Kirkland installed as NYSSCPA president

BY CHRIS GAETANO
Trusted Professional Staff

J. Michael Kirkland was inducted as the NYSSCPA’s 2013–2014 president during the 116th Annual Election Meeting and Dinner on May 16, where Society members also approved a new code of conduct, NYSSCPA bylaws changes, and elected a new slate of board officers and members.

Kirkland, an NYSSCPA member since 1982 and a recipient of the Society’s 2011 Outstanding CPA in Industry Award, served as the Society’s 2012–2013 president-elect and is a former vice president of the Board of Directors and the Executive Committee.

Kirkland is the second African American to lead the Society. During his speech, he acknowledged the trailblazers who had come before him, namely Bert N. Mitchell, who became the NYSSCPAs first African American president in 1987, and William Aiken, the 1971–1973 president of the National Association of Black Accountants and the first president of the NYSSCPA’s Manhattan/Bronx Chapter.

“I’m standing on the shoulders of Bert and Bill,” Kirkland said. “Thank you both for all that you have done.”

Emphasizing that the CPA is the gold standard, Kirkland promised to do all that he could to “enhance and protect the designation” and to promote members’ hard work.

“Being a CPA is more than serving a client, or employer. … We are the financial stewards, charged with educating and protecting the public,” he said. “We as professionals give so much, and [though] occasionally we put ourselves on the back, we don’t do enough to let the public know how much we do. I intend to be your spokesperson; every chance I get, I will yell from the mountaintops how great you really are.”

Kirkland said he would give special attention to maintaining financial stability within the Society and its Foundation for Accounting Education, and to several initiatives meant to increase the Society’s reach and impact. This includes increasing diversity within the membership, strengthening the Career Opportunities in the Accounting Profession program and increasing high school and college outreach; strengthening the government affairs program; intensifying the Society’s focus on ethics; examining possible future models for continuing professional education offered by the NYSSCPA; bolstering communication between chapters and committees; and creating and maintaining programs for young CPAs.

He praised outgoing President Gail M. Kinsella for her “clear understanding of the values, history and tradition” of the NYSSCPA, as well as her push for growth.

See Kirkland, on page 3

NY legislative session ends with nonprofit reform, other developments for CPAs

BY ROBERT BUSWEILER
Trusted Professional Correspondent

State lawmakers passed the first major overhaul of the state’s charities laws in more than 40 years last month, but ended the legislative session on June 22 without resolving non-CPA firm ownership—another issue with wide implications for the profession.

The NYSSCPA had provided comments on the provisions of both bills, while monitoring several other pieces of accounting-related legislation put before lawmakers. Society members testified during the Nonprofit Revitalization Act’s public hearing process in May and submitted official technical comments during its drafting phase. The legislation was introduced by New York State Attorney General Eric T. Schneiderman, who attempted to put forth a similar bill last year.

The bill’s passage brings with it a series of improvements to the decades-old set of rules that had previously governed non-for-profit organizations. In addition to technical updates such as audit threshold increases and new...
Join the Society’s Nominating Committee

BY F. MICHAEL ZOVISTOSKI
NYSSCPA Secretary/Treasurer

Are you interested in helping to select who will serve on next year’s NYSSCPA Board of Directors? If you are, 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 Adirondack, Nassau, Rochester, Staten Island and Suffolk 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 online at http://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. 9, 2013, and shall be sent to: NYSSCPA Secretary/Treasurer, 3 Park Avenue, 18th Floor, New York, NY 10016. Nominating Committee petitions can be obtained online at http://www.nysscpa.org/downloads/petitions/.

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. A list of the members ineligible to serve on the Nominating Committee due to these restrictions can be found online at http://www.nysscpa.org/page/about-us/society-overview/bylaws.

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Legislative Continued from front page

continued conflict-of-interest and whistleblower guidelines, the legislation will now allow nonprofits to make use of the Internet for official communications.

NYSSCPA President J. Michael Kirkland called the bill “a welcomed step for all of the state’s nonprofits, many of which for years have experienced the frustration of navigating a system governed by archaic rules and regulations.”

“The NYSSCPA looks forward to working with legislators and state officials in the future to further improve not-for-profit organization laws,” he added.

The other big-ticket item on the Society’s agenda was non-CPA firm ownership. Legislation that would have allowed for this type of public firm structure in New York was introduced in both the state Senate and Assembly, but ultimately did not reach the floor for a vote in either house.

The NYSSCPA Board of Directors supported the concept of non-CPA firm ownership during its quarterly meeting in December, in large part to ensure that the Society would be in a position to engage with relevant stakeholders and be involved in the drafting process. Under the proposed bill, firms would be allowed to make non-CPAs owners of the firm, as long as CPAs make up a simple majority of the firm’s ownership group. The bill would have also required that all firm owners, even non-CPAs, comply with New York State Education Department rules. Moreover, it included stipulations that the NYSSCPA had advocated for, including a requirement that non-CPA firm owners be natural persons or an entity in which each beneficial owner of an equity interest is a natural person who actively participates in the firm’s business.

Despite not getting a vote, the introduction of the legislation late in this session is expected to expedite the legislative process in 2014. The bill was introduced in the state Senate by Sen. Kenneth P. LaValle (R-1) and in the state Assembly by Assemblyman Keith L. T. Wright (D-70).

School audits kept

Legislation that would have completely eliminated a requirement that large public school districts in New York state maintain an annual internal audit function died in the Assembly, after it failed to be brought to a vote at the committee level. The NYSSCPA strongly opposed this legislation and met with the staff of the Assembly’s Education Committee chair, Assemblywoman Catherine Nolan (D-37) to convey its concerns after the bill passed in the Senate.

In March, the Society was able to successfully mobilize a member response to help prevent last-minute language that would eliminate a required internal audit function for public schools and Board of Cooperative Educational Services districts from being included in the final version of the New York state budget.

In addition, legislation that aims to expand the definition of the Martin Act, which the Society also opposed, did not get made it past the committee level during the 2013 session. The proposed expansions would have granted public pension fund trustees the power to essentially force the state’s Attorney General to initiate an investigation. The Society was concerned that it would render what some believe is an already overregulated business climate in New York state even more untenable.

In national news

Although the New York state legislative session is over, the NYSSCPA continues to remain involved in several key pieces of federal legislation.

Most recently, the Society continued its push to have accounting added to the definition of STEM (science, technology, engineering and mathematics), for the purposes of foreign work visas. The immigration bill that was recently introduced in the U.S. Senate contained a clause that would allow for the expansion of the foreign work visa program for those in STEM fields.

By adding accounting to the STEM definition, the Society, along with the AICPA, believes the profession can expand its reach, and that firms would be able to bring in additional talent.

At press time, it was anticipated that an amendment adding accounting to the STEM definition would be brought forward by Sen. Sherrod Brown (D-Ohio) during the bill’s review process. The Society has issued letters to both Sen. Charles E. Schumer (D-N.Y.) and Sen. Kirsten Gillibrand (D-N.Y.), urging them to support this amendment.

Another bill that the Society supports, the Audit Integrity and Job Protection Act (H.R. 1564), is also making progress. It was passed unanimously in the U.S. House Committee on Financial Services. The bill seeks to prevent the Public Company Accounting Oversight Board from implementing mandatory audit firm rotation.

Working with the AICPA, the Society reached out to members of the New York congressional delegation to alert them to the issues that mandatory audit firm rotation would cause for public companies.

For more information about these and other issues, visit nysscpa.org/page/government-affairs/legislation.

Kirkland

Continued from front page

and change within the Society, which, he said, made her a transformative leader. He also introduced President-elect Scott M. Adair, who had previously served as the Society’s secretary/treasurer, and thanked past NYSSCPA presidents and fellow members, particularly those from the Manhattan/Bronx Chapter, for their support over the years. “I have made so many friends [in the chapter], too many to mention,” he said. “I hope everyone in the Manhattan/Bronx Chapter really knows how much I care for each one of you.”

As part of her farewell speech, Kinsella said that she was pleased that the Society had strengthened its relationships with peer groups and educational institutions, and had taken a focused approach toward legislative activity during her term. These accomplishments, she said, were due to the effort and commitment of members “not simply willing to kick the can down the road but to really have a conversation and explore some new directions.” Of Kirkland, she said that those in the audience who have had “the privilege of working with him are keenly aware of his energy, his talent and his commitment.”

“And for those of you who have not yet had that opportunity, you’re in for a real treat,” she added.

Society business

The Society also formally elected members of the Board of Directors, which include Vice Presidents Jan J. Benjamin, Adrian P. Fitzsimons, Barbara A. Marino, Warren Ruppel and F. Michael Zovistoski; Directors-at-Large Anthony S. Chan, Jack E. Craven, Barbara L. Montour, Stephen T. Surace and Mark Weg; as well as Directors as Chapter Representatives Tracy Tarsio (representing the Mid Hudson), Mark Ulrich (representing Queens/Brooklyn), Michael E. Milieits (representing Rockland) and Scott D. Hosler (representing Ulster). In addition, the results of a membership election to determine the nine petitioners to serve on the 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. 9, 2013, shall cause such petition to be disregarded. In addition, 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. 9, 2014. In recent years, the Nominating Committee has also met via conference call in December to prepare for the January meeting.

For more information

For information on the nominations process, contact NYSSCPA Secretary/Treasurer F. Michael Zovistoski at secretarystreasurer@nysscpa.org or NYSSCPA Counsel Brad Pryba at bpryba@nysscpa.org.

Nominating Continued from page 2


Also, a candidate must have been a member of the Society for at least five continuous years, including at least two years of participation on either a state-wide committee or a chapter executive board, or a combination of both.

First meeting date

The date set in the bylaws for the Nominating Committee to meet is Jan. 9, 2014. In recent years, the Nominating Committee has also met via conference call in December to prepare for the January meeting.

For more information

For information on the nominations process, contact NYSSCPA Secretary/Treasurer F. Michael Zovistoski at secretarystreasurer@nysscpa.org or NYSSCPA Counsel Brad Pryba at bpryba@nysscpa.org.
vote regarding changes to the Society’s bylaws and whether the NYSSCPA should adopt the AICPA Code of Professional Conduct in place of its own Code of Professional Conduct were announced. Of the members who voted, they overwhelmingly said yes to both, with a 1,682-to-115 vote for bylaws changes, and a 1,762-to-94 vote to adopt the AICPA’s code.

The bylaws changes, which were recommended by the Society’s Professional Ethics Committee (PEC), were fairly straightforward. The first, to Article XII.15—Publication and Notification, removed a press release requirement that had been included in rules regarding the disclosure of certain disciplinary actions against members. In a report to the board, the PEC noted that publication of such matters in The Trusted Professional and on the Society’s website is sufficient.

The second change, in Article XII.19—Disclosure to Regulatory Authorities, deletes item (f) [on any other occasion the professional ethics committee deems appropriate]. This change prohibits the PEC from forwarding letters of required corrective action to the New York State Education Department. Bylaw sections (a)-(e) remain in effect.

Regarding the decision to adopt the AICPA Code of Conduct as a replacement for the NYSSCPA’s own Code of Professional Conduct, Elliot A. Lesser, a member of the PEC, said that “after a good year of debate ... we didn’t see any significant differences that would provide a disadvantage to adopting the AICPA code.”

The evening also acknowledged this year’s NYSSCPA award winners: Beth van Bladel for Outstanding CPA in Industry, Cynthia A. Scarinci and Robert Kawa for Outstanding CPA in Education, and Jeffrey R. Hoops for the Distinguished Service Award. For video, visit www.trustedprofessional.com.

cgaetano@nysscpa.org
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10 Liberty Street between Gold St. and William Street

ICON Parking Garage
30 Carlisle Street between Washington Street and West Street

The NYSSCPA offices will be closed Friday, July 26, 2013. Find out more by visiting our website at NYSSCPA.ORG.
Society: FASB proposal expects too much

BY CHRIS GAETANO
Trusted Professional Staff

ough the NYSSCPA lauds efforts by the Financial Accounting Standards Board (FASB) to simplify the current impairment model, it expressed concern about the details of the board’s plan, noting that it lacks consistency and clarity, and seems to set goals that will be difficult, if not impossible, for CPAs to achieve.

The Society voiced its views in a comment letter written by members of its Financial Accounting Standards Committee and published on May 31. The FASB proposal, which was outlined in an exposure draft, “Financial Instruments Credit Losses (Subtopic 825-15),” released to the public last December, would consolidate the five impairment models currently in place into a singular model for recording credit losses. This new approach would be based on whether an entity expects to collect on a contract. According to J. Roger Donohue, chair of the Financial Accounting Standards Committee and one of the letter’s authors, this would mean that if someone has a contract for $500 and that money is determined not to be collectable, he or she would record an allowance for bad debts in that amount. If the aggregate allowance increased, it would be recorded as an expense; if it were decreased, it would be recorded as income.

Along with this, the FASB has also proposed a change in the model for when one can actually record this impairment. Prior to this, different models had different criteria for when an impairment could be recorded and for how much; the FASB’s proposal, however, would base estimated expected credit losses on “relevant information about past events, including historical loss experience with similar assets, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the assets’ remaining contractual cash flows.” In essence, entities would no longer be able to estimate expected credit losses solely on the basis of the most likely outcome, also known as the “statistical mode.”

The NYSSCPA, in its comment letter, said it was troubled by the requirement for “supportable forecasts” that, it said, were unlikely to be achieved. While accountants can and do make forecasts and projections, the Society felt uncomfortable doing so as a basis for credit loss impairment. To be achieved. While accountants can and do give projections and forecasts, the Society felt uncomfortable doing so as a basis for credit loss impairment, Donohue said.

“There was a concern in getting and using this kind of information for the allowance of bad debts … that this gives assurance as to future operations, but it’s not meant to,” he said. This is part of a larger trend Donohue said he found troubling, that of “putting the auditor out front,” as if the auditor is responsible for the information. “The auditor can look at the information and ask whether it makes sense, and ask what the entity used to derive the information,” he said. “The concern is that this may cause the accountant or auditor to give assurance that, yes, this is what will happen, we will certify that is the way it’s going to be. That’s not the name of the game.”

The Society has, instead, suggested broader language that allows for “readily available information about future developments” to adjust estimated expected credit losses.

A question of consistency

The NYSSCPA also critiqued the proposal for its lack of compatibility with International Financial Reporting Standards (IFRS)—a major sticking point, given that revising the impairment model falls under the FASB’s convergence project with the International Accounting Standards Board (IASB). The aim of the convergence project is to produce a unified set of rules that can apply to both U.S. generally accepted accounting principles (GAAP) and IFRS.

Though the FASB and the IASB said they spent “a considerable amount of time and effort” trying to come up with a singular impairment model that could be applied to both of their respective accounting systems, when the IASB released its proposal in March, it retained a “three-bucket” approach that divides loans in order of financial performance and likelihood of recoverability. Stakeholders in the United States have expressed concern about the three-bucket model, because different buckets have different measurement objectives, and the approach maintains the incurred loss recognition trigger, which has been perceived as a weakness in GAAP. Moreover, these same stakeholders questioned the utility of gestions are made in the hope that the boards will reach a truly converged standard,” the Society stated.

“The Society also suggested that the FASB add a time window as to how far in the future credit losses can be recorded. Right now, the proposal would require that at each reporting date, an entity recognize an allowance for all expected credit losses. While the Society understood the FASB’s viewpoint as to why it didn’t want a discrete window for future loss projections—the This would also increase comparability between institutions, the Society continued.

The FASB has not established an effective date for the proposal, should it be approved, though if it is implemented, an entity would be required to apply the proposed amendment by means of a cumulative-effect adjustment to the financial statement as of the beginning of the first reporting period in which it is effective.

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NYSSCPA suggests tweaks for PCAOB standards

BY CHRIS GAETANO
Trusted Professional Staff

The Public Company Accounting Oversight Board (PCAOB) has drafted what is essentially a formal codification of the interim auditing standards it currently uses, and though the NYSSCPA agrees with the proposal in principle, it is suggesting several tweaks in order to make the reorganized standards easier to use.

The Society made its views known in a comment letter that was written by members of its Auditing Standards Committee and published on May 28, in response to a PCAOB exposure draft released to the public on March 26. The draft, “Proposed Framework for Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Auditing Standards and Rules,” is meant to transition the PCAOB’s interim standards into its own set of distinct, formal standards.

According to the draft, since the board adopted the AICPA’s standards in 2003, it has amended or modified the “majority” of them in subsequent years. The board has passed 16 of its own standards, 10 of which superseded the adopted interim ones.

The PCAOB said its goal is to enhance usability, and the codification would not impose new requirements on auditors or substantively change existing requirements. According to the exposure draft, the codification would generally involve reordering and renumbering the current literature, as well as updating reference numbers to correspond with the new code. It would also remove parts that have since been superseded or made redundant by more contemporary PCAOB rulemaking activity.

Fred R. Goldstein, a member of the Auditing Standards Committee and one of the letter’s authors, said that the proposal appears to be a way for the PCAOB to distinguish its own literature from that of other standards setters. In codifying the standards, the board’s purpose is “to now have something [of its own] that someone could more easily follow and have access to,” he said.

One of the Society’s primary concerns is the order in which the PCAOB is proposing the standards. The PCAOB’s exposure draft indicates that the standards would be organized by topic, grouped into the following categories:

- General Auditing Standards
- Audit Procedures
- Auditor Reporting
- Matters Relating to Filings Under Federal Securities Laws
- Other Matters Associated with Audits

This arrangement, according to the PCAOB, would follow the logical order and flow of the audit process. The Society, however, feels that users would be best served if the standards were ordered in a fashion similar to the current AICPA Clarified Auditing Standards, so that CPAs would be able to focus on differences between the board’s literature and that of the ASB, thereby easing the learning curve.

“Because of the rapidly increasing diversity among the standards issued by various authorities, auditors find it increasingly difficult to assure compliance with all aspects of the various standards, as they complete an audit and move to the next, which might be in or out of the PCAOB’s domain,” the letter said.

“For this reason, we believe the most helpful approach to reorganization of the PCAOB’s standards would be to use substantially the same structure of the so-called ‘Clarified’ standards of [the ASB],” the letter said.

The Society also suggested an alternate structure that places the standards in a sequence based primarily on the normal chronology of the audit process, but is accompanied by a section explaining the general concepts around the process preceding each step, an expanded audit planning section that includes risk assessment and certain other standards, and a new section on audit completion that includes communication and reporting standards.

In addition, the Society felt it would be useful if the literature were better integrated with other auditing standards frameworks so that the PCAOB standards could be compared to them, as professionals may need to refer to more than one set of standards.

Along similar lines, it also suggested that the PCAOB standards encourage auditors to seek additional guidance from other frameworks in areas that may not be covered in its own literature, noting that standards have become more complex and diverse as the years have gone by.

The Society also recommended that the reorganized standards direct auditors to audit-related PCAOB guidance concerning auditor independence and other matters. The proposal, as it now stands, would have this other audit-related PCAOB guidance separate from the standards themselves. The Society noted that independence is a very important topic for auditors, and if it’s not addressed in the standards themselves, the PCAOB should call attention to this other guidance and advise auditors to consult that guidance in completing PCAOB audits of SEC issuers.

The Society suggested that the PCAOB make sure that the standards are accessible on the Internet, and that they be hyperlinked so that users would be able to easily reference guidance and other outside material relevant to the standards. Finally, it recommended that the PCAOB conduct another preliminary pass on the codified standards to edit revisions of the portions of the interim standards that are being carried forward when the restructured standards are published.

ngaetano@nysscpa.org
Speaker: third-party sales taxes spur broker-dealer audits

BY CHRIS GAETANO
Trusted Professional Staff

ew York state broker-dealers have seen an increase in tax audits concerning soft money services they’ve provided to clients, thanks to a broad interpretation of the statute that has largely gone unchallenged, according to Lindsay M. LaCava, a speaker at the NYSSCPA’s Broker-Dealer Conference on May 8.

“Soft dollars” are generally commissions generated by trades or other financial transactions between a client and an investment manager. LaCava, a partner who specializes in state and local tax issues at the law firm McDermott Will & Emery, said that money managers are ordinarily required to seek the lowest expected commission from their clients for financial services. However, in 2006, the Securities and Exchange Commission (SEC) amended the rule to allow them to charge more than what would produce the lowest expected commission, provided the extra dollars past that point are used to deliver additional research or brokerage services. This is also an explanation of “soft-dollar services.”

Practically speaking, how this might work is you have a money manager and a broker who will charge $1.50 for a trade—$1 for the trade and 50 cents for the soft-dollar services, she said. The broker-dealer will put that 50 cents aside, and then the customer will say, “I want research services,” which would then be paid for with that extra money, she added.

According to LaCava, the SEC specified in the rule change that these research services must be provided by a broker if they are to qualify for the carve-out. In most cases, she said, the broker would use his or her own proprietary research, though the SEC said that they can also obtain it from a third party. It is this third-party research, she said, that “has prompted some of this recent audit activity” for broker-dealers.

The New York State Department of Taxation and Finance, she said, has asserted that these research services are eligible for sales tax because auditors view them as information services. Examples of services that auditors have targeted include risk analysis; investment reports, including stock market reports and forecasts; and even reports that compile recent news stories. If broker-dealers provide these services themselves, they can make the assessment at the time of the sale, she said.

But what if the broker-dealer is procuring these services from a third party and paying for them? “What we see the tax department saying is not only are they [taxable] but you, the broker-dealer, are on the hook for the tax that wasn’t paid [by the third party],” she said.

LaCava explained that the state is using three different justifications for saying the broker-dealer is liable for the tax, all of which, in her opinion, are problematic.

One is that the broker-dealer is really the customer, rather than the person to whom the broker-dealer offers the services. But, she said, the broker-dealer doesn’t even touch the third-party services—he or she is just paying for them on behalf of someone else and doesn’t, for instance, negotiate the price on those services.

“So, we think it’s a big stretch for the department to say [the broker dealer is] the user,” she said, noting that the state makes this assumption based on the invoice. “Oftentimes, the invoice will be issued and will name the broker-dealer,” she said. “Auditors see these invoices, and that is what leads them down the path. Our response to that is you argue form over substance and [explain] what’s really going on.”

The second justification that she has seen is that offering soft-dollar services means the broker-dealer counts as a co-vendor, for tax purposes. She said the tax department does have the ability to assert that someone other than the ultimate seller is a co-vendor acting as an agent of the seller, which entails some share in the liability. However, she said, that’s not really what’s happening.

“No, I don’t think this should realistically apply to a broker-dealer in a soft-dollar situation.”

The third way in which the state justifies that soft-dollar services are taxable, she said, is by claiming the broker-dealer is using the research services in some fiduciary or representative capacity on behalf of the customer. LaCava felt this explanation was also unsatisfactory, because the relationship between a broker-dealer and a client is usually not one that rises to the level of fiduciary, which, she said, is much more personal. “[They’re] not just someone you engage in a commercial transaction with. It means there’s some sort of special relationship that needs a higher level of trust.

“In a soft-dollar situation, the broker-dealer is not acting as a fiduciary on behalf of the customer … even if the broker-dealer were a fiduciary, they’re not using the services at the end of the day. The services are going from the third-party provider, oftentimes directly to the customer,” she said.

She expressed concern that not enough broker-dealers are contesting this tax. Instead, she said, “the tax department comes in, audits them, tells them it’s taxable, they get scared, pay the tax and start collecting [sales taxes] from then on.” This, she said, is unfortunate because of the impact it could have down the line, given that it sets a precedent.

“So, it’s really important, if you have clients with this situation, that they step back and get the advice on whether the services are [taxable] or not,” she said.

The Trusted Professional contacted the state tax department for a response to LaCava’s presentation. Speaker Geoffery Gloak said that the department does not comment on matters currently under audit, and, at the moment, there are audits taking place concerning this issue.

cgaetano@nysscpa.org

Upcoming Industry Committee Meetings

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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 of Committees and Administrative Services, at 212-719-8358 or ngomez@nysscpa.org, to find out more information.

Upcoming Conferences

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This is just one of many engagements RF Resources has handled recently. We represent firms and professionals in managing growth and transition through mergers, acquisitions, succession planning and partner search. If you’re serious about making a move for yourself or your practice, we can help.

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Ruling highlights state’s QETC capital tax credit

BY RICHARD J. KORETO
Trusted Professional Correspondent

For more than a decade, New York state has been giving a tax break to the investors of technology companies in the form of a capital tax credit. However, the rules are complicated and extensive. To be eligible, a company must meet certain standards as a qualified emerging technology company (QETC); there are also guidelines for investors as well. The New York State Department of Taxation and Finance’s (NYSDF) recently issued Advisory Opinion TSB-A-13 (7)C is one of the rare advisory opinions to directly address the QETC tax credit, and it can help in understanding these guidelines. In addition, the ruling serves as a helpful reminder about the powerful but potentially confusing tax break.

What is the tax credit for?

As the advisory opinion noted, the state initially explained the QETC in a Sept. 18, 2000, memorandum, TS-A-99(2.1)C. (Although the memo says that the credit is limited to Article 9-A taxpayers, the NYSDF notes that it was extended to Article 22 taxpayers the following year.) The memo lists the extensive criteria that must be met in order to become a QETC, but even more important, from a financial perspective, are the definitions regarding who is eligible to claim the credit as an investor.

The memo lists the extensive criteria that must be met in order to become a QETC, but even more important, from a financial perspective, are the definitions regarding who is eligible to claim the credit as an investor.

The short answer is no, according to Deborah R. Liebman, deputy counsel in the Department of Taxation’s Office of Counsel. The reasoning hinges on the definition of “ownership.” Liebman cited the 10 percent rule, noted above, as well as Section 5-8.2(b) of title 20 of New York Codes, Rules and Regulations, which also sets a 10 percent bar for the economic development zone capital tax credit.

However, all five members of the company received their ownership percentages at the company’s founding, when the two funding members were assigned distribution percentages of 25 percent and 45 percent. Therefore, they met the QETC definition of “owners” from the beginning (over the 10 percent limit), and as owners, they are ineligible.

As with all advisory opinions, this one applies only to this petitioner in this particular circumstance, but it teaches an important lesson for others involved in QETCs. Even with an unusual ownership structure, ownership still comes down to the definitions in tax law. And although it’s important to understand the criteria necessary to become a QETC, it’s just as essential to understand the laws and regulations surrounding the definitions of ownership and investments.

RkJoreto@nysscpa.org
Mandatory FBAR electronic filing starts July 1, 2013

BY RICHARD J. KORETO
Trusted Professional Correspondent

A
n important deadline in international tax is looming on the horizon. Beginning July 1, 2013, foreign bank reports (Form TDF 90-22.1) must be filed electronically for all years, whether new or amended, according to the U.S. Treasury Department Financial Crimes Enforcement Network (FinCEN).

Electronic filing is now available through the major tax software providers. Therefore, either taxpayers or their professionals must file their Foreign Bank Account Reports (FBARs) through the FinCEN BSA (Bank Secrecy Act) E-Filing System. Several software providers have indicated that they will have FBAR E-Filing available starting with their 2013 tax season products. These are typically released at year-end.

E-filing Process

CPA firms may enroll with the BSA E-File system as an “institution” at: http://bsafiling.fincen.treas.gov/Enroll.html. (Individuals and institutions may also enroll on their own behalf.) After clicking on “Institution,” practitioners will be guided through several steps in which one “Supervisory User” setup is required under the Federal Regulator or Examiner code of the IRS. After submitting the information, an email link will follow allowing five calendar days to click on a link to complete the registration. The registrant is able to authorize additional firm users after completing the registration process.

E-Filing Authorization

FinCEN expects to release a new Client Authorization Form (Form 114A) in September 2013; without it, CPAs cannot file this return on behalf of their clients. Until such a form is issued, practitioners are required to obtain and retain documented authority and consent (as instructed in the FAQs) for electronic submission and submission of the FBAR on behalf of a taxpayer.

Filers may contact the FinCEN Regulatory Helpline at 800-949-2732 or 703-905-3975 from outside the United States. The BSA E-Filing Help Desk can be reached at 866-346-9478 or via email at BSAEFilingHelp@fincen.gov. See http://bsafiling.fincen.treas.gov/FAQs.html#categ_01#quest_04 for FAQs.

This alert was prepared by members of the NYSSCPA International Taxation Committee. Technical questions may be referred to the Society’s Technical Hotline.

(Note: Tax Alerts and the Technical Hotline are not intended as a substitute for a member’s own research and judgment, and do not constitute an opinion of the Society, of the committee or of the volunteer providing the assistance. General guidance is frequently offered by referring to an appropriate standards-setting body or to authoritative literature.)

rkkoreto@nysscpa.org

New Yorkers warned about fake tax notices

BY RICHARD J. KORETO
Trusted Professional Correspondent

D
id you or a client get what seems to be a tax collection letter from the New York state department? It may be a fake. The state Department of Financial Services (DFS) is looking into what it’s calling “misleading collection notices posing as official government letters” in a release posted on its website, www.dfs.ny.gov.

According to the release, the deceptive notices are typically sent to taxpayers with outstanding tax debt and include threatening phrases such as “state tax warrant notice” and “bank accounts and asset seizure pending.”

When the panicked taxpayers call the toll-free number in the letter to resolve the problem, they reach not the state tax department, but a business claiming to be able to remove the debt for a fraction of the amount owed.

The DFS notes that official notices always include the letterhead of the “New York State Department of Taxation and Finance.” Taxpayers who believe they’ve received a fake notice should contact the DFS consumer helpline at 800-342-3736.

Meanwhile, the state notes that there are legitimate options for taxpayers who have trouble paying their tax bills, such as installment agreements and the IRS Offer in Compromise program.
Fraud lessons learned the hard way

BY RON KLEIN, J.D., CFE

Fraud and defalcation—or embezzlement—have long been two of the most frequent and egregious types of professional liability claims, and the trend does not appear to be changing anytime soon. A prime example is an embezzlement discovered in 2012 involving the city of Dixon, Ill., in which the municipal comptroller pleaded guilty to siphoning public money into a secret bank account.

When the embezzlement was discovered, it appeared to involve more than $30 million, stolen over a six-year period. But by the time the comptroller was indicted, the figure had grown to $53 million embezzled since 1990. The scheme was exposed when a co-worker noticed that the comptroller was indicted, the figure had grown to $53 million embezzled since 1990. The scheme was exposed when a co-worker noticed that the comptroller had access to the funds, and then noticed that the funds had been transferred to a private bank account.

Embezzlements tend to occur when there are gaps in organizations’ internal control systems. These gaps can be created by personnel layoffs or reduced expenditures for fraud-prevention measures. Embezzlements can then further erode an organization’s resources, fostering a self-perpetuating cycle of theft.

The good news for accountants who are expected to prevent such losses is that there are effective techniques for managing fraud risks. Some of the first rules of effective internal controls are as follows:

• Divide the financial duties among different staff members in order to provide potential checks and balances for each member. Giving one person unquestioned authority over an entire entity’s financial functions makes it even more vulnerable to fraud.

• Require employees to take a vacation for at least one week every year, and use that time to have the books reviewed for discrepancies. Do not be predictable in audit procedures; in adjusting to client schedules; or in announcing the timing, location or nature of the procedures.

• Make it harder for anyone to determine the mechanisms used by the auditor in detecting fraud.

• Adopt a tip hotline or complaint-reporting mechanism that will enable employees, vendors, customers and outside sources to report suspected fraud anonymously and without fear of reprisal.

• Provide employees with regular and recurring training about the detrimental aspects of fraud, so that they will be more likely to aid in controlling it.

CPAs should advise and warn clients about their exposure to embezzlement in order to help them avoid such thefts. Advice to clients about their exposure is best provided in a letter that warns about the general risks; suggests steps, such as the preceding, that clients can take to reduce the risks; and offers annual CPA services to help address the risks.

An informed client is better able to avoid defalcation, but if a theft is later uncovered, the CPA’s letter documents evidence of the warning. Clients should also be notified of “loose ends,” such as sloppy bookkeeping and late bank reconciliations.

Another effective documentation technique can be utilized when offering clients bank reconciliation services, which are prone to fraud claims. The technique involves the CPA offering two options:

• The first option comes with additional fraud deterrent services that include added protection against embezzlements if the client agrees to specific activities in cooperation with the CPA.

• The second option offers just the traditional, limited-scope service.

This two-tiered choice can be presented in a discussion with the client and in an addendum to the engagement letter for bank reconciliation services. The choice enables the client to make an informed decision when choosing between the two services. Automation has also become a major factor in many embezzlement cases. The duties of receiving and disbursing funds, and reconciling bank accounts are often handled by one trusted employee who uses an accounting software program to stay on top of a lot of the entity’s financial activity.

Some small business owners believe that the accounting program contains safeguards to help protect the business from fraud, but the program, however, enables one person to control all of the business’s funds and bank accounts, thereby facilitating the perpetration of fraud. Accordingly, the separation of financial duties among different staff members is still an important risk management technique, even when accounting software is used.

Other techniques for managing risk pertaining to automation include:

• having an accounting software program expert—preferably a CPA—do the initial set-up of the program to make sure that helpful features are turned on and unhelpful features are turned off;

• ensuring that access to personnel and vendor master file records is password protected and restricted by job function;

• setting up computer systems so that they create an audit trail of all changes made to the vendor master file records, including an identification of those who made the changes;

• instituting a policy in which changes to vendor master file records require supporting documentation, supervisory approval and independent review.

Fraud prevention techniques are not difficult to implement, and the costs of implementing them are much less than the costs of undetected fraud.

Ron Klein, J.D., CFE, is vice president—risk management counsel with Camico (www.camico.com). He applies his 27 years of experience in CPA professional liability issues in order to help Camico policyholders practice sound risk management.

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For NYSSCPA members, advice is a call (or email) away

BY KEITH LAZARUS

Trusted Professional Correspondent

Where can I get additional guidance on FBAs? Who do I talk to for more information about casualty losses from Superstorm Sandy? For broker/dealers not yet under PCAOB auditing standards, what is the lock-down period for the files?

These are just some of the nearly 1,000 questions that sent NYSSCPA members to the Society’s technical hotline for guidance in the last fiscal year. The hotline, an exclusive NYSSCPA membership benefit, is run by volunteers from more than 40 Society technical committees and offers free assistance with professional issues in a number of practice areas, including tax, accounting and auditing, and industry.

Members can take advantage of the service by either contacting the technical hotline at 212-719-8309 or emailing technical@nysscpa.org. Once a query is received, a Society staffer determines which committee volunteer would be most appropriate in assisting the inquirer and provides the volunteer’s contact information. Typically, a volunteer offers guidance by making referrals to standards-setting bodies or to authoritative literature. (Hotline responses are not intended as a substitute for a member’s own research and judgment, and do not reflect the opinions of the NYSSCPA, the committee or the volunteer providing the assistance.)

In the last quarter alone, the hotline received calls from regions representing 15 of the Society’s 16 chapters. In the last fiscal year, sole practitioners made up the majority of callers, though CPA firm owners and employees, as well as members with an industry or education specialty, also contacted the hotline for assistance.

“The beauty of the hotline is that it allows you to access specialists in a number of different areas,” said Santino Asaro, a member of the Queens/Brooklyn Chapter who has used the service. “The technical hotline has really been great, and whenever I call, I always reach someone.”

George DiFede, a member of the Nassau Chapter who has utilized the service on several occasions agreed. “I call because of the expertise in each [of the different] types of departments, especially tax and not-for-profits,” he said. “I’m always given two to three volunteers and receive good guidance on which direction I should go.”

Some members noted that the hotline not only provides a benefit to those with questions, but also to those who offer answers.

“[I enjoy] the challenge of accurately responding to member questions on employee benefit plan topics,” hotline volunteer and Employee Benefits Committee member Joseph E. Manfré said.

Meanwhile, Theodore Kravitz, who has been a hotline volunteer for the past five years, said he considered it an opportunity to support fellow members.

“I’ve been a member of the Not-for-Profit Organizations Committee for 15 years and have been a Society member for almost 35 years,” he said. “I felt it was time to give back. ... It has been extremely rewarding because I have the ability to communicate with members, many of whom work in small firms and [can’t ask] the questions they pose to anyone within their firm.”

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IT mistakes your company might be making

If you think hackers pose the biggest IT threat, think again. These missteps by management and employees can lead to wasted money, resources and even damage to a company’s good name.

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

S
ince small businesses are frequently challenged in their efforts to appropriately fund their information technology risk management plans, I’m often asked to suggest strategies for improving IT controls that don’t require a large investment. In my experience, this tends to mean identifying practices that businesses should stop or avoid doing—in other words, pinpointing the potentially costly or serious mistakes that companies and their staffs can make, sometimes without even realizing it. Below is a list of seven such practices.

Determining that the company is only paying for what it needs and the services it has contracted for is a great way to confirm that expenses are what they should be.

IT MISTAKE #1: Not restricting employee access

It’s a simple, inexpensive yet effective rule of thumb: Do not provide an employee with access to application resources unless he or she must have them in order to perform job responsibilities. For example, a clerk should not be provided with capabilities that allow him or her to add users to an application unless that is management’s intention. Though you may think your biggest IT threats are external, some 60 percent to 70 percent of unauthorized system break-ins actually come from internal sources. It’s important to note that in order for restricted access to work, it must be fully deployed—a company can have a documented organizational chart and appropriate segregation of duties in its written job descriptions, but unless it sets up applications to enforce these controls, they are on paper only and, as such, ineffective.

IT MISTAKE #2: Not taking network security as seriously as physical security

Businesses will typically take precautions to mitigate losses from physical security threats. This might include, for example, installing alarms that signal when someone is attempting to gain unauthorized access, and setting up a system of physical accountability for keys to storage facilities. What’s more, HR policy typically requires that when an employee is terminated, all keys and cards must be turned in. Yet, the same fundamental business controls are often not applied to technology privileges. It’s not uncommon to find that a company’s terminated employees and consultants still have access to system resources. To better manage the risk, make sure that IT is fully integrated in the termination process, so that security settings can be adjusted.

IT MISTAKE #3: Not changing factory default settings

Vendors usually deliver technology with default passwords to make setup easier. But the easier it is to use a technology, the less secure it becomes. (According to Dr. K’s A Complete Hacker’s Handbook: Everything You Need to Know About Hacking in the Age of the Web, one site even boasts of having 1,600 default passwords.) Rather than leaving default settings provided by the vendor, businesses can enhance security by hardening or developing security configurations that change these default configurations into configurations that would help secure the company. Fortunately for business executives, recommended hardening guidelines are available for many technologies.

IT MISTAKE #4: Not knowing what has been paid for

Does your company check to make sure it’s not overpaying for software licenses? Does it verify that its telecommunication or network charges are correct? Determining that the company is only paying for what it needs and the services it has contracted for is a great way to confirm that expenses are not more than what they should be. Schedule quick operational reviews to help identify money-saving opportunities.

IT MISTAKE #5: Not monitoring security-related updates

Keeping track of the vast number of security updates and advisories is a challenge even for the most security-conscious organization. Fortunately, companies can subscribe to various sources of information to keep track of these notices. (For example, cisecurity.org provides generally accepted benchmarks to effectively manage technology risk.) Many of these subscriptions are free or low cost. Even better, many software products have utilities that facilitate the monitoring and processing of these updates.

IT MISTAKE #6: Not monitoring IT activities

Financial professionals understand the importance of audit trails and the need to review them in order to identify unusual trends or activities. Yet, when it comes to data stored electronically, some do not fully appreciate the importance of monitoring the use of and changes to technology resources. By not appropriately monitoring IT activities, financial professionals may, for example, have a hard time detecting when their audit trails have been manipulated or changed, whether by accident or on purpose. Given the amount of logs available in systems, an appropriate logging strategy to prioritize what needs to be logged and reviewed should be developed.

IT MISTAKE #7: Not applying security patches

Patch management is a process in which computer users—whether business or personal—apply software fixes provided by the software developer to resolve operating issues. These issues typically include software functionality and, in many cases, involve a potential vulnerability in the software that can be exploited by a party other than the user. From a security risk management perspective, applying security patches is akin to a medical doctor recommending physical fitness: Many security threats can be mitigated by applying these patches on a timely basis. Automated tools are also available to detect the need for patches and to help with implementing them promptly.

Joel Lanz, CPA/CITP, CFE, CISA, CISSP, CISM, is the sole proprietor of Joel Lanz, CPA PC, and an adjunct professor at SUNY-College at Old Westbury. He is a member of the NYSSCPA’s Technology Assurance and Banking Committee, 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.

For more tech columns by Joel Lanz, visit www.trustedprofessional.com
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How well do you know your accounting history?

**Pop Quiz:**

*How well do you know your accounting history?*

By Salvatore J. Morrone, CPA

If the Fourth of July holiday draws out the history buff in you, here’s an opportunity to test your knowledge—not about the origins and founders of the nation, but of the Society and the profession. The correct answers are located on the bottom of the page. Good luck!

---

1. This NYSSCPA president’s frank testimony before the U.S. Senate Committee on Banking and Currency—in which he noted that “the public accountant is better equipped to do [audits] than the average government agency”—helped convince officials to start requiring audits of securities registrants by independent public accountants.
   - A. Howard B. Cook
   - B. Arthur H. Carter
   - C. Homer S. Pace
   - D. Stuart Kessler

2. Which of the following NYSSCPA past presidents cofounded a firm together?
   - A. William Cooper and William M. Lybrand
   - B. Larry Page and Sergey Brin
   - C. Simon Loeb and Morris C. Troper
   - D. Ben Cohen and Jerry Greenfield

3. A past president of the American Women’s Society of CPAs (AWSCPA), she was the first African American female CPA to earn a Ph.D. in accounting:
   - A. Maggie Lena Walker
   - B. Marie Maynard Daly
   - C. Sarah Jane Woodson Early
   - D. Larzette Hale

4. This CPA has served as both NYSSCPA president and AICPA president:
   - A. Max Block
   - B. Emanuel Saxe
   - C. Sidney Kess
   - D. Robert Hiester Montgomery

5. Which famous CPA served as a member of the British Parliament, was knighted and appointed a baronet?
   - A. William Welch Deloitte
   - B. Elijah Watt Sells
   - C. William M. Lybrand
   - D. George Touche

6. Who of the following was the NYSSCPA’s first female president?
   - A. Marilyn A. Pendergast
   - B. Jo Ann Golden
   - C. Sharon Saba Fierstein
   - D. Margaret A. Wood

7. This Society president participated in an audit that marked the first time public accountants were hired by the U.S. government:
   - A. Charles Waldon Haskins
   - B. Farouhar J. MacRae
   - C. Saul Levy
   - D. Walter A. Staub

---

Salvatore J. Morrone, CPA, is a senior auditor at Joel Popkin and Company, PC, New York, N.Y. Besides being a certified public accountant for over 30 years, Mr. Morrone has taught classes in bookkeeping, accounting and business startup. He is a member of the NYSSCPA Staten Island Chapter and Hospitality Industry Committee.
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Every chapter of the New York State Society of CPAs has a Young CPA committee, and extends membership to young CPAs throughout the state.

Find out how to become involved by contacting Tekecha Morgan at tmorgan@nysscpa.org or call 212-719-8425.
YCPA Conference focuses on leadership skills

BY CHRIS GAETANO
Trusted Professional Staff

Accounting professionals from across the state headed to Utica on June 10 for the NYSSCPA’s third annual Young CPAs Conference, a two-day affair that featured panels and presentations geared toward those at the start of their careers.

Emily Gardner, conference cochair and a Southern Tier member, said that the theme for this year’s event was leadership, with several sessions emphasizing “building yourself and your brand and developing as a professional.” She said that the committee tries to change the conferences from year to year, so that those who had attended previously would find the next one “just as exciting and good.”

“We don’t want them to think, ‘Oh, I did that last year, been there, done that,’” she said.

Juan Rondon, chair of the statewide YCPA Committee and conference cochair, said that organizers wanted to encourage young professionals to become more involved in the Society and gain a better understanding of the rewarding aspects of taking on leadership roles.

This was one of the subjects covered in a talk given during the conference by Society President J. Michael Kirkland, who called young CPAs “the lifeblood of the NYSSCPA” and encouraged them to become more active.

He urged his audience to, for example, get more involved with Society programs that introduce students to the accounting profession, such as the Career Opportunities in the Accounting Profession (COAP) and World of Accounting (WOA) programs, and to serve as mentors to young people just graduating from college. He said that young CPAs are uniquely positioned to be effective in these areas, as they are better able to relate to the students to whom they are speaking.

“We can imagine being in high school and having someone like me come up there and talk about my career? [You’d be] dead asleep,” he said. “But you folks get in front of them and it’s relevant. You’re just out of college, just starting your job. So I’m asking you, if you have an opportunity to participate in any of these programs, please do.”

Kirkland felt this was particularly relevant in the case of COAP, which seeks to increase minority representation in the profession by introducing high school students to the many positive experiences a CPA can have throughout his or her lifetime. He looks forward to introducing high school students to the many positive experiences a CPA can have throughout his or her lifetime.

He emphasized that you don’t have to be the happiest breakfast meetings in his life.

If you’re going to get involved, be involved. Stay involved.”

He also said that it’s a great example of what can be done when you put your mind to it and fully commit. “Don’t ever lose that energy, ever,” he said. “Get involved. Be involved.”

He also said that it’s a great example of what can be done when you put your mind to it and fully commit. “Don’t ever lose that energy, ever,” he said. “Get involved. Be involved.”

What do you want? What needs to change? He reminded the audience that he cares about their input and growth, what they can do for the Society and what the Society can do for them.

Scott M. Adair, the NYSSCPA’s president-elect, made a similar point during his own talk the following morning, saying, “A phrase I want to reiterate to you in this presentation is, ‘Get involved, be involved, stay involved.’”

“Getting involved is one step,” he said, but many people, he added, get involved in name only. “They put it on their resumes and cover sheets, but they’re really not actively involved. If you’re going to get involved, be involved … and then stay involved—don’t check out.”

“Things get tough, times will get tough, busy season will get tough,” he said. “You’ll get through it. We all have. We all do.”

He emphasized that you don’t have to be perfect to make a meaningful contribution to the Society, using his own career as an example. Although Adair graduated from college in 1988, he did not attain certification until 2000, joking that he “worked hard to maintain that level of noncertification.” He took “that darn exam,” he said, from the moment he finished college until 1992, “without passing a darn part.”

“Every May and November, I would trudge off to Buffalo, sit in the convention center all day, drive back home that night and go, ‘I don’t know what I just did.’” He added, “It was the most frustrating experience I can ever speak of.”

After 1992, he resigned himself to the idea that he would never be a CPA, even though “it’s really what I wanted to be.” In his own words, he “gave up.” This feeling of resignation lasted for two years, until a friend formed a CPA exam study group and wanted to know whether he would join.

“We did that. Still no luck,” he said. When he went to work for KPMG a few years later, a senior manager bluntly told him that he had three years to become a CPA or else he’d be out the door. Adair said that was the kick in the pants he needed and, in 1996, he managed to pass the first two parts.

“We go into 1997. No luck. 1998. No luck. I thought ‘If I don’t pass this, I’m never going to be a CPA and I’m going to lose my job,’” he said.

But, he said, instead of spending eight weeks of vacation traveling, he spent it studying and finally passed the tests. When he met with his supervisor afterward and gave him the news, his boss picked up the phone, called the Albany office, and told the partner that he needed to get the paperwork in order for a new manager. Adair described it as one of the happiest breakfast meetings in his life.

He also said that it’s a great example of what can be done when you put your mind to it and fully commit. “Don’t ever lose that energy, ever,” he said. “Get involved. Be involved.”

Above: Juan Rondon, chair of the statewide YCPA Committee and conference cochair, welcomes attendees. At left: YCPAs flex their networking skills.
Why self-direction is key

BY CHRIS GAETANO
Trusted Professional Staff

ough professionals may think about leadership training later in their careers, it’s wise to start honing those skills as soon as possible—even if you’re still in an entry-level position, according to Diane Lange, a certified leadership coach who spoke at the NYSSCPA’s Young CPA Conference in Utica on June 10.

“If you know what to do right out the gate, hopefully you will grow as a leader and surpass all the people waiting to develop in their organizations,” she said.

With leadership serving as the conference’s theme, Lange offered a walk-through of the fundamental steps necessary “to influence and lead others.”

She began by advising professionals not to wait for grooming from their managers, but to sharpen leadership skills on their own. Self-direction is the key in any career path, and this applies to leadership within that career path as well, Lange said.

“I believe anyone can be a leader,” she said. “Look at a playground with kids—you can see who the leaders are. It’s not about title. I’ve seen too many people with a title whom I wouldn’t follow across the street.”

Lange said that after studying countless texts on leadership development and career training, she found several key words and concepts reappearing throughout these multiple approaches.

One recurring theme was vision. Lange said that leaders need to be able to see where they want themselves and their organization to go, whether it’s one, three, five or 10 years from now. Having a vision, she said, is what makes the difference between heading in a specific direction and letting the tides move you from one place to another. Too many professionals, she said, “let the waves toss them around like a bottle,” and wind up “nowhere in particular” because it’s just where they happened to be deposited.

If you were building a house, “you wouldn’t tell the contractor to just bring a pile of wood and bricks and see what happens,” she said. “Why would you do [that] with your life?”

Moreover, she noted that people tend to balk at following leaders who lack vision. Where exactly, she asked, would they take you?

Another important concept, she said, is having values aligned with the people you are leading. Lange said that when she sees an organization experience problems with a leader, people tend to talk in terms of which values the leader possesses. As an example, she cited one acquaintance, a vice president of human resources who sometimes tells inappropriate jokes to the staff. That, she said, is “not a great value.”

Values dissonance can also come from a disagreement over personal priorities as well. Lange said that her daughter recently began working for a woman who puts in 70-hour workweeks and expects her employees to work similarly punishing schedules. While her daughter’s previous manager in the same company was okay with her going to the gym on her lunch break, her current boss “wants her there until 7, 7:30, 8.”

“This is a real contradiction in values,” she said. “It’s about how you spend your time. My daughter loves the company—she has been there several years—but she is not happy with this particular manager.”

There is also the matter of skills and knowledge, not just technical skills, Lange said, but actual leadership skills. She noted that while one of her clients was denied a promotion, the successful candidate had certain skills and expertise that her client didn’t have, which included how to effectively manage people.

Lange noted one big difference between doing technical work and managing other people who are doing technical work. Tasks, she said, don’t have families or expect rewards and acknowledgment, don’t ask questions and don’t need to be motivated. People do.

All of these things, she said, help in developing another important core leadership skill, which is relationships. People want to work with people they like; otherwise, it “tends to make your day really hard.” Often, she said, people don’t understand how important this is, but relationships are key to career success, comfort, security in the workplace, a sense of self-worth and career satisfaction.

Considering your endgame

So now you’ve cultivated all of these skills and gotten people to look to you for leadership—now what? According to Lange, at this point you should be conscious of the fact that you are now a role model for others. She recalled that one vice president of a company she knew of often parked in a no-parking zone: “This was not good role modeling behavior.”

“The best way to get the behavior you want from people is to model it. If you want professional behavior, you act professionally. If you want someone to be conscientious, you model that,” she said.

The other key point she cited is awareness of the legacy you leave behind. Consider how you want to be remembered. She emphasized that it was crucial not to wait to make these considerations, as “your legacy has already begun. What people are saying about you now is your legacy.”

“If today were your last day on Earth,” she asked, “what are you leaving behind? What will people say about you? What would they say?”
YCPA panelists: internal audit a growing field

BY CHRIS GAETANO
Trusted Professional Staff

Internal control audits are a vital part of the financial infrastructure, and professionals who can perform them well will have a wealth of options throughout their careers, according to a panel at the NYSSCPA’s Young CPA Conference on June 10.

The panelists, Chris Dogas, Anthony S. Chan and Anthony Canton, are all members of the Society’s Internal Audit Committee. Chan is the committee’s chair.

In an April interview with The Trusted Professional, Chan said that there can be challenges in finding people who are qualified and interested in internal audit, because it takes a while to develop the kind of talents and insight needed. Because of this, he continued, it’s important for young professionals to get exposure to internal auditing, so they can understand the vital function it plays in an entity’s smooth operation and learn how to “prepare themselves for this line of work.”

Internal control audit frameworks have been in place since 1992, but, during his presentation, Chan said it wasn’t until major accounting scandals, such as Enron in the early 2000s, that the demand for them began to rise. More recently, with the passage of the Sarbanes-Oxley Act of 2002 (SOX), these frameworks became mandatory for many companies. Dogas noted that his interest in internal audit came when, as a young CPA starting out in his career, he wanted to know more about a company’s internal process than what a typical financial statement audit would typically look for.

“I remember, my first year, looking at an audit program. I would ask my supervisor, ‘Why are we doing these steps?’” he said. “I knew that there had to be something more to this, and I became more inquisitive.”

The role of internal audit

According to Dogas, the internal auditor takes a “deep dive” in the financial statements, looking over the things that the public accountant probably was unable to examine and analyze due to time constraints, especially when the client is a very large company.

“That’s where the internal auditor steps in,” Dogas said. “Their task is to do detailed work in the financial statement, mainly through procedures using analytical tools or other tools. They provide comfort to the audit committee, as well as to managers and external auditors, that whatever goes through the financial statements is accurate and complete.”

In general, Dogas said, the internal auditor looks at processes, operations, and procedures within a company to see what areas might be weak. But within internal audit, he said, is a lot of room for specialization and diversity.

For example, an internal auditor might begin by looking at the control environment of a company, which, according to Chan, includes examining what sort of tone management sets regarding the conduct of employees and what sort of message it communicates to them. Internal auditors will also look at policies and procedures within the company, said Chan, making sure that the proper controls are in place and that they are being enforced adequately, noting that even the best controls are useless if no one enforces them. Those activities, Chan added, are meant to minimize surprises and mitigate potential problems.

“You ask, ‘Has my client changed the business, do they have new people, and if people left, why did they leave? Do they have a code of conduct and ethics?’”

Internal auditors also conduct risk assessments, which, Chan said, has become important to every company these days. Risk assessment, he explained, is intrinsic to the job and entails asking one’s self what are some vulnerable areas where things could go wrong.

“When you go out and plan an audit, you want to minimize those surprise areas,” he said. “You don’t want management to go, ‘We didn’t plan for this.’”

Risk assessments are also used to make sure that the processes in place allow for the best flow of information, so that things can be recorded in the disclosure process as accurately as possible.

Even within control procedures, Chan said, there are internal auditors who specialize in things like purchasing payables, payroll, manufacturing auditing and cost accounting, noting that “you can get in some esoteric technical areas.”

“It’s a very interesting, diverse space where [CPAs] can acquire a lot of knowledge and expertise and perspective, and use those skills along the way to better their career and find out where they would like to be,” he said.

Chan pointed out that even if one doesn’t choose internal auditing as a career path, that knowledge of internal processes and controls and how to effectively test them will serve professionals in virtually any business environment.

“When you rise to the top, you are fully responsible for the actions of all the people below you,” he said. “So, you may as well design the process to do the right thing, so you have the peace of mind to sign off on decisions. …People, processes and procedures are there for a reason.”

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Organized by the Cooperation with Bankers and other Grant Creditors Committee; will be held in October 2013. More details to follow shortly.

**NASSAU**

Practice Continuity Committee Organizational Meeting and Roundtable Discussion: Continuity and Succession Planning Issues
When: July 26, 8 a.m.
Where: On Parade Diner, 7980 Jericho Turnpike, Woodbury
Course Code: 11112461
Contact: William J. Scannell at bill@jlscpa.com

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Where: Westfield Plaza, Huntington Station
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CPE: 2 (1 taxation, 1 specialized knowledge and applications)
Course Code: 29085401
Contact: Seymour Goldberg at info.goldbergiraj@gmail.com

**SOUTHERN TIER**
The Young CPAs JDRF Walk to Cure Diabetes Team
When: Sept. 22, 1 p.m. (registration begins); 2 p.m. (walk begins)
Where: Highland Park
Contact: Santo Caracciolo at scaracciolo@vapc.us or (607-723-1272 ext. 109)

Private Company Accounting and Auditing Update with Renee Rampulla
When: July 31
Where: Double Tree Hotel, Binghamton
Course Code: 11112461
Contact: William J. Scannell at bill@jlscpa.com

**WESTCHESTER**

Westchester Chapter Young CPA Meeting Open House
When: July 11, 8–9 a.m.
Where: Citrin Cooperman, 709 Westchester Ave., White Plains
Contact: Heather Oboda at hoboda@citrincooperman.com

**UTICA**

Volunteering at the Matt Brewing Company
When: Aug. 22
Contact: Brain Reese at brian@rfcpa.net
If you are interested in volunteering, please contact Brian.

Annual Golf Outing
When: Aug. 26, 12 p.m. check in, 1 p.m. start
Where: Skandandoa Club, Clinton
Contact: Brain Reese at brian@rfcpa.net

Accounting and Auditing Seminar
When: Sept. 4
Contact: Brain Reese at brian@rfcpa.net

Presidents’ Messages

Chapter prepares for a busy summer

**BY PATRICIA A. MCGRATH**
Buffalo Chapter President

Summer is finally here in Western New York. It feels great to see the sun, tend to our gardens and lawns, and attend CPE conferences.

Our board held its organizational meeting on June 18. Then, on May 23, our newly formed Technology Committee, led by Laith Al-Khalidi and John Gagne, presented shortcuts and tricks that accountants can use to become more efficient in Microsoft Word. All attendees were given a “cheat sheet” to remind us to use these tricks in the future. A networking social followed.

The Not for Profit Committee, headed by Sarah M. Hopkins, collaborated with the United Way of Western New York on June 5 to assist the organization with its “Ask a CPA” event, held for smaller non-profits with small finance and accounting departments.

On June 12, the Frank Lloyd Wright Boathouse, located on the edge of Lake Erie, served as a beautiful venue for the annual Banking and CPA Networking Mixer cosponsored by Risk Management Associates (RMA) and the Buffalo Chapter, and coordinated by Paul E. Kiel.

On June 13, Rich M. Brennan, chair of the Members in Industry Committee, presented a two-hour CPE session discussing issues on fraud and forensic techniques that also included a networking session.

The COAP program, led by Ann Burstein Cohen, completed its activities in June. The program included field trips to New Era Cap and PriceWaterhouseCoopers, a discussion of resume building, instruction on the proper use of social media and how to create a new business (including the preparation of financial statements and subsequent formal presentation), and the completion of a cost accounting exercise in cupcake baking, with cooperation from Rich Products. (The best takeaway from the cost accounting project was the cupcakes!)

Our Accounting & Auditing Committee, including Greg J. Altman, Ray M. Nowicki, Edward L. Arcara, Jeff H. Couchman and John W. Berry, is making final preparations for the two-day Summer Symposium on July 23–24. Another stellar list of speakers has been arranged to discuss a wide range of topics including audit risk assessment for small- and medium-sized businesses, professional liability issues, the AICPAs financial reporting framework, updates of review and compilation standards, and other topics relevant to our membership. The continued success of the Summer Symposium allows the Buffalo Chapter to fund four scholarships to local accounting majors. Our award winners for 2013 included Brian Almendinger, Amilyn M. Corliss, Sergio Gargarossa and Elizabet Stefanova.

Our Young CPA Committee will once again provide assistance with cash management for the annual Taste of Buffalo held on July 13–14.

We have a strong board and dedicated committees in a wide range of areas of interest. While tending your gardens, enjoying a beverage on your patio, or participating in any other summertime activities, consider volunteering your time and talent. The Buffalo Chapter will always welcome new committee members to “freshen up” the CPE and networking activities that we sponsor throughout the year. In addition, consider volunteering to assist a local not-for-profit organization. Joining a not-for-profit board, whose mission you have a passion for is extremely fulfilling. Our experience and education is valued by these entities. You might even find it more interesting than weeding the garden!

Enjoy the summer.

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

D"uring his speech at the NYSSCPA’s Annual Election and Dinner on May 16, J. Michael Kirkland, the Society’s new president, emphasized that “the CPA is the Gold Standard.” Do you agree with him? Are you someone who is extremely passionate about promoting and sustaining the positive reputation of CPAs? If so, how and what are you doing to promote the profession? The Manhattan/Bronx Chapter is looking to you for ideas. I would love to hear from you. Please e-mail me at the address below with your thoughts, suggestions, or updates about things you are already doing.

Every time I attend the Annual Election and Dinner event, I leave feeling proud to be a CPA and part of a great organization with amazing members. The room is full of CPAs who love the profession and who come out to support the COAP program, as well as all the NYSSCPA members who are being recognized that evening—either as new NYSSCPA board officers, board directors, chapter presidents or award recipients. This year was extremely special for Manhattan/Bronx Chapter members because J. Michael Kirkland is a long-time volunteer, past chapter president and friend. A group of Manhattan/Bronx Chapter members attended the event to let him know that we are proud to see him leading the NYSSCPA over the next year, and that we are here to help him in his year of presidency. Six past chapter presidents were in attendance as well: William Aikens, Barry F. Doll, Judith I. Epstein, Peter H. Frank, Todd K. Ichihara, and myself (this is my second stint as chapter president). Other active chapter members in attendance were Iralma Pozo (current chapter president-elect), Elliot L. Hendler (previous chapter board member), Margaret M. Hannon (current chapter treasurer), Marcella C. Bajusz (previous chapter officer), and Shantwina Hicks (current chapter board member). Congratulations, J. Michael Kirkland!

The last three weeks of May were busy for the Manhattan/Bronx Chapter board—we held four CPE events. Below is a summary of those events:

On May 9, the chapter held a CPE session worth two credits titled “Healthy Business Group Measures-Based Health Improvement.” Attendees obtained an understanding of the available solutions to manage and contain healthcare costs available to either clients or employers under various situations. Discussion included topics of healthcare epidemic, diagnosing risk, measures-based healthcare improvement and return on investment. J. Scott Bradley from Cook, Hall & Hyde was the speaker. Discussion worth two credits on Defined Contributions and Defined Benefits Plans. The session provided participants with an overview of fiduciary duties of plan sponsors and ways to help understand and manage such duties. It also provided an overview of the different types and characteristics of Defined Contributions and Defined Benefits Plans. The speakers at the CPE session were Larry Bahr of Morgan Stanley Wealth Management; Mitchel Horan of BlackRock; and Michael McAfferley of PPC, Inc.

On May 23, Morgan Stanley Wealth Management and Blackrock sponsored a CPE session worth two credits on Defined Contribution and Benefit Plans. The session provided participants with an overview of fiduciary duties of plan sponsors and ways to help understand and manage such duties. It also provided an overview of the different types and characteristics of Defined Contributions and Defined Benefits Plans. The speakers at the CPE session were Larry Bahr of Morgan Stanley Wealth Management; Mitchel Horan of BlackRock; and Michael McAfferley of PPC, Inc.

On May 28, a CPE session worth two credits entitled “The M Word—the Money Talk Every Family Needs to Have About Wealth and Their Financial Future” was presented by Lori Sackler, from Morgan Stanley Wealth Management-Sackler Group, author of the book that provided the title of the CPE session. Lori explained why talking about money is often considered taboo, and why wealth and financial planning before a life event takes place is important for the family’s future financial and emotional health. Based on the questions and dialogue exchanged during the session, it was evident that participants were able to immediately relate her teachings to personal or client situations.

bmarino@thehackettgroup.com

From left: Manhattan/Bronx Chapter Past Presidents Peter H. Frank, Barbara A. Marino (currently serving a second term as chapter president), J. Michael Kirkland, Judith I. Epstein, and Barry F. Doll at the NYSSCPA’s Annual Election and Dinner in May.
Chapter’s summer CPE examines a CPAs role in divorce

BY EDWARD F. ESPOSITO
Queens/Brooklyn Chapter President

The chapter held its organizational meeting on May 14. Past officers, new officers, and members attended. Members Barbara Marino, an NYSSCPA vice president, were all in attendance, and it went very well. We held our annual installation party on June 19 at Joe Abbacciamento Restaurant. I would like to thank Tania Broschart of Astoria Federal, our sponsor, and Edward Torres, a chapter board member, for coordinating the event. It was a great social event and a good time to meet colleagues, establish new relationships and have some fun.

Our chapter will host its first board meeting on July 17 at 6:30 p.m. at St. John’s University. Our new chapter officers are: Charles Mangiaracina, president-elect; Anthony C. Zaccarelli, treasurer; Avril K. George-Robinson, vice president; and Rosslyn Khunovich, secretary. We will be holding a summer CPE session at St. John’s University, Queens Campus, on Aug. 7 at 6:30 p.m. The topic is “A CPA’s Role in Divorce.” The speaker is a court-appointed financial expert in New York Supreme Court who testified in a Florida court against Tiger Woods’ divorce attorney.

As we all know, divorce is a highly emotional affair that brings a number of financial and legal ramifications with it. There is even an acronym for the various aspects of divorce called PEACE, which summarizes it as follows: parenting or custody agreement, equitable distribution, alimony, child support, and everything else. A financial expert is needed in divorce—and no one is better suited than a CPA! But there are certain roles CPAs can take on in this regard, and certain jobs they can’t perform due to conflicts of interest. If you want to gain an understanding of this practice area, visit our chapter website for session details. I look forward to seeing you there.

Edcpa@me.com

Member contributions lead to chapter success

BY MICHAEL D. DESMOND
Rochester Chapter President

The Rochester Chapter is celebrating its 80th year as a chapter of the New York State Society of Certified Public Accountants. Happy anniversary to all of our members!

As my term as president of the Rochester Chapter commences, I encourage you to take a look at how you promote and elevate the profession among the general public, your clients, employers, staff, family, friends and fellow CPAs. There are vast numbers of opportunities for CPAs to exercise their financial expertise. Serving on the board of a not-for-profit organization, speaking with high school and college students, mentoring staff, and serving on a chapter committee are just some of the ways you can have a direct impact on the future of our profession. I started out within the chapter serving as chair of the Taxation Committee, moved on to the board, and now serve as president—all contributions matter. Find something that you enjoy, and you will excel at it.

At the present time, there are more than 900 members in the Rochester Chapter, which encompasses eight counties from the shores of Lake Ontario to the Pennsylvania state border. The chapter has the following nine active committees that have annual events or programs available to members:

- COMP: Cooperation with the Bar
- Industry:
- Non-Profit:
- Taxation:
- Technology:
- World of Accounting:
- Young CPAs
- Additional information on chapter events and committees is available online at the Rochester Chapter website (www.nysscpa.org/rochester).

I invite all chapter members to contact any officer, board member or committee member if you have any comments or suggestions during the year. Your actions and involvement help to further the CPA’s reputation as the trusted professional.

Mike@heveroncpa.com

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Chapter News
Another successful chapter year is on the horizon.

BY MICHAEL J. LAQUIDARI
Syracuse Chapter President

As I begin my term as the Syracuse Chapter president, I would like to take this opportunity to introduce myself. I work as a senior audit manager at Fust Charles Chambers LLP (FCC) in Syracuse. Six years with a national firm, eight years of private accounting, and five years with FCC has afforded me opportunities in my professional life, such as being able to write this article today as chapter president, as well as in my personal life, where I have a wonderfully supportive family and a great group of friends. My goal is to ensure that our chapter members have the same opportunities for success in their own careers as CPAs and beyond. With the excellent cross section of representation from local firms among our chapter’s officers, board members and committee members, this goal will be achieved.

I first need to thank the chapter’s Past President Steven Stanek for transitioning his wealth of information and extending his guidance to me, while also leaving a successful year behind for the chapter. We’re pleased to have yet another successful year in 2013/2014. Though Steven has left his position as president, he continues to support the chapter and its events as an executive board member, along with other chapter past presidents and members in industry: Anthony Abbadou, John Dubiel, Tom Guifre, Steven Gorczynski, David Herrera and Laura Ranger.

Next, I need to thank the several committee chairs (Amy Caraher/Tom Guifre – Tax Committee; Tim Hammond – Young CPAs; Steven Gorczynski – CPAs in Industry; Jamie Keiser – COAP; Tia Wright – Membership; Laura Ranger/Steven Stanek – Public Relations; Steven Stanek/Jamie Keiser – Budget; John Markert – CPE/Meetings; and Madelyn Hornstein – Golf Outing) who put a significant amount of personal time and effort towards organizing several events throughout the year, along with the officers of the chapter (President-elect Todd Klaben; Vice-President Mark Ciarralli; Treasurer Jamie Keiser; and Secretary Karen Matticio). Without this team, the chapter and events would not be the success that they are year after year.

In recent news, we held our organizational meeting on May 21 at FCC. Thank you to all of the officers, board members, and committee members who were able to attend, including NYSSCPA Vice President Adrian Fitzsimmons and Society representatives Lelia Dickenson and Denise Oustoo, who came and provided guidance. On May 30, we held a Victory Party at the Empire for Tia Wright to acknowledge and celebrate the tremendous work she did last year on the Member Get a Member program.

What a well-deserved evening for Tia—thank you David Herring for organizing the event. On June 4, we held a three-hour CPE session, “Current Issues for Accountants in Industry” at LeMoyne College. A thank you to Steven Gorczynski for continuing to push the industry CPE sessions. During June 9-11, the Young CPA Leadership Conference was held at the Radisson Hotel in Utica. The prior year’s attendance level was, of course, surpassed. Our CMA program at SUNY at Oswego took place during June 23-26; on June 24, the chapter held the annual golf event at Beaver Meadows Golf and Country Club in Phoenix. A special thank you to Madelyn Hornstein for chairing this event each year. And coming on August 20 is our always well-attended, and always well-received, Summer Stizler at Hinesward’s Grove. Who else but Karen Matticio and Anthony Abbadou can throw an amazing party while reintroducing the subject of ethics training to the crowd!

With so many events in Syracuse being added to the calendar on a regular basis, be sure to visit the chapter’s web page at www.nysscpa.org/syracuse for more information and details. With another busy season behind us, take a well-deserved moment to relax, enjoy the summer and get reacquainted with your families, your friends and yourselves.

mlaquidari@fcc-cpa.com

Chapter looks forward to summer outings and CPE

BY BRIAN REESE
Utica Chapter President

Tax season is behind us and summer is here. Hopefully, everyone’s workload is a little more manageable now than it was during the busy season. The Utica Chapter has been busy planning and hosting events. In June, we held a technical seminar in which Michael Polce of M.A. Police Consulting discussed current tech topics, such as protecting confidential data, mobile device management, social media policies and common IT security mistakes. We also partnered with the United Way to collect and donate new and used books for local children.

Looking ahead, I would like to highlight some key dates for upcoming events. Ten members from our chapter have volunteered to pour drinks at the Matt Brewing Company’s popular Saranac Thursday event, which features live music. A portion of proceeds from the event, to be held on Aug. 22, goes to the United Way. On Aug. 26, we will host our annual golf outing. We are going to try something new this year and have our annual ethics CPE seminar beforehand. Also, on Sept. 4, Renee Rampulla will be presenting an eight-hour Accounting & Auditing seminar for us.

For more specific details on these events, please check our chapter website, www.nysscpa.org/utica. Also, if you have any topics you wish to see covered in future technical CPE seminars, please feel free to contact me. I hope everyone enjoys their summer!

brian@rfcpa.net

Open houses offer members a taste of chapter committees

BY GINA LINSS
Westchester Chapter President

On May 15, our chapter hosted its Annual President’s Dinner and Reception recognizing Denise M. Stefano, the chapter’s 2012-2013 president, and welcoming me as the chapter’s 2013-2014 president. I was honored to see so many of my colleagues from my firm Citrin Cooperman there to support me. As I stood at the podium, I noted that most of those in attendance from my firm were at some point in their careers either past presidents or active committee participants of the Westchester Chapter. I am lucky to have my firm and its partners support my involvement in the NYSSCPA. In fact, they were the ones who helped me get involved in the first place.

As I mentioned in the June Trusted Professional, one of our goals for the year is to grow participation in our chapter. We have successfully grown the number of members in our chapter throughout the years, but we are eager to take it to the next level. In order to meet this goal, I invite you to one of our Committee’s Open Houses, which we will be hosting throughout the year.

Our first open house, for Accountants in Industry and Local Practitioners’ committees was held on June 4 at Webster Bank in White Plains from 5:30 to 7:00 p.m., and followed by a CPE seminar on fraud awareness.

Our second open house will take place July 11 for our Young CPAs Committee. It will be held at the office of Citrin Cooperman & Company at 709 Westchester Avenue, White Plains, N.Y., from 8 to 9 a.m. Please email Heather Oboeda at hobeda@citrincooperman.com to RSVP for this event. I would like to encourage all Young CPAs to attend. I would also like to ask the partners and the employers to allow and encourage their junior staff to get involved in this committee and participate.

We will continue to have open houses for our remaining committees throughout the year. However, you don’t need to wait for the open house for an invitation to get involved. A listing of our chapter’s committees and major events, as well as contact information, can be found on our chapter’s newsletter, which is located on the NYSSCPA.org website.

glinss@citrincooperman.com
AICPA Pricing Schedule
For AICPA-developed courses, the following pricing schedule applies.
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A member only of the NYSSCPA:
A member only of the AICPA:
A member of neither AICPA nor NYSSCPA:
For 4-hour courses, see course description for price information. For details, refer to the registration information on www.nysscpa.org.

The FAA delivers the following programs to help CPAs in all practice areas, including those working in government, industry, and academia, satisfy their New York state calendar-year continuing professional education requirements. To search within New York City, refer to Manhattan/Brorn. To search within Albany, refer to Northeast.

For the most up-to-date events information, visit www.nysscpa.org or call 800-537-3635. SIGN UP TODAY!

BUFFALO/NIAGARA ACCOUNTING
08/16 Locatelli’s Not-For-Profit Industry Update and Major Accounting and Disclosure Issues This program provides a 2013 update of the issues at the forefront of the industry. Participants will be able to apply the issues faced by not-for-profits, which will help them to assess risk, recognize and deal with accounting and disclosure issues affecting their clients. Participants will prepare complete and accurate financial disclosures, and enhance transparency in financial reporting.
ACB 34419481 Buffalo/Niagara Marriott Lodges & Associates $335/$460 $335/$460

08/21 Financial Reporting: Turn Information into Action Financial managers at all levels produce volumes of reports each and every year. This course will help financial professionals learn how to plan, process, and present effective reports and presentations.
ACB 34410481 Buffalo/Niagara Marriott Lodges & Associates $335/$460 $335/$460

MANHATTAN/BRONX ACCOUNTING
08/08 Construction Contractors Conference AC 1, AU 1, SK 3, 23 55540411 The Yale Club of New York City Foundation for Accounting Education $385/$510 $385/$510
08/19 Creating the Best Projections You Can: Insights and Techniques This course examines current best practices in preparing budgets and projections. Participants will look at the critical rules of strategic planning and risk management in developing accurate projections.
ACB 34466411 FAE Centering Learning Center (Wall Street, NYC) Executive Education Inc. $170/$235 $170/$235

08/22 FAE’s Accounting Update 2013 This course delivers information about current and emerging accounting guidance and recent developments. Participants will receive an overview of new and proposed relevant accounting guidance, along with practical application through a variety of discussions and questions.
ACB 32111411 FAE Centering Learning Center (Wall Street, NYC) Foundation for Accounting Education $335/$460 $335/$460

08/27 Audit Workpapers: Documenting and Reviewing Field Work This course will teach you the basics of workpaper preparation—form and content—to make sure everything is properly documented. Case examples show field work supervisors what factors to consider and steps to follow when reviewing work papers. Participants will learn how to identify typical deficiencies and will find out how to minimize potential liability.
ACB 33250411 FAE Centering Learning Center (Wall Street, NYC) ACB $305/$430/$335/$460

ETHICS
08/28 FAE’s Tax Ethics and Tax Practice in the 21st Century This seminar will discuss, in detail, guidance and case studies, and will also familiarize the practitioner with the quality control tools and technical resources available to address tax standards in the communication of tax advice and in the performance of tax preparation and planning services.
ACB 32160411 FAE Centering Learning Center (Wall Street, NYC) ACB $335/$460 $335/$460

AUDITING
08/08 Construction Contractors Conference See course listing under Accounting.

08/23 FAE’s Auditing Update 2013 In a changing global and domestic economy, this course helps you to stay ahead of the emerging and current auditing guidance. Participants will receive overviews of new auditing guidance, along with practical application of that guidance through a variety of discussions and questions.
ACB 31112412 FAE Centering Learning Center (Wall Street, NYC) Foundation for Accounting Education $170/$235 $170/$235

SPECIALIZED KNOWLEDGE AND APPLICATIONS
08/08 Multi-State Taxation of Corporations: Theory, Practice, and Compliance Recent economic turmoil in the U.S. economy has caused a search for revenue by most states. This program explains and illustrates how to avoid becoming subject to excessive state taxation.
T/B 34634481 Buffalo/Niagara Marriott Lodges & Associates $335/$460 $335/$460

08/23 FAE’s Compilation and Review Update 2013 Through a variety of discussions and questions, this course will review recently issued Statements on Standards for Accounting and Review Services and the challenges arising from those in prior year.
AUB 32113412 FAE Centering Learning Center (Wall Street, NYC) Foundation for Accounting Education $170/$235 $170/$235
08/26 Auditing Defined Contribution Plans Many auditors encounter similar issues when performing an audit of an employee benefit plan. This course explores advanced issues related to auditing employee benefit plans and provides the auditor with the appropriate tools to address some of the common problems noted during the audit process.
AUB 32194411 FAE Centering Learning Center (Wall Street, NYC) ACB $305/$430/$335/$460 $305/$430/$335/$460

08/27 Audit Workpapers: Documenting and Reviewing Field Work This course will teach you the basics of workpaper preparation—form and content—to make sure everything is properly documented. Case examples show field work supervisors what factors to consider and steps to follow when reviewing work papers. Participants will learn how to identify typical deficiencies and will find out how to minimize potential liability.
ACB 33250411 FAE Centering Learning Center (Wall Street, NYC) ACB $305/$430/$335/$460

TAXATION
08/08 Construction Contractors Conference See course listing under Accounting.

08/13 Tax Planning for Individuals Conference T/B 25602412 New York Marriott Marquis at Times Square Foundation for Accounting Education $365/$510 $365/$510

08/19 International Taxation The course highlights the initiation of inbound U.S. operations by foreign businesses and outbound for foreign businesses by U.S. businesses through a representative office, manufacturing branch, incorporation of a U.S. or foreign subsidiary or use of a U.S. or foreign joint venture, partnership, or limited liability company.
T/B 32603411 FAE Centering Learning Center (Wall Street, NYC) ACB $305/$430/$335/$460 $305/$430/$335/$460

08/20 Essential Skills for Finance In order to respond to the challenges of a difficult economic environment, this course will teach you how to establish innovative techniques, manage the financial and cultural issues associated with long-term programs and acquisitions, and continuously improve the organization’s competitive position.
T/B 32604411 FAE Centering Learning Center (Wall Street, NYC) ACB $305/$430/$335/$460 $305/$430/$335/$460

08/20 The Best Income Tax, Estate Tax, and Financial Planning Ideas of 2013 With the American Taxpayer Relief Act of 2012 starting this year, there are significant changes and planning strategies that new must be considered. With higher tax rates for individuals and trusts, tax planning takes on more importance. Plus, with Social Security going bust and interest rates at an all-time low, new ideas for financial planning for retirement must also be considered. The purpose of this course is to explore practical tax planning ideas that practitioners can use to assist clients with their needs. This session will discuss how both new companies and established ones become great. The session begins with key lessons about business start-ups from Paul Hawken, author of Growing a Business, and Guy Kawasaki, author of The Art of the Start and Enchantment: The Art of Changing Hearts, Minds, and Actions. We’ll briefly review the management classic, In Search of Excellence, and then focus on Jim Collins’s research, presented in Built to Last: Successful Habits of Visionary Companies and Good to Great.
T/B 34451411 FAE Centering Learning Center (Wall Street, NYC) Executive Education Inc. $170/$235 $170/$235
crucial for CPAs who are looking for good ideas that can save clients money.

T/8 3365491
FAE Learning Center (14 Wall Street, NYC)
Institute of Certified Public Accountants LLC
$335/$440

08/22
Life Cycle of a CFC and a CTB
This session presents a detailed review of whether to treat a subsidiary as a controlled foreign corporation or as a branch. There will be a discussion on the formation, operation, and sale of the foreign entity, and you will learn when to apply the “check the box” rules.

T/8 2713406
Sterling National Bank
Foundation for Accounting Education
$60/$85

WEB EVENTS

07/28
Construction Contractors Conference (WEBCAST)
See course listing under Accounting.

07/30
Construction Contractors Conference (WEBCAST)
See course listing under Accounting.

08/06
Construction Contractors Conference (WEBCAST)
See course listing under Accounting.

08/10
Construction Contractors Conference (WEBCAST)
See course listing under Accounting.

08/13
Tax Planning for Individuals (WEBCAST)
T/8 3560412
Foundation for Accounting Education
$205/$410

08/21
Nichols’ Notes: Federal Tax Update (WEBCAST)
T/8 3511421
Foundation for Accounting Education
$65/$90

08/22
Life Cycle of a CFC and a CTB (WEBCAST)
This session presents a detailed review of whether to treat a subsidiary as a controlled foreign corporation or as a branch.

T/8 3713406
Foundation for Accounting Education
$60/$85

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SUFFOLK

TAXATION

06/08
What You Need to Do Now in Estate Planning Under the New Tax Law
While the exemption amounts have increased and tax rates have declined, many clients have deferred estate planning until the tax environment’s stability permits them to consider the long-term estate planning. This course will acquaint practitioners with the tools and techniques employed in estate planning and help them identify clients who may require these services.

T/8 3365421
Malvize Marriott Long Island
Surjective McCoy CPE LLC
$170/$235

06/12
Essential Skills for Finance
In order to respond to the challenges of a difficult economic environment, this course will teach you how to establish innovative techniques, manage the financial and cultural issues associated with long-term programs and acquisitions, and continuously improve the organization’s competitive position.

T/8 32195421
Malvize Marriott Long Island
$205/$430/$335/$460

WESTCHESTER

ACCOUNTING

06/19
FASB Industry Review
This overview of recent FASB pronouncements provides CPAs in corporate management with a high-level approach to financial reporting issues. Utilizing detailed descriptions and examples of the implementation of new standards, this course instructs participants on how to assess new and recent FASB guidance that has a major effect on all industries.

T/8 32195431
Doubletree Hotel Tarrytown
$205/$430/$335/$460

06/20
OICBAA Financial Statements
This course provides participants with practical information needed to prepare and report on financial statements properly and efficiently presented in accordance with other comprehensive bases of accounting (OCBOA). The session also explains which bases of accounting are acceptable, which financial statements should be presented, and which disclosures are required.

T/8 32204431
Doubletree Hotel Tarrytown
$205/$430/$335/$460

06/09
FASB’s Ethics Update 2013
This course provides you with the basic understanding of the fundamental concepts underlying ethical responsibilities and increases your awareness of critical standards and regulations.

E/4 21277432
Doubletree Hotel Tarrytown
$170/$235

SPECIALIZED KNOWLEDGE AND APPLICATIONS

06/16
Developing Skills for Finance
The ability to negotiate is a skill that grows with practice. This workshop will teach you the critical skills needed to ensure confidence during negotiations and will also help you to develop an understanding of negotiation as a leadership tool. It will show you how to negotiate through various personality issues, and will demonstrate how to

crucial for CPAs who are looking for good ideas that can save clients money.

T/8 3365491
FAE Learning Center (14 Wall Street, NYC)
Institute of Certified Public Accountants LLC
$335/$440

08/22
Life Cycle of a CFC and a CTB
This session presents a detailed review of whether to treat a subsidiary as a controlled foreign corporation or as a branch. There will be a discussion on the formation, operation, and sale of the foreign entity, and you will learn when to apply the “check the box” rules.

T/8 2713406
Sterling National Bank
Foundation for Accounting Education
$60/$85

08/26
FAE’s Tax Ethics and Tax Practice in the 21st Century
See course listing under Ethics.

08/29
Partnership and LLC Taxation: Advanced Issues
This course prepares you to help your clients plan partnerships and limited liability company transactions in order to minimize taxes.

T/8 23604911
FAE Learning Center (14 Wall Street, NYC)
Nobles Patrick CPE, Inc.
$335/$440

NORTHEAST

TAXATION

08/02
Health Care Reform Act
This course will help participants identify the tax provisions from the Health Care Reform Act that will be implemented this year and in future years.

T/4 32401441
Albany Marriott
$170/$235

08/02
Social Security and Medicare: Advanced Analysis of the Tactics, Taxes, and the Truth
Virtual all Americans are impacted by Social Security and Medicare. This course will explore what matters. Through real-world situations and the use of various tools, this course will help you identify your clients’ options on making optimal decisions when it comes to Social Security and Medicare.

T/4 32409441
Albany Marriott
$170/$235

08/08
Essential Skills for Finance
In order to respond to the challenges of a difficult economic environment, this course will teach you how to establish innovative techniques, manage the financial and cultural issues associated with long-term programs and acquisitions, and continuously improve the organization’s competitive position.

T/4 32409441
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$170/$235

08/13
As the baby boomer generation approaches retirement, financial and tax planners can expect increased demand for strategies that dovetail Social Security with other retirement objectives. This course provides tax and financial planning professionals with both the background information on the Social Security system and the strategies clients will need in dealing with it.

T/8 33654041
Albany Marriott
Surjective McCoy CPE LLC
$335/$440

08/19
Hot IRS Tax Examination Issues for Individuals and Businesses
This course will help you understand what IRS auditors are pursuing. This course will explore the high audit risk areas and ways to help clients through an IRS audit.

T/8 29634411
Holiday Inn Albany–Wolf Road
Surjective McCoy CPE LLC
$335/$440

ROCHESTER

ACCOUNTING

08/12
FAE’s Accounting Update 2013
This course delivers information about current and emerging accounting guidance and recent developments. Participants will receive an overview of new and proposed relevant accounting guidance, along with practical application through a variety of discussions and questions.

AC/8 21111472
Holiday Inn Rochester Airport
Foundation for Accounting Education
$335/$440

08/22
FAE’s Financial Statement Disclosures for Small- to Medium-Sized Businesses
This course will familiarize you with the most frequently encountered measurement and disclosure issues associated with preparing financial statements for nonprofit small- to medium-sized businesses, including a discussion of solutions to problems that may arise.

AC/8 21123472
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$335/$440

AUDITING

08/13
FAE’s Auditing Update 2013
In a changing global and domestic economy, this course helps in staying ahead of the emerging and current auditing guidance. Participants will receive overviews of new auditing guidance through a variety of discussions and questions.

AC/8 21111472
Holiday Inn Rochester Airport
Foundation for Accounting Education
$170/$235

08/13
FAE’s Compilation and Review Update 2013
Through a variety of discussions and questions, this course will review recently issued Statements on Standards for Accounting and Review Services and charting challenges from these engagements.

AC/8 21113472
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Foundation for Accounting Education
$170/$235

08/15
Applying A-133 to Nonprofit and Governmental Organizations
This course will help you plan for audits of governmental and nonprofit entities under A-133. It will also help you understand the relationship of these requirements to GAAS, Government Auditing Standards, and the Single Audit Act amendments.

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Wednesday, July 24, 2013, 8:20 a.m.–4:50 p.m.

Nuts and Bolts of 1040NR Preparation
Thursday, July 25, 2013, 8:30–10:30 a.m.

Construction Contractors Conference
Thursday, August 8, 2013, 8:20 a.m.–5:00 p.m.

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Tuesday, August 13, 2013, 8:45 a.m.–5:00 p.m.

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