (registration at 5:30 p.m.)
Where: NYSSCPA Conference Center, 3 Park Ave., 19th floor
Contact: Maya Khan at mkahn@marksontw.com

Ace Your Behavioral Interview (Part of a five-session series)
When: July 23, 6–8 p.m. (5:30 p.m. check-in)
Where: NYSSCPA Conference Center, 3 Park Ave., 19th floor
Contact: Hoboda at hoboda@citrincooperman.com

Joint Young Professionals Networking Event
When: Aug. 9
Contact: Michael Elsas at 516-992-5853

**NASSAU**

Practice Continuity and Succession Planning Cocktail Hour
When: July 19, 5:30–8 p.m.
Where: Wickers Restaurant, 206 W. Old Country Road, Hicksville
Cost: $20 in advance; $25 at the door (includes beverages and snacks)
Contact: sgordon@wmrcpa.com
RSVP to contact email or make checks payable to NYSSCPA-Nassau Chapter and mail to: Wild, Maney & Resnick, LLP, 20 Crossways Park North Ste. 412, Woodbury, NY 11797

Joint Young Professionals Networking Event
When: Aug. 9
Cost: $35 per person
Contact: Christopher Piedici at chris.piedici@freedmaxick.com

**ROCHESTER**

Young CPAs – Behind the Scenes and Networking Event
A behind the scenes tour and history of WXXI’s radio and television studios
When: July 10, 5:30 p.m.
Where: 585-271-2300 or chris.piedici@freedmaxick.com

**ROCKLAND**

Rockland County NYSSCPA Golf Clinic
When: July 13, 1–4 p.m. (please have lunch before arrival) followed by networking and refreshments
Where: Rockland Lake Park, Executive Course
Contact: Mitchell Davis at 845-634-5300 x249 or mdavis@rssmcpa.com
Make check payable to NYSSCPA Rockland and mail check and stub to: Mitchell Davis, CPA, 57 Heritage Drive #E, New City, NY 10956

**SOUTHERN TIER**

Self Directed Leadership – Developing Your Action Plan
Young CPA Sponsored Luncheon
When: Sept. 7, 12–2 p.m.
Where: The Binghamton Club, 83 Front St.
Cost: $12 per person (includes lunch)
Contact: Emily Gardner at egardner@davidsonfox.com
RSVP by Aug. 31

**STATEN ISLAND**

Sixth Annual Atlantic City Bus Trip
When: Aug. 9, 8:30 a.m. (please arrive by 8:15 a.m.); 7 p.m. approximate return time
Where: Bus leaves from Luten Ave., off Amboy Road, near Tottenville High School
Cost: $30 per person
Contact: Rosemarie Giovannozzo-Barnickel at rgbbcya@nysscpa.org

**SYRACUSE**

Effective Duty Deferral, Avoidance & Recovery Strategies
When: July 11, 9 a.m.–12 p.m.
Where: Offices of Mohawk Global Logistics, 123 Air Cargo Road
Cost: $40 for members; $60 for nonmember
CPE: 5-2 accounting, 1 specialized knowledge and applications
Course Code: 2909301
Contact: Stephen Gorcezynski at sgorcezynski@mbh.com

**UTICA**

Valuing an Accounting Firm Succession
When: July 18, 6–8 p.m. (registration at 5:30 p.m.)
Where: NYSSCPA Conference Center, 3 Park Ave., 19th floor
Contact: Karen M. Matticio at kmm@dbbllc.com
RSVP by Aug. 13

**WESTCHESTER**

The Annual Golf Outing Event
When: July 10
Where: Glen Arbor Golf Club (new venue), 234 Bedford Center Road, Bedford Hills
Contact: Jeffrey A. Schwartz at 914-286-6908 or jeff@stantonandleone.com
Young CPA Committee Organizational Meeting
When: July 20, 8–9 a.m.
Where: Citrin Cooperman, 709 Westchester Ave., White Plains
Contact: Heather Oboda at hoboda@citrincooperman.com

**Why I’m A MEMBER**

With 28,000 members, there are 28,000 reasons to belong.

**NAME:** Avril K. George-Robinson, CPA

**JOINED:** 2003

**CHAPTER:** Queens/Brooklyn

**CURRENT POSITION:** Professor, Medgar Evers College of

**EDUCATION COMMITTEE CHAIR,** 2012

**HOBBIES/ACTIVITIES:** Cooking, home decor, watching old

**FUN FACT:** Her mac and cheese is famous among her

**SOCIETY HIGHLIGHTS:** Queens/Brooklyn Chapter Executive

**PERSONAL QUOTE:** “The benefits are immeasurable—from discounts on CPE courses to car rentals. Most importantly, you build a network of professionals both within and outside the accounting profession—an invaluable resource.”

To become a member, visit www.nysscpa.org/join or email Cara Patterson at cpatterson@nysscpa.org.

**NAME:** Mitchell Davis, CPA

**JOINED:** 2012

**CHAPTER:** Rockland County

**CURRENT POSITION:** Professor, Medgar Evers College of

**EDUCATION COMMITTEE CHAIR,** 2012

**HOBBIES/ACTIVITIES:** Cooking, home decor, watching old

**FUN FACT:** Her mac and cheese is famous among her

**SOCIETY HIGHLIGHTS:** Queens/Brooklyn Chapter Executive

**PERSONAL QUOTE:** “The benefits are immeasurable—from discounts on CPE courses to car rentals. Most importantly, you build a network of professionals both within and outside the accounting profession—an invaluable resource.”

To become a member, visit www.nysscpa.org/join or email Cara Patterson at cpatterson@nysscpa.org.
The CPA Roundtable is a monthly feature where we ask CPAs from around the state to weigh in with their thoughts on an issue relevant to the profession.

If you are interested in becoming a Roundtable participant, drop us a line at cgaetano@nyscpa.org.

gwalter@cgllp.com

www.trustedprofessional.com
CPA PROFILE

CPA strives to protect pets through advocacy

By CHRIS GAETANO
Trusted Professional Staff

Shortly after Hurrican Katrina hit New Orleans in 2005, NYSSCPA member Melissa S. Gillespie traveled to the devastated area to help rescue countless homeless animals that had been caught up in the storm. Operating out of a makeshift shelter that had once been a school, Gillespie and others from MuttShack Animal Rescue worked together to find dogs, cats and other homeless pets; the volunteers fostered for the animals, as they waited to be either reunited with their owners or settled into new homes.

"A lot of our time, we would spend organizing food and blankets and beds and toys, just caring for the dogs and cats. They were in complete shock, so they needed a lot of TLC," Gillespie said.

She helped out for five days before going back to Long Island, bringing with her a Chow Chow named Foxy Lady, whose owner could no longer care for her. Gillespie’s experiences in New Orleans were intense, but she described them as just one more chapter of a lifelong passion for animal advocacy; her efforts range from educating and advising others on animal law issues to running a nonprofit organization devoted to animal welfare. Because “animals can’t speak for themselves” and, as a result, “are ripe for exploitation,” Gillespie takes it upon herself to be “the voice of the voiceless” by utilizing her professional capabilities on behalf of man’s four-legged friends.

With the knowledge and skills she has developed as a professional, Gillespie, who is also an attorney, furthers her animal advocacy cause by participating on the animal law committees of both the New York City and Suffolk County Bar associations, where each committee, among other things, pushes for laws that take animals into account.

Currently, there is a bill before Congress, which was introduced as the Humanity and Pets Partnered Through the Years (HAPPY) Act; if passed, this would now allow up to $3,500 in itemized deductions for “qualifying” pets (basically, true pets versus those owned for business or lab research reasons). She pointed out that people can spend a lot of money taking care of their pets, many of which may as well be family members.

Recently, there was also a court case decided in favor of allowing expenses incurred while volunteering for a legitimate 501(c)(3) organization. In June 2011, the Van Dusen v. Commissioner decision allowed a woman to take as charitable deductions unreimbursed expenses that she incurred while operating a foster home for approximately 70 feral cats with a legitimate 501(c)(3) animal rescue group. It was a victory for those who foster pets in that it reinforces the deduction of out-of-pocket expenses that can be demonstrably linked to veterinary care to those who can’t afford it, runs trap/spay/neuter programs to lower the population of feral animals, and gives pet food to seniors and lower-income individuals who might have difficulty taking care of their pets, in order to help avoid separation of the pets from their owners.

"With what’s going on with housing and the economy, people are giving up their animals … and people downsizing can’t always move into a new apartment with a [big dog]," she said.

This connection between senior citizens and pets—and how the relationship can benefit both parties—is something that Gillespie is keenly interested in. And because senior advocacy is another of her passions, she has also launched programs such as Seniors for Seniors, which utilizes volunteers to help senior citizens take care of their pets. Volunteers might walk the dog or change the kitty litter, so that seniors can maintain their relationship with their pets even in old age.

"It takes everything: It takes people doing hands-on rescue work; running nonprofits; rescuing the animals in shelters ... and going all the way up the chain to attorneys doing legislation for animals. I do a little bit of each," Gillespie said.

"It takes everything: It takes people doing hands-on rescue work; running nonprofits; rescuing the animals in shelters; working with cats and doing trap/spay/neuter and return (not release); and going all the way up the chain to attorneys doing legislation for animals," she said. "It’s just really important, so I do a little bit of each."

Along with serving on the animal law committees, Gillespie works with New York Saint Bernard Rescue (“I’ve always had St. Bernards”) and, for the past two years, serves as the executive director of the Pioneers for Animal Welfare Society, a nonprofit organization that runs a number of programs aimed at promoting animal welfare throughout Long Island. It provides pet food to various animal rescue organizations, financial assistance toward adoption, she said, is a win-win situation for everyone: The animal gets a new home and the senior gets a new pet, and both can keep each other company in their golden years.

Gillespie regularly lectures on how pets factor into estate planning, which, she said, is something that not every CPA or lawyer considers when advising clients, much to the detriment of the client’s animals.

“People say ‘Oh, my kids will take care of them, or my sister,’ and the sad reality is, it rarely happens. The animal is usually taken directly to the shelter,” Gillespie said.

But with a little proper planning, these situations can be avoided. Gillespie always recommends pet trusts to her clients, which can provide for a pet’s care in the event of the owner’s death or incapacity. When setting up a pet trust, the most important thing is to also appoint a guardian who can take care of the pet after the owner passes on, she said. She has seen unfortunate situations when people don’t do this.

“People say to me, ‘Yeah, I left $10,000 to my daughter or my friend to take care of my animal,’” Gillespie said. “And people don’t want to believe this but … what I have seen happen (or read) is: ‘They take the money and then take [the pet] to a shelter.’”

Although she gets frustrated sometimes when she sees the way people regard animals, saying that some people “treat animals like furniture” and forget that they’re living beings, Gillespie continues on with her work. What keeps her going, she said, is the knowledge that what she does—even if it seems small—can make a big difference down the road.

“You can’t change everything, but if you can change one life, it makes it worthwhile,” Gillespie added.

cgaetano@nysscpa.org

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BUFFALO

Dedication of members leads to chapter success

By PATRICIA A. JOHNSON
Buffalo Chapter President

At our chapter’s organizational meeting on June 6, we shared ideas on how to make this another successful and productive year for the chapter. NYSSCA Vice President and Evangelista and society staff joined us for the meeting. In keeping with our major goal of involving more professionals in chapter activities, plans are already underway for a networking event showcasing committee goals and opportunities. A continuing professional education (CPE) series on fraud or technology is also in the works for the upcoming fiscal year.

On July 7-8, members of the Young CPAs Committee will give back to the community by once again helping to maintain the financial integrity of the Taste of Buffalo event by counting the money raised that weekend. Taste of Buffalo, the largest two-day food festival in the United States, has become a favorite activity for the committee, giving volunteers a chance to help out while getting the opportunity to catch up with colleagues and friends. With this in mind, we should all take some time to give back to our community through volunteer work.

Another quickly approaching event is our 10th annual Summer Symposium on July 24-25, organized by the chapter’s Accounting and Auditing Subcommittee, and led by Patricia A. McGrath. The committee put together an outstanding collection of topics and speakers for this year’s event. The past success of the Summer Symposium has made it possible for the chapter to award three $2,500 scholarships to Buffalo-area students. We welcomed these students at a recent board meeting and gave them the opportunity to get a “behind-the-scenes” view of chapter governance. The chapter scholarships were awarded through the Foundation of Accounting Education to Michael Carrig of Canisius College, Diana Derr of SUNY Fredonia and Amber Shields of SUNY Buffalo.

We hope that these upcoming events will prove just as successful as those we held last June, such as our annual Bankers and CPAs networking mixer, held at Frank Lloyd Wright’s Fontana Boathouse. Thank you to Paul Kiel and the Cooperation with Risk Management Committee for their efforts in making this a great event. Our chapter also held its annual Career Opportunities Program in June. This program gives high school students the opportunity to learn about the accounting profession by participating in a weeklong series of events, highlighted by visits to New Era Cap Co., Lumsden McCormick and PricewaterhouseCoopers. Once again, Ann Burstein Cohen, chair of the chapter’s COAP Coordinator Subcommittee, and its members have done a spectacular job in creating increased awareness and interest in the accounting profession.

If you have ideas or concerns, or would like to get more involved in the chapter, please reach out either to me, at the email below, or to the other chapter officers.

johnsonp@canisius.edu

ADIRONDACK

Chapter begins planning for upcoming term

By JACQUELINE E. MILLER
Adirondack Chapter President

I would like to introduce myself to you as the new president of the Adirondack Chapter of the New York State Society of CPAs and a partner at Pinto Muncksi Hooper VanHouse Co., Certified Public Accountants, in Paul Smiths, N.Y. At a young age, I was inspired by a CPA in Johnstown, N.Y., and now I hope to be a role model for others by encouraging young individuals to pursue accounting.

In the belief of our chapter, I would like to express my sincere appreciation for Past President Barbara L. Montour’s service and dedication to this organization. I look forward to the successes and challenges that this year promises to bring. My goal for the year is to add and modify chapter events, and promote participation of members.

Executive Board members established the chapter’s fall school of continuing professional education (CPE) events and discussed new, innovative ideas for the upcoming year during the chapter’s annual organizational meeting, held on June 12, in Lake Placid, N.Y. We would like to organize a joint board meeting event, and I welcome interested chapters and individuals to contact me at the email below with their ideas.

jmliller@pmhvcpa.com

MID HUDSON

Through member participation, chapter demonstrates Society’s values

By WILLIAM F. BERARDI
Mid Hudson Chapter President

As I begin my term as president of the Mid Hudson Chapter—which includes Dutchess, Orange, Putnam, Sullivan and Ulster counties—and serve on the chapter’s Executive Board for the third time, I realize more and more how valuable it is for members of our profession to participate in the chapter’s events. It serves as a chance to interact and share experiences, which enhances their ability to better serve their clients and help fulfill the core values of the Society: integrity and objectivity, commitment to ethical and practice standards, responsive and directed resources for members, promotion of lifelong learning, and professional competition. It is a sense of community and sharing of information, and recognition of our commitment to serve the public.

I look forward to the success of our upcoming Bankers and Attorneys Reception on Oct. 23 at The Grandview in Poughkeepsie, to help benefit Toys for Tots. The event will feature former Mets and Yankees baseball star Danny Strawerry as a guest speaker. Our active Young CPAs Committee—which held its third annual Golf Clinic on June 8—will also participate. For more details, visit our chapter’s Web page: www.nyscsa.org/midhudson.

As the new fiscal year commences, I would like to say thank you to all the members who have participated in our education seminars; our Estate Planning Seminar and College Scholarship Awards Dinner held on May 8, where the highest achieving college account- ing students were awarded scholarships; our 33rd annual Golf Invitational on May 14 that benefitted the Food Bank of the Hudson Valley; and our valuable COAP program, which kicked off on June 22 at SUNY New Paltz. I sincerely appreciate what every one of our chapter members has done to further the Society’s goals of advocacy, professional competency, public trust, recognition and visibility, and recruitment and retention, and I look for- ward to working with all of you to continue to strive toward achieving these goals.

On June 18, our chapter also hosted its annual golf outing at the North Hills Country Club. Neal Kornenberg and his tireless team of organizers, which included Carol Pinto, planned a great professional networking and fun day which was enjoyed by all.

In August, we will be hosting, along with the Suffolk Chapter, a joint young professionals networking event and invite the Nassau and Suffolk young attorneys from the bar association, as well as young professionals from the Risk Management Association.

A joint meeting with the Suffolk Chapter, held on Sept. 19 at the Crest Hollow Country Club, is your next opportunity to network with bankers. Mark your calendars, and we look for- ward to seeing you there.

The Nassau Chapter Executive Board is here to serve the CPA community. We are looking forward to hosting joint meetings with other professional organizations this year, and will strive to continue to reach out to the younger staff and professionals of our chapter. Our goal is to get them more involved, and give them the opportu- nity to develop both personally and profes- sionally.

lbsahaynie@kbktaxlaw.com

NASSAU

Nassau inducts new leaders, announces summer events

By LISA A. HAYNIE
Nassau Chapter President

In 1998, Micky Levine was installed as the Nassau Chapter’s first woman president. We believe in giving back to the community, and this was a great way for CPAs and their families to participate and raise money for a much-needed cause.

On June 18, our chapter also host- ed its annual golf outing at the North Hills Country Club, Neal Kornenberg and his tireless team of organizers, which included Carol Pinto, planned a great professional networking and fun day which was enjoyed by all.

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lbsahaynie@kbktaxlaw.com
Chapter plans future events while recalling past success

By DAVID R. HERMAN
Rockland Chapter President

M ay and June included some very successful events for the chapter. In May, for those of you who missed them, here’s a recap: On May 17, we held a seminar on estate planning and long-term care, which featured informative speakers and resulted in many excellent reviews from participants; more than 40 individuals attended. Unfortunately, due to weather conditions, we had to cancel our May 20 event. However, the Employee Benefit Plans Seminar, held on June 5, and the Labor and Employment Law Seminar, held on June 14, also saw outstanding attendance from our members; about 40 participants attended these events as well.

Looking forward, our Young CPAs Committee has organized a golf clinic that will feature professional trainers for golfers of all skill levels. The clinic will take place on July 13 at Rockland Lake State Park, and I encourage all interested members to visit our chapter webpage (www.nysscpa.org/rockland) to access the registration link. We also have several all-day seminars planned that I’m certain will draw tremendous attendance. On Aug. 9, we will be holding our all-day IRS seminar at Rockland Community College, where IRS agents from various departments will come to speak on their topics of expertise. And for the first time, we will host a two-day tax update seminar scheduled for December 5-6, also at Rockland Community College. This seminar will include tax updates for individuals and corporations from New York, New Jersey, and the New York City Department of Finance. There will also be a federal update on individuals and corporations with a presentation from the New York State Workers’ Compensation Board on compliance issues. I will update you on the details as we further confirm our schedule.

As always, this chapter needs volunteers. Although we have many great members on the board, we can always use more ideas for future seminars. If you have any thoughts on topics or have an idea for a speaker, feel free to contact me at the email address below, or e-mail Past President Shari E. Berk, who continues to help plan chapter seminars. Have a great summer, everyone!

davepape@aiol.com

SYRACUSE

Commitment, professionalism and passion, chapter strives for most successful year yet

By STEVEN A. STANEK
Syracuse Chapter President

A s I start my term as chapter president, I would like to briefly introduce myself to those who don’t know me well. I work as a tax manager at Dain, LaCombe & Charette, P.C., in Manlius. Throughout my career, I have been very lucky to have worked with and mentored many professional and dedicated CPAs. My participation in the NYSSCPA has enriched my professional experiences, and I look forward to making those same opportunities available to all of our chapter’s members. With that in mind, I am excited to lead our chapter into a very successful year.

First, I would like to thank past chapter president Anthony T. Abbond for all of his help and guidance during my transition to president. He did a great job as president and he continues to participate on the chapter’s Executive Board. I would also like to thank all of the Executive Board members and committee chairs who agreed to serve their chapter, including this year’s officers: President-elect Michael J. Laquidari, Vice President Todd Klaben, Treasurer Jamie L. Kriel, and Secretary Kevin Martin. I also look forward to working with all of them over the next year. Our Executive Board also has representatives from many firms that service the Syracuse area, and I hope this will continue to strengthen our chapter’s yearly events and bring in ideas for exciting new programs.

Next, I want to update members on some of our recent chapter events. We held our annual Organizational Meeting on May 24, at the offices of Testone, Marshall & Discenza, CPAs. With a large turnout of officers, Executive Board members and committee chairs at the meeting, we started off the upcoming year on a strong note. The event featured networking opportunities, a presentation from the New York State Workers’ Compensation Board on compliance issues. And for the first time, we will host a two-day tax update seminar scheduled for December 5-6, also at Rockland Community College. This seminar will include tax updates for individuals and corporations from New York, New Jersey, and the New York City Department of Finance. There will also be a federal update on individuals and corporations with a presentation from the New York State Workers’ Compensation Board on compliance issues. I will update you on the details as we further confirm our schedule.

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davepape@aiol.com

UTICA

Chapter kicks off an event-filled year

By STEPHEN T. SURACE
Utica Chapter President

A s I assume the role of Utica Chapter president for the second time, I want to thank chapter members for all of their support during the first term as president. The Utica Chapter Executive Board and I invested a substantial time and effort in awakening our sleepy chapter and making it bigger and better for all of our members. I am hopeful that we have met your expectations by bringing quality continuing professional education (CPE), volunteer, and networking events and networking events to the chapter.

We have already kicked off this year with two successful CPE events and have numerous planned. Mark your calendars for a few upcoming social events, such as our Bankers, Attorneys and Accountants Annual Golf Outing on Aug. 27. The event sold out last year, so be sure to make your reservations as soon as possible. We also plan to continue raising money for our accounting scholarships in order to enroll local accounting students in the NYSSCPA.

On Aug. 16, we are volunteering at Saranac Lake on Thursday, a weekly summer event that features concerts and various other events. We are reaching out and supporting your CPA peers and the United Way. Last week, we were involved in the 12-hour CPE events for the fall: accounting and auditing update and a course on pass-through entity taxation. I recommend for some more information on our events and opening and consider attending these events, which have been regarded as high-quality local programs in the past. Remember to check the chapter website www.nysscpa.org/utica, for updates on these events, and I hope to see you there.

surace@adjustersinternational.com
According to New York State regulations, courses may only be categorized as the following fields of study for CPE accreditation:

- Accounting
- Advisory Services
- Auditing
- Ethics
- Specialized Knowledge
- Taxation

Courses that have a concentration in more than one field of study are labeled with the quantity of credits that apply to each category.

**AICPA Pricing Schedule**

For AICPA-developed courses, the following pricing schedule applies.

If you are:

- 8-hour course
- 16-hour course

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<td>Only a member of the AICPA:</td>
<td>$430</td>
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<tr>
<td>A member of neither AICPA nor NYSSCPA:</td>
<td>$460</td>
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</table>

For 4-hour courses, see course description for price information. For details, refer to the registration information on www.nysscpa.org.

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**Now that FAE’s paperless initiative—FAE registrants receive course materials via email—has been successfully implemented, almost all FAE events will continue to be paperless. Please pay special attention to your emails, confirmations and other notices from FAE so that you can access course materials.**

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** bufalotaxation **

**07/12**

**Key Individual Tax Planning Strategies: Reviewing the 1040 Tax Return**

With significant tax changes now in place and additional ones looming in 2013, clients need to review their best options for action. This course will review what clients can do before the law changes, as well as what they can do now to take advantage of the future tax environment.

T/4 33634381

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**07/12**

**Estate Planning: What to Do in 2012**

This course explores what clients can do to achieve both estate and income tax objectives by taking advantage of increased exclusions and lower tax rates before the law changes in 2013.

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**08/09**

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CPAs need clients to understand that documentation and procedures are necessary to substantiate what IRS auditors are pursuing. This course will explore high audit risk areas and ways to help clients through an IRS audit.

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**07/12**

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Generally accepted accounting principles contain many requirements, with respect to expense reporting by nonprofit entities. This session will review these standards and discuss the variety of methods for allocating expenses to functions, such as programs, management, and fund-raising.

AC/1 35113345

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**07/19**

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SK/8 25530311

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$385/$510

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**07/19**

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**Internal Control Essentials for Financial Managers, Accountants, and Auditors**

This course gives participants a solid understanding of systems and control documentation, and introduces them to basic tools used to document an accounting process. Participants will identify the risks of errors and fraud in the accounting system and the presence— or absence— of compensating controls.

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This course reviews the rules of PFICs in order to determine if your client is invested in one, and teaches you how to complete the applicable tax form.

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**UPMIFA and Accounting for Endowment Funds (WEBCAST)**

Now that New York State has passed the Uniform Prudent Management of Institutional Funds Act (UPMIFA), not-for-profit entities are required to comply with new accounting rules. This session reviews accounting for endowment funds, discusses UPMIFA (NYUPMIFA in New York State), and reviews the endowment accounting and disclosure requirements found in the Accounting Standards Codification.

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$335/$460

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The purpose of this course is to give CPAs the tools and knowledge required to help their clients implement tax-effective investment and portfolio strategies for successful wealth accumulation and real after-tax retirement income maintenance. The course discusses specific investment tax planning and money management issues and topics, both before and after retirement.
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Holiday Inn Rochester Airport
Surgent McCoy CPE LLC $335/$460

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TAXATION
07/13 Estate Planning: What to Do in 2012
This course explores what clients can do to achieve both estate and income tax objectives by taking advantage of increased exclusions and lower tax rates before the law changes in 2013.
T/8 33635321
Mehville Marriott Long Island
Surgent McCoy CPE LLC $170/$235

07/13 Key Individual Tax Planning Strategies: Reviewing the 1040 Tax Return
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Mehville Marriott Long Island
Surgent McCoy CPE LLC $335/$460

ROCHESTER
ACCOUNTING
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Foundation for Accounting Education $495/$645

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CPE Credit Hours: 8; 2 hours Accounting;
2 hours Specialized Knowledge and Applications;
4 hours Taxation
Field of Study: Accounting; Specialized Knowledge and Applications; Taxation
In-Person Member Fee: $335;
Nonmember Fee: $460
Live Video Webcast Member Fee: $235;
Nonmember Fee: $360

For More Information and to Register for This Conference:
Visit www.nysscpa.org/construction or call 800-537-3635.

To Register for the Live Webcast:
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**NASSAU COUNTY / NEW YORK CITY**
**CPA FIRM**
Established firm with offices in NYC and Long Island, which has successfully completed transactions in the past, seeks to acquire or merge with either a young CPA with some practice of his own or a retirement-minded practitioner and/or firm. Call partner at 516.328.3800 or 212.576.1829.

Nassau County CPA firm seeks merger/acquisition of practice of retirement minded CPA. Firm has open office space and will share services during transition period. Contact nwcpa1@gmail.com.

#### Professional Opportunities

<table>
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<tr>
<th>PROFESSIONAL OPPORTUNITY</th>
<th>BUSINESS</th>
<th>TAX CONSULTANCY</th>
<th>LEGAL</th>
<th>MARKETING</th>
<th>EDUCATION</th>
<th>PEER REVIEW</th>
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<th>COMPUTER CONSULTING &amp; SOFTWARE</th>
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Are you an entrepreneurial CPA with quality public accounting, audit and tax experience? Would you like to acquire a $500,000 Long Island practice from a retiring CPA ratably over the next five years? If so, please provide background for consideration to NassauCPAfirm@gmail.com.

Rottenberg Meril, Bergen County’s largest independent accounting firm, wants to expand in its New York City practice and is seeking merger/acquisition opportunities in Manhattan. Ideally, we would be interested in a high quality audit and tax practice, including clients in the financial services sector, such as broker dealers, private equity and hedge funds. An SEC audit practice would be a plus. Contact Larry Meril at lmeril@msbgh.com, 201-487-8383, to further discuss the possibilities.

### Classifieds

**Goldstein Lieberman & Company LLC**
One of the region’s fastest growing CPA firms wants to expand its practice and is seeking merger/acquisition opportunities in the Northern NJ and the entire Hudson Valley Region including Westchester. We are looking for firms ranging in size from $300,000 - $5,000,000. To confidentially discuss how our firms may benefit from one another, please contact Philip Goldstein, CPA at philie@glcpas.com or (800) 839-5767.

Are you an entrepreneurial CPA with quality public accounting, audit and tax experience? Would you like to acquire a $500,000 Long Island practice from a retiring CPA ratably over the next five years? If so, please provide background for consideration to NassauCPAfirm@gmail.com.

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### Classifieds

**Peer Review**
*If you need help, the first step is Nowicki and Company, LLP*
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Rockland County CPA firm (3 Partners) seeking energetic dynamic sole proprietor CPA with small practice to presently rent open office space and share services with the primary objective of a long term association with potential buyout and transition. Contact Lance Millman at: lmillman@ms-cpas.com.

Goldstein Lieberman & Company LLC one of the region’s fastest growing CPA firms wants to expand its practice and is seeking merger/acquisition opportunities in the Northern NJ and the entire Hudson Valley Region including Westchester. We are looking for firms ranging in size from $300,000 - $5,000,000. To confidentially discuss how our firms may benefit from one another, please contact Philip Goldstein, CPA at philie@glcpas.com or (800) 839-5767.

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Hudson Valley retirement minded practitioner looking to merge or sell. Gross revenues about $500,000. Reply to metamaila@frontiernet.net.

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The U.S. Securities and Exchange Commission seeks tax compliance and administrative services for settlement funds/Qualified Settlement Funds under Section 468B(g) of the Internal Revenue Code (IRC), 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5. A statement of requirements describing the work to be performed and the procedures for submitting proposals is available at http://www.sec.gov/nb/taxadmin.pdf. Proposals must be submitted by e-mail to: taxadm@sec.gov no later than 11:00 p.m. on Tuesday, July 31, 2012.

Westchester CPA with boutique high net worth, high quality, tax and financial planning practice seeks to acquire or merge with similar minded professional. Cash available. Contact westcpa@aol.com.

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I run a single partner firm with audit and tax practices and wish to share facilities, staff, expertise and potentially combine with one or a few compatible CPA’s. I will take on a major technology initiative soon or use yours if well established. I am located in Grand Central area and larger space is available in same building. Please reply to synergycpa12@gmail.com.

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**CPA, Montgomery, AL: Master's degree (or other suitable combination of degree and exp.) in Economics, Accounting or related field plus at least 1 yr. exp. in professional accounting management and CPA license required.**

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*Tuesday, July 17, 2012, and Friday, October 12, 2012*

**FAE Conference Center**
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**Auditors—don’t wait!**

The clarified auditing standards are effective for your calendar year 2012 audits. Are you prepared for the impact these new auditing standards will have on your audit practice and methodologies? The release of the clarified standards has substantially redrafted all of the Statements on Auditing Standards (SASs) Nos. 1–121. This important new course is designed to help you educate and train your staff NOW for a smooth transition.

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- **CPE Credit:** 4 hours Auditing
- **NYSSCPA Member Fee:** $170
- **Nonmember Fee:** $235

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Visit [www.nysscpa.org/healthcare](http://www.nysscpa.org/healthcare) or call 800-537-3635.

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**2012 Healthcare Conference**

Healthcare: Preparing Today for Tomorrow’s Challenges

**Thursday, September 13, 2012**

**FAE Conference Center**
3 Park Avenue (at 34th Street)
New York, NY 10016
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**REGISTRATION DETAILS:**
- **Course Code:** 25545311 (In-Person);
  35545311 (Live Webcast)
- **CPE Credit:** 8 hours (Specialized Knowledge and Applications)
- **In-Person Member Fee:** $335;
  Nonmember Fee: $460
- **Live Video Webcast Member Fee:** $235;
  Nonmember Fee: $380

**HIGHLIGHTS:**

- 3 “Learning Tracks” – Acute, Long Term, and Physician Practice covering current accounting, tax and legal topics
- Electronic Health Records – What to do?
- Accountable Care Organization Update – Year 2!
- Accounting and Audit Update

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For More Information and to Register for This Conference:
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