

The Trusted Professional

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NYSSCPA panels help public make sense of tax issues

BY MAYA LINDSAY
Trusted Professional Contributor

Though taxpayers had a hard time getting answers from the IRS this year—the trouble-plagued service said it could respond only to a fraction of the calls it received—some got just the help they needed, thanks to a long-standing NYSSCPA tradition.

From February to March, NYSSCPA members throughout the state dispensed free income tax advice to residents and small business owners, as part of the Society's annual volunteer tax panels.

The program, now more than three decades old, was cosponsored by three newspapers—Westchester's *Journal News*, the *New York Daily News* and the *Poughkeepsie Journal*—which hosted NYSSCPA volunteers at their offices and covered the panels in their online and print publications. The sessions were organized with the help of



In March, NYSSCPA members gathered at the *Daily News's* lower-Manhattan headquarters for what has traditionally been the Society's largest tax panel in the state.

NYSSCPA members from the Manhattan/Bronx, Mid Hudson, Queens/Brooklyn, Rockland and Westchester chapters.

A public-service outreach initiative for the Society, the tax panels are an important opportunity for CPAs to strengthen their connections to local communities and demonstrate their value to the public, said NYSSCPA President **Scott M. Adair**.

"Taxpayers don't just get practical advice from these panels," he said. "They walk away with a greater understanding of the wealth of knowledge a CPA has."

New York Daily News

On March 18 and 19, members from the Queens/Brooklyn, Manhattan/Bronx, Nassau and Westchester chapters gathered at

the *Daily News's* lower-Manhattan headquarters for what has traditionally been the Society's largest tax panel in the state. In an office dotted with 19th century pictures of New York City landmarks, they answered 200 questions over a period of six hours, via telephone and online chat.

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New FASB proposal brings sea change to nonprofit financial reporting

BY CHRIS GAETANO
Trusted Professional Staff

The Financial Accounting Standards Board (FASB) has taken the next step in its bid to update reporting rules for nonprofit organizations, the first overhaul of this area in more than 20 years. The board released an exposure draft,

"Presentation of Financial Statements of Not-for-Profit Entities," outlining likely changes, on April 22.

It takes aim at several hurdles in current practice, including complexities in how net assets are classified; inconsistencies in how intermediate measures of operations are reported; inconsistencies in the type of information provided about a period's expenses;

and misunderstandings about the utility of the statement of cash flows, particularly when reporting operating cash flows.

In a statement, FASB member Lawrence W. Smith said the modifications would "refresh the model in ways that will make not-for-profit financial statements even more useful to donors, lenders, and other users."

The proposed changes come as no surprise.

According to **Candice R. Meth**, chair of the NYSSCPA's Not-for-Profit Organizations Committee, the board had been discussing these matters with nonprofits long before it released the exposure draft. The proposal, she said, was the culmination of years of outreach between stakeholders and the FASB, which

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PRESIDENT'S COMMENTARY

A time for celebration and reflection

Every May, the Society holds one of its most important events of the year—the annual election meeting. For those of you who are new to the NYSSCPA, the annual election meeting brings the entire organization together, both to conduct business (i.e., the election of officers and approval of changes to the bylaws) and to recognize achievements. It's a time of reflection and celebration, a moment for introductions and seeing old friends. At last year's meeting, I was installed as the Society's 95th president; this year I pass the honor to **Joseph M. Falbo Jr.**, the NYSSCPA's current president-elect—a friend and a very talented CPA I'm proud to have served beside.

It's been a tremendous honor to lead the organization and advance the causes that New York CPAs care about. It's also been quite a productive year. Working together, we

Planning Task Force and I worked with the NYSSCPA staff to revise the plan, which was approved by the Society's Board of Directors in March.

While the new strategic plan does not represent a change in our principles, it does offer a more targeted approach for achieving them, with four clearly outlined core values and goals. For example, the plan calls for the NYSSCPA to promote professional excellence by enhancing practice quality, broadening our membership base, and emphasizing and increasing access to member-driven technical and educational resources. It also mandates that the NYSSCPA ensure the future of our profession by working to cultivate the next generation of CPA leaders. You can read the plan in its entirety at nysscpa.org.



Scott M. Adair

tion has had to act quickly, when faced with unexpected sadness.

David J. Moynihan, the NYSSCPA's 2009–2010 president and a giant in our profession, passed away on Jan. 9, after a year-long battle with cancer, leaving us with this question: How can we best honor his memory and commitment to the Society? In the end, we launched The Moynihan Fund, an educational trust created in Dave's honor. The fund will be administered by the Society's Foundation for Accounting Education (FAE), and will encompass all of the FAE's college accounting scholarships and high school accounting introduction programs, including the Career Opportunities in the Accounting Profession (COAP) program. Not only is this a great

We've taken steps this year to increase the Society's presence in the state capital and secure office space there. Having easier access to lawmakers will allow us, for the first time, to routinely be looked to by the governor and Legislature for input on a real-time, face-to-face basis.

were able to push forward several initiatives that will benefit Society members and, ultimately, the profession as a whole. Here are just a few of the highlights:

Legislative agenda

We made some important legislative gains this fiscal year, although we still have more work to do. When I became president, I told you that one lesson I'd learned from my visits to Albany is that legislators want our valuable input. They want to hear from us—just as much as we want our collective voice to be heard on issues that impact the profession, our clients and the public. That's why we've taken steps this year to increase the Society's presence in the state capital and secure office space there. Having easier access to lawmakers will allow us, for the first time, to routinely be looked to by the governor and Legislature for input on a real-time, face-to-face basis. We'll also be better suited to engage in more long-term legislative reform programs aimed at enhancing the profession and improving the business climate for our clients.

Strategic plan

A main priority at the start of my term was to revise the Society's strategic plan, which had not been updated since 2008. The strategic plan articulates our goals as an organization, and I wanted it to reflect both the bold vision we have for the future of the Society and the concerns that the profession faces today. To that end, the Strategic

Digital presence

More than any other year, fiscal year 2014–2015 saw us prioritizing our digital interactions with members. This includes the Society's newly redesigned website, with its much-improved navigability and more personalized user experience, and the launch of Mentor Match, a user-driven mentor matching resource available through the Society's social networking platform, Exchange. In addition, NYSSCPA members are now better able to get involved with the Society's government affairs program through a new interactive legislative agenda section on our home page at nysscpa.org.

NextGen

This fiscal year, we strengthened our commitment to providing young CPAs with the valuable skills and tools they'll need to further their careers and assume leadership positions in the profession. We expanded the offerings of our NextGen program with several networking and CPE events, including a career fair at New York University—the first career fair the Society has held in more than a decade—that drew 150 students, new grads and career-change professionals. We also inducted five new members into the Society's Young Leadership Circle, a program launched to help identify and cultivate the organization's next generation of leaders.

These achievements were all the result of careful planning and discussion. However, this was also a year in which the organiza-

tribute to Dave, who was passionate about education, but also a wonderful way to usher the next generation of talent into the profession and let them know who Dave was.

I'd like to thank the members of the 2014–2015 board and all of the volunteers who engage in more than 40,000 hours of Society activities each year to show their enthusiasm for and dedication to our profession.

I'd like to especially thank the board's Executive Committee for their assistance during this past year, and for their counsel and engagement on a variety of issues. I'd be remiss at this time if I didn't ask Vice President of Chapters **Harold L. Dieters III** for a small donation to The Moynihan Fund. (When you see him, ask for details.) Harold is a good friend, and I look forward to his continued involvement in Society and FAE matters.

Congratulations to the incoming 2015–2016 NYSSCPA Board of Directors and FAE Trustees. I know they'll continue the great progress we've made so far.

Finally, we are truly fortunate to have Joe Falbo, my friend, as the next NYSSCPA president. I said last year that I'm keeping the seat warm between two great presidents—you watch and see what he gets done.

I leave you with the same call to action I made at the start of my term: Get involved, be involved and stay involved. The Society needs your experience and expertise to keep moving forward and to ensure that the profession continues to thrive.

president@nysscpa.org

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Adair thanks member volunteers

Technical hotline volunteers

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

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Victoria L. Pitkin

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Employee Benefits

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NYSSCPA president thanks comment letter drafters

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

—Scott M. Adair, CPA, CGMA, *President*

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Committee chairs

The NYSSCPA wishes to express its gratitude to its outgoing committee chairs. Many of the Society's accomplishments are achieved through its committees. The leadership, dedication and commitment of these committee chairs benefit not only our members, but our entire profession as well. We thank the following chairs whose terms end in May 2015.

Accounting and Review Services

Joseph A. Caplan

Anti-Money Laundering and Counter Terrorist Financing

Victor Lessoff

Bankruptcy and Financial Reorganizations

Harry J. Kobritz

Business Exit and Succession Planning

Bernard Leone

Employee Benefits

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Entertainment, Arts and Sports

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Real Estate

Michael J. Giglio

SEC

Neil W. Ehrenkrantz

Stock Brokerage

Mark R. Levy

Trust and Estate Administration

Michael Rudegear

FASB

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she commended for maintaining a constructive dialogue.

One of the more significant revisions concerns how assets will be classified. Under the current model, the use and purpose of assets are conveyed by reporting them in one of three classes: unrestricted, temporarily restricted or permanently restricted. The proposed standard, however, would collapse these three classes into two: net assets with donor restrictions and net assets without donor restrictions. Changes in net assets without donor restrictions would be further divided between those that arose from external factors (e.g., gains and losses, expenses and support) and those that came from internal actions (e.g., appropriations and internal transfers).

The proposal also calls for a major about-face in operating cash flow reporting—namely, requiring organizations to switch from using either the indirect method of reporting (adjusting changes in net assets to reconcile that amount to net operating cash flow) or the direct method (reporting the sum of gross cash receipts and gross cash payments from operating activities) to requiring the direct method. Cash flows would then be divided into operating cash flows, financing cash flows and investing cash flows.

According to the FASB, both of these proposed changes are ultimately intended to cut down on confusion. Realigning the net asset classes into with donor restrictions and without donor restrictions, it said, would help financial statement users “distinguish between resource flows that are and are not related to the operations of a period.” Similarly, the FASB felt that by using the direct method of reporting and classifying operating cash flows in a way that’s more consistent with classifications in the statement of activities, it would be easier for financial statement users to make sense of information.

Noting that the indirect method is, by and large, what most nonprofits use, Meth said the transition could be tough for organizations—especially smaller nonprofits. She added, however, that she was confident there would be enough outreach and education to help them prepare.

The proposal also includes several new disclosure requirements relating to net assets with donor restrictions and net assets without donor restrictions, as well as the liquidity of financial assets, the status of underwater endowment funds, and the expirations of cash gift restrictions used to acquire or construct a long-lived asset.

Gina Goodenow, a Not-for-Profit Committee member and the corporate controller for the March of Dimes, was less than thrilled with the increased disclosures. Footnotes are already lengthy, she said, and most users don’t even read them. On the other hand, she felt the proposed changes to underwater endowment reporting would make things easier for CPAs, and under-

stood the need for the new liquidity disclosures, as many nonprofits struggle with cash flows.

“I think it will be good for the donors to see,” she said.

Putting the changes in perspective

Allen L. Fetterman, who typically presents the nonprofit accounting and auditing update at the Not-for-Profit Organizations Committee’s annual conference, said that the proposed standard had few changes to the actual accounting, with most of the impact centered around “presentation and communication.”

Despite this, he described the proposal as a “sea change,” and said the new standard would help to bring nonprofit financial reporting into the 21st century.

“The last major change in nonprofit financial presentation was in 1993, when FASB 117 came out, so it’s been a number of years coming,” he said.

Though FASB 117, he added, was revolutionary in its day, expanding the presentation for nonprofits and making reporting more consistent, “twenty-two years is a long time and the business world changes.”

Kelly S. Mathews, the chief operating officer of the New York Council of Nonprofits, Inc., agreed that, on the whole, the proposal would be a positive development for the nonprofit sector, as it better reflects how nonprofits tend to think about their financial statements and run their organizations.

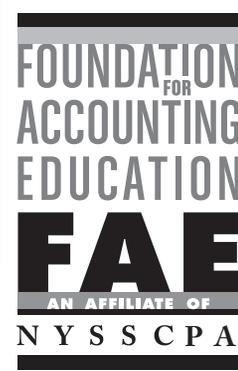
For example, she noted that under the current three-asset setup, boards of directors sometimes have trouble seeing how their actions impact the financials. To illustrate her point, Mathews posed a hypothetical situation of a board that, after it has determined the organization has had a good year, decides to set money aside for a rainy-day fund, which today would simply be put in the “unrestricted” category.

“The board is then confused when they see the financial statements,” she said. “They will say, ‘where’s our restricted money?’”

But under the FASB proposal, she said, there would be an enhanced disclosure to memorialize the fact that the board has indeed restricted a certain component of the net assets. Those disclosures would include a description of the purpose, amounts and types of transfers (for example, those done because of standing board policies, as one-time decisions, or for other reasons) and qualitative and quantitative information about any period-end balances of board designations of net assets without donor restrictions.

Overall, she believes that the proposed changes will help nonprofits better focus on how their activities relate to their mission, as there would be more attention given to the link between operational activities and the money used to enable them, as well as what the donors feel should be done with it. This framework, she said, would

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Tax Panels

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One of the most frequently asked questions was about the New York City Enhanced Real Property Tax Credit, which is available to qualified city residents who have a household gross income of less than \$200,000 and pay either real property taxes or rent. Since the credit is new, several callers wanted to know if they qualified for it.

Still, as **Vincent Cervone**, a hotline volunteer since 2003, pointed out, questions tended to differ depending on whether they came through the phone lines or were submitted online.

"I noticed that most of the callers were older and had questions related to their Social Security, pension and/or disability," Cervone said. "When I answered questions via the online chat, people were much younger, and the questions varied."

The hotline's second day drew several first-time volunteers, including **Rumbidzai N. Bwerinofa-Petrozzello** and **Carmelina Hernandez**.

"This is something that I would definitely consider doing next year," Hernandez added.

Volunteers:

- Adam Baruch
- Stace N. Balitsos
- Sheila Brandenburg
- Rumbidzai N. Bwerinofa-Petrozzello
- Vincent Cervone
- Aiko Chan
- Patrick R. Colabella
- Vincent J. Cosenza
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- Johnathan M. Horn
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- Elliot Schwartz
- Steven Shinder
- Stephen Smith
- Lewis J. Taub
- Brett Walitt

Journal News

Nine volunteers from the Westchester Chapter participated in the *Journal News's* tax hotline on Feb. 28, answering questions for four hours at the paper's headquarters. Callers sought information on a wide range of topics, from tax liability under the Affordable Care Act to the possible tax benefits available for parents of college students. All told, "we had about 75 calls [that] were constantly coming in at a good volume throughout the day," said **Robert M. Winton**, a Westchester Chapter board member.

Volunteers:

- Peter D. Brown
- Karen C. Coniglio
- Phil D'Angelo
- Ronald B. Hegt
- Susan R. Kozera
- Kristin Krauskopf
- William Minoff
- Jason I. Roif
- Steven Shinder



Photo courtesy of the Poughkeepsie Journal

Members of the Mid Hudson and Rockland Chapters partnered with the *Poughkeepsie Journal* for a two-hour "Dial-a-CPA" night.

Poughkeepsie Journal

In a final effort to offer free assistance before the close of tax season, the Society's Mid Hudson and Rockland Chapters partnered with the *Poughkeepsie Journal* for a two-hour "Dial-a-CPA" night on March 25. Volunteers fielded nearly three dozen questions. In addition to taking phone calls, they also provided answers via a live chat session on the newspaper's Facebook page. Questions ran the gamut, covering hot topics, like the Affordable Care Act, as well as basics, like whether pensions are included on tax returns. One caller even had a tax question about her diet: Because she suffers from celiac disease and must ensure that whatever she consumes

is gluten-free, she asked if she could, for example, deduct a new set of kitchen utensils that she needed in order to avoid contamination in her family's home. The answer? Yes, according to **James F. Passikoff**, who told her to make sure she kept the receipts.

Volunteers:

- Brian DiFilippo
- Petra Hermstein
- James F. Passikoff
- Glenn A. Noakes
- Donald R. Sagliano

mlindsay@nyscspa.org



First-time volunteer Rumbidzai N. Bwerinofa-Petrozzello works the phone lines at the *Daily News* tax panel.

FASB

Continued from page 4

also help make the financial information more understandable to users.

"The broader nonprofit sector, the smaller and mid-sized organizations, will be able to wrap their head around that," she said.

Stakeholders have until Aug. 20 to submit comments about the plan. Meth said that the Not-for-Profit Organizations Committee is working with the Society's Financial Accounting Standards Committee to draft a comment letter. In addition, she said the committee's next annual conference will include a session given by a FASB representative addressing the proposed changes.

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FAF proposes one-year delay of revenue recognition standard

BY CHRIS GAETANO
Trusted Professional Staff

The Financial Accounting Foundation (FAF)—which houses both the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB)—issued a formal proposal on April 29 to delay the implementation of the new revenue recognition standard by one year for both public and private companies.

The move was a response to stakeholders who said they needed more time to prepare for the new rules. As it stands, public entities are required to adopt the standard for reporting periods beginning after Dec. 15, 2016, while nonpublic entities must do so for annual reporting periods beginning on or after Dec. 15, 2017. If the FAF's

"It's pretty easy for me to conclude [that] we ought to defer this thing," he said.

Another board member, Daryl E. Buck, noted that, in particular, the proposed guidance on how revenue recognition accounts for licensing agreements has been the cause of some concern for the entertainment, media and software industries, which all rely heavily on licensing for their revenue.

"It very quickly became apparent to me that, at least for those companies in those industries, being in a ready state to implement the standard, as of the effective date that currently exists, would be very difficult," he said.

Both FASB members also noted that stakeholders, too, were concerned about a lack of software solutions for dealing with the new standard. Schroeder said he doubted

"It's pretty easy for me to conclude [that] we ought to defer this thing."

— R. Harold Schroeder, FASB board member

latest proposal passes, however, the new effective date will be reporting periods beginning after Dec. 15, 2017, for public entities, and Dec. 15, 2018, for nonpublic entities. In either case, entities are still allowed to adopt the standard early.

Approved last May, the new revenue recognition model is the culmination of a years-long process between the FASB and the International Accounting Standards Board (IASB) to overhaul how revenue is recognized and recorded under U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS). The standard is part of the boards' convergence project, which aims to produce comparable rules that can work in both systems.

In GAAP, it discards the numerous industry-specific rules that had previously been used, in favor of a unitary model based on the recognition and fulfillment of contracts, which are divided into discrete performance obligations. Under the new standard, entities would identify the contract and the performance obligations within the contract, determine the overall transaction price, allocate that price to the individual performance obligations and recognize revenue when each performance obligation is completed.

Since it was first approved, the FASB has proposed several clarifications to better explain how the standard relates to areas such as the practical expedient and licensing, which financial statement preparers had trouble grappling with. At an FAF meeting last month, R. Harold Schroeder, a FASB board member, said that the need to produce so much clarifying guidance after the standard had been approved signified that it wasn't ready for implementation, which was why he supported a delay.

that vendors would be ready to provide such solutions by the current effective date.

Charles Abraham, vice chair of the NYSSCPA's SEC Committee, felt that delaying the standard's implementation was the right call. At the moment, he said that many clients have begun reviewing what additional procedures and systems they'll need, but are having difficulties interpreting what the guidance asks of them. The new standard is not as prescriptive, he added, and "clients have noted some gaps that need to be clarified."

"There are, of course, certain industries where the new standard will not have a material impact on revenue recognition," he said. "However, with the need for further clarification, and the significant changes anticipated for other industries, in my view, it appears appropriate to defer the effective date."

Fred R. Goldstein, a member of the Society's Financial Accounting Standards Committee, said that pushing back the effective date would be of most help to smaller issuers that don't have the same resources as the larger players. This way, he said, they would have more time to observe what others—namely larger companies that may decide to implement early—are doing.

Still, even though he felt that entities could benefit from a delay, Goldstein expressed some frustration that the standard's implementation has dragged on for so long.

"If this was so important to do, [then] 'why is it taking so long' is always the question," he said.

The FAF has asked stakeholders to submit comments about the proposal by May 29.

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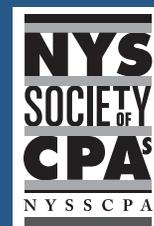
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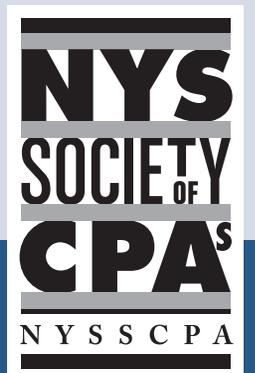
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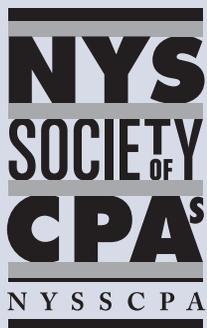
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Find out how to become involved by contacting Tekecha Morgan at tmorgan@nysscpa.org or call 212-719-8425.





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PCAOB approves user-friendly system for auditing standards

BY CHRIS GAETANO
Trusted Professional Staff

The Public Company Accounting Oversight Board (PCAOB) is moving forward with its plan to reorganize and codify its existing auditing standards into a format that it hopes will be easier to navigate.

The board first proposed the changes—which do not alter the standards themselves or impose new requirements on auditors—in a 2013 exposure draft. It approved the reorganization during an open meeting on March 31.

The current state of the rules is a byproduct of the board's early years. In 2003, shortly after the PCAOB was formed, the board approved the use of a set of interim standards that had originally been issued by the AICPA's Auditing Standards Board (ASB). It also retained the ASB's topical organizational and reference numbering system, or "AU sections." However, as time went on, the PCAOB's standards began to diverge more and more from the interim ones: Since 2003, the board has issued 16 new standards of its own, which have superseded 10 of the interim standards, with the remainder amended and revised in varying degrees. Though the PCAOB's auditing standards, or "AS standards," were numbered sequentially in the order in which they were issued, they existed side by side with the AU sections.

In a statement, PCAOB Chair James R. Doty noted that, under the current setup, auditors had to jump back and forth between the interim standards and the PCAOB standards in the literature. As a result, he said, the board felt that the standards needed to be reorganized into a singular set with a common numbering system, and categorized in a way "that makes professional practice easier."

According to the PCAOB, this means that, going forward, all of the standards will use a four-digit numbering system, carry the prefix "AS" and be organized by topic, in a way that is meant to reflect the order in which auditors work through their process. Broadly, those topics are—

- General Auditing Standards—standards on broad auditing principles, concepts, activities and communications;
- Audit Procedures—standards for planning and performing audit procedures and for obtaining audit evidence;
- Auditor Reporting—standards for auditors' reports;
- Matters Relating to Filings Under Federal Securities Laws—standards on certain auditor responsibilities relating to U.S. Securities and Exchange Commission (SEC) filings for securities offerings and reviews of interim financial information; and

- Other Matters Associated with Audits—standards for other work performed in conjunction with an audit

The PCAOB will also remove references to superseded standards, as well as other language and references that no longer apply.

In a 2013 comment letter, the Society largely agreed with this tactic, saying that placing the standards "in a more logical sequence, based primarily on the normal chronology of the audit process ... would be the best alternative and be of substantial value to users." Overall, the Society said, the adoption of the proposal would likely have positive effects.

Indeed, **Tammy E. Strauss**, a member of the Society's Auditing Standards Committee and one of the comment letter's authors, said the board's final product will be a vast improvement.

"It's much easier to research topics when they're organized by subject as opposed to the way they are now, where you have to know what you're looking for already," she explained.

She also prefers the new four-digit numbering system, adding that "the current process of having three numbers was confusing," given that the existing AICPA auditing standards also use three numbers, but a different set of them.

Julian E. Jacoby, a current member and past chair of the Auditing Standards Committee who also contributed to the Society's 2013 comment letter, was less enthusiastic, however, about the change in numbering. He said that he wished the PCAOB's new system was more integrated with the literature of other standards-setting bodies, namely the AICPA and the International Auditing and Assurance Standards Board (IAASB), which also uses a three-digit system.

"It might have been easier just to use the same categories and numbering system [as the AICPA and IAASB] with some differential built in, perhaps a preface or lettering in front of it," he said. "Now, we have a situation where we have three standards, two of which conform to each other and the third which does not."

He added that it was unfortunate the codification dropped references to the AICPA's audit guides, which point to relevant guidance in official standards and note any recent developments. The guides, he said, provide a significant amount of detail and have, in the past, been very useful.

Despite these reservations, Jacoby sees the new codification as a positive step, noting that it will still make it easier for auditors to navigate their way through the literature.

If approved by the SEC, which oversees the PCAOB, the new codification will become effective as of Dec. 31, 2016.

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NYSSCPA award winner spent lifetime educating the profession

BY CHRIS GAETANO
Trusted Professional Staff

If you're a CPA and you earned your license within the last six decades, you've probably learned a thing or two from **Sidney Kess**, the 2015 winner of the NYSSCPA's Dr. Emanuel Saxe Outstanding CPA in Education Award.

The Brooklyn native, who celebrated his 56th year as an NYSSCPA member this February, has been a trusted guide for accountants since 1952, teaching review courses, seminars and conferences, and producing audio cassettes, newsletters and books. He has also published an analysis of each major tax bill since 1969.

All told, he's estimated to have taught more than 1 million CPAs, "making him a living legend for all practitioners of tax and financial planning," said Nassau Chapter member **Perry A. Shulman**, who nominated Kess for the award.

"There is no person who has had a more vital impact on tax education than Sidney Kess," Shulman said.

Oddly enough, Kess, who was not trained as an educator, describes his presence in the classroom as "a happy accident."

As a young staffer at the now-absorbed Coopers & Lybrand preparing to take the CPA exam, he analyzed 20 years' worth of tests, using the material to create a set of study aids for each exam section. When he passed with flying colors, he began prepping colleagues after hours—and free of charge—to help them do the same. Eventually, he was asked to teach the Comprehensive CPA Review Course, one of the leading coaching courses at the time.

This led to a pivotal moment in 1964, when his roommate, who happened to be a member of the NYSSCPA's CPE Committee, asked him to write, teach and develop a plan to market a course on individual tax returns. The class turned

out to be so popular—drawing more than 700 attendees—that the AICPA recruited Kess to teach the course nationwide. He agreed, but with one stipulation: that the NYSSCPA be allowed to continue offering the course, free of charge. For Kess, that decision, too, was a teachable moment.

"The NYSSCPA gave me an opportunity," he said. "They created the class, so I made sure I didn't forget them. That's a lesson that I think is important to realize. Some things you do out of gratitude for the people who have been nice to you."

Asked why his particular style resonates so much with people, Kess said that his approach is to keep practicality in mind and ensure that information is stated as simply as possible, steering clear of too much jargon.

"I love to explain the complex and make it understandable," he said.

In addition, he said he takes pains to keep the focus on helping CPAs, rather than commanding the spotlight for himself.

"I would talk about the average client instead of trying to impress the audience by, for example, saying that I handled the Rockefellers," he said. "People, after taking my course for the first time, would say, 'I had someone talking on my level,' and not about the big multi-million dollar clients that they didn't have."

Kess has been a standout since he was a young man growing up in Brighton Beach. The head of not one but several honor societies in high school, he introduced new forms and checklists before he went off to Baruch College of the City University of New York, so that he'd leave behind a more systemized set of organizations. He still has the letter given to him by his principal that praises him for, among other things, being "so sacrificing of his time and energy."

"It was often necessary for me to tell him to take it easy and go home for the day," the



Sidney Kess, who is estimated to have taught more than 1 million CPAs, was named the 2015 winner of the NYSSCPA's Dr. Emanuel Saxe Outstanding CPA in Education Award.

letter continued. "He wasn't just the president, he was half the organization."

Kess has no plans to slow down. He maintains his own practice and works with the tax controversy firm Kostelanetz & Fink, LLP. Reflecting on the current state of the profession, he said that it's become more complicated than ever. With each year bringing with it a boatload of new laws, standards, rules and regulations, it seems more necessary than ever to offer easily understood instruction.

In the end, though, Kess said he was honored and humbled to receive the NYSSCPA award, noting that he knew both **Emanuel Saxe**, for whom the award is named, as well as the late **Samuel A.**

Dyckman, a beloved accounting professor who won the award in 2011.

"It's an honor to be in the same league as them," he said. "Manny and Sam were great teachers."

And as his relationship with the NYSSCPA continues, Kess continues to give back. The FAE and Baruch College are partnering with him to provide a low-cost personal financial planning conference that begins on July 15.

cgaetano@nysscpa.org

Hear Sid speak

Join Sidney Kess on July 15 at the Personal Financial Planning Conference, jointly sponsored by the Foundation for Accounting Education and Baruch College. For more information, visit cpe.nysscpa.org.



NYSSCPA posthumously honors Past President David Moynihan

BY CHRIS GAETANO
Trusted Professional Staff

The NYSSCPA has posthumously awarded its 2009–2010 President **David J. Moynihan** with one of its highest honors, in recognition of his commitment both to the Society and to the profession, which spanned the course of several decades and included a variety of roles.

Moynihan, who passed away in January after a yearlong battle with cancer, was named the recipient of the NYSSCPA's Distinguished Service Award, which is given to CPAs who have set themselves apart as Society leaders through dedicated service, public advocacy and other activities. Though the award was conferred after his passing, the 12 members of Moynihan's 2009–2010 Executive Committee, who collectively nominated him for the honor—**Margaret A. Wood, Elliot A. Lesser, Mark L. Meinberg, C. Daniel Stubbs Jr., Liren Wei, Joseph M. Falbo Jr., Scott M. Adair, Dave R. Herman, John B. Huttlinger Jr., Martha A. Jaekle,**

CPA profession in New York in more than 50 years, and the State Education Department had begun to draft and adopt its implementing regulations. Moynihan also represented the NYSSCPA when the state drafted the rules for New York's first peer review oversight program, which was also borne out of the reform law, and was one of the first CPAs to be appointed to the State Board for Public Accountancy's Quality Review Oversight Committee, the body charged with monitoring the state's mandatory peer review program for public accounting firms.

"Dave explained to us, not necessarily in words, but always by his actions, that the challenge that lay before us were not problems, but opportunities to make our great Society and profession even better," committee members wrote.

They noted, too, that Moynihan's leadership style was a collaborative one, in which he actively sought out as many different viewpoints as possible. His presidency, they said, was known among those who served with him as an environment where people

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"Some are blessed to be teachers, but we all have the opportunity to shape a mind, to shape a life."

David J. Moynihan
(August 10, 1955–January 9, 2015)

"[Dave] reinforced the fact that if you're going to do something, do it right."

— David R. Herman

Suzanne M. Jensen and **J. Michael Kirkland**—submitted his name for consideration before his death.

An audit partner in The Bonadio Group's Syracuse office, Moynihan joined the Society in 1982 and was a formidable presence from the day he was added to its membership rolls. His statewide presidency was preceded by leadership roles in the Syracuse Chapter, where he eventually served as president from 2001–2002, and varied work with Society committees, ranging from the Government Accounting and Auditing Committee to the Political Action Committee and the Peer Review Committee.

Up to the challenge

In their nomination letter, members of his executive committee recalled him as an inspiring and enthusiastic leader who was emboldened—rather than discouraged—by challenges. He led the Society at the height of the country's economic crisis. What's more, his presidency coincided with a time of immense and, to some, unsettling change for New York CPAs: The state had just passed the Accountancy Reform Law—the first significant amendment to the law that regulates the

were encouraged to speak freely and comfortably. Moynihan was less concerned about *being* right than *getting* it right, an attitude that impressed David R. Herman.

"For me, personally, it definitely reinforced the fact that if you're going to do something, do it right," Herman said.

Moynihan used his oft-repeated mantra, "Quality Matters," to remind CPAs and New York business leaders about the importance of audit quality.

"For those who have worked with him, they have most certainly heard the words 'quality matters' countless times," the committee wrote.

After his presidency, Moynihan remained an active CPA. He served as a member of the AICPA Council, vice chair of the institute's Peer Review Board and chair of its Education Committee. He had been appointed to the AICPA Board of Directors, but passed away before he could serve.

He was active in numerous other community endeavors outside the CPA community as well. Gov. Andrew Cuomo appointed him to the New York State Advisory Board, which

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See Moynihan, on page 13

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Efrayim Steigman	Myrie	Max Hillman	Love Ojo	Ji Ming Zhang	Melissa Hlapatsos	Sajid Dutt	Samuel Fieldman	Matthew Reddington	Paul Cienki
Russell Turner	Christine Buchanan	Stephanie Hines	Ezra Ok	Laura Zhang	Anita John	Gladstone Edwards	Gloria Papisophodes	Maribel Rodriguez	Jude Estime
Steven Vaughan	David Burton	Jeffrey Holt	Chukwudi Ononye	Lubing Zhang	Thomas Johnson	Amanda Foley	Philip Roventini	Jennifer Salvato	Laurie Gannon
	Maria Cabrerros	Earl Hounshell	Isaac Orenbuch	Minyi Zhang	Jake Krassner	Alan Goldberg		Alexander Scannella	Paul Glantz
Buffalo	John Cassil	Ahuva Indig	Michael Pace	Huimin Zheng	Songshan Li	Joseph Hecht	Southern Tier	Craig Schulz	Katiana Golino
Michael Adornetto	Eugene Chai	Benjamin Jamron	Jacqueline Palermo	Yanchi Zhou	Zhi Li	Youmeng Jin	Elyse Eddy	Danielle Singer	Javion Graham
Sean Bird	Rekha Chatterjee	Jennifer Jin	James Parillo	Yifan Zhao	Samuel Long	Kathryn Joseph	Kelly Hawkins	Thomas Sulz	Sara Grandi
Kevin Carrigan	Shao Ping Chau	Jessica Jurczynski	EunKyung Park		Katy Martin	Wing Leung	Michael Mattick	Joanna Triburgo	Basirat Green
Michael Carroll	Juan Chavarria	Melinda Kaufman	Yael Parkoff	Mid Hudson	Zachary Mason	Hui Liu		Nicholas Valoroso	Matthew Hadorn
Matthew Cronmiller	Qinru Chen	Maria Khalitov	Jon Pasqua	Craig Arnoff	Benedetto Milazzo	Juan Martinez		Stephanie Zacchino	Christina Han
Stephane Cwynar	Lena Chin	Mahham Khan	Robert Paz	Brett Boland	Patrick Moss	Tatsiana Martynava	Staten Island		Michael Hickey
Patricia Danwin	Wonyoung Choi	Jihye Kim	Kevin Piekarski	Nicole Cawley	Leilei Pan	Daniel McLaughlin	Thomas Barnes	Syracuse	Yin Huang
Michael DeLorenzo	Rodman Chrysler	Stephanie Kim	Vadim Podobreev	Fitzgerald Chatham	Timothy Pellegrino	Gerard Napolitano	Danielle Bruscella	Jason Nugent	Caron Katz
Dryw Downing	Gregory Church	Marina Klutse	Eka Putra	Bethany Clague	Roshini Pritipaul	Shmuel Paltiel	Vladislav Budnik	Brian Potter	Laura Kettell
Te Feng	Grace Connolly	Rostyslav Korchynskyy	Yushen Qu	Androula Constantinou	James Pustorino	Ryan Parchment	Nancy Casey	Timothy Stitt	Jonathan Ko
Jesse Gasbarro	Ileana Cortoreal	Olga Kovalchuk	Roland Riegelhofer	Charles Dinstuhl	Yinchao Qin	Gurjeet Parmar	Christy Espinal		John Kwegyir-
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	Morley Faller	Sean Maffei	Eli Tucker	Virginia Smith	Michael Zaidman	Ryan Baldwin	Efthimios Hatzispriou	Tracy Fernandez	Qiyang Zhang
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Tatyana Borovets	Dalia Gottlieb	Joon Moon	Shawn Yakich	Fredy Garcia	Rongfeng Chen	Lawrence Brown	Benjamin Strauss	Michael Bohl	
Meghan Boyle	Zi Goy	Thomas Mooney	Hanchun Yang	Lauren Germaine	Kimberlyn Costes	M. Erline Cadichon	Nadhia Taveras de Arias	Michael Bohl	
Maia Brearton	Matthew Grasso	Adam Morrow	Lauren Yee	Ashley Glass	Michael Crane	M. Carline Cadichon-McKoy	Ascensina Tookmanian	Michael Bohl	
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NOTICE OF THE ETHICS COMMITTEE

BY STEVEN J. LEIFER, CPA

NYSSCPA Professional Ethics Committee Member

The AICPA has adopted “Breach of an Independence Interpretation” (1.298.010), which assists members and members’ firms in addressing a breach of the independence rules. This new interpretation of the Code of Professional Conduct sets forth how an identified breach should be communicated within the firm and how the responsible individual in the firm should evaluate whether the breach can be satisfactorily addressed, or whether an attest engagement should be terminated. The Interpretation notes the following:

- Those charged with governance at an attest client must be informed of the breach and of the firm’s determination as to the required action to be taken. These communications should be in writing.

- The responsible individual at the firm should document the breach, the matters discussed with those charged with governance and the actions taken, as well as any discussions with a professional body, regulator or oversight authority.

- In order to address the consequences of an independence breach pursuant to this Interpretation, a member or the member’s firm must be compliant with QC Section 10, “A Firm’s System of Quality Control” (Redrafted) (AICPA, *Professional Standards*).

The Interpretation cautions that a determination that a breach has been satisfactorily addressed will not preclude an investigation or enforcement action. The member or the member’s firm should be prepared to justify such a determination.

The Interpretation is effective March 31, 2016, with early implementation allowed.

Moynihan

Continued from page 10

advised the state’s Agriculture and Markets Committee on internal controls; Moynihan chaired its audit committee. He was also the vice chair of the Central New York Community Foundation, Inc.; chair of the finance committee of St. Patrick’s Church; a board member and treasurer of the Partners for Education & Business; a board member of the Onondaga Citizens League; a board member of the Spanish Action League of Onondaga County; a member of the Syracuse Economic Development Corporation’s Loan Committee; and a member of the Le Moyne College Board of Governors.

In March, the Society’s Foundation for Accounting Education (FAE) launched The Moynihan Fund, an educational trust meant to capture Moynihan’s passion for community service and the education of practicing and aspiring CPAs. The fund will encompass all of the FAE’s college accounting scholarships and high school accounting introduction programs, including

the Career Opportunities in the Accounting Profession (COAP) program.

As a final illustration of Moynihan’s profound influence upon the Society, Executive Committee members noted that among the 12 of them, 11 have subsequently become Society officers, including four Society presidents: Wood, Kirkland, Adair and Falbo.

“This simple statistic illustrates something about Dave that those who have had the good fortune of working with him already know: He is a selfless man who always places the organization, its members, and the profession before himself,” the committee wrote. “His term as president was not centered on what *he* wanted but instead driven by the desire to identify, encourage and cultivate future leaders to guide our Society long after his term as president concluded.”

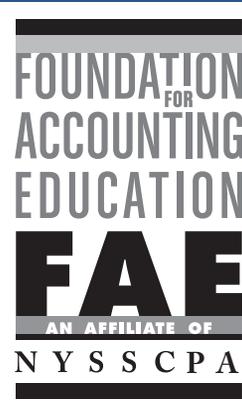
cgaetano@nysscpa.org

UPCOMING INDUSTRY COMMITTEE MEETINGS

Construction Contractors	Thurs., May 21
Internal Audit	Thurs., May 21
Investment Management	Tues., May 19

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

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



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How would you handle this IT breach?

Four best practices for responding to data theft

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

An external auditor was brought in to audit the financial statements of a multistate grocery store chain. During the engagement, he uploaded payroll and pension plan data for some 5,000 employees onto his laptop, which he planned to encrypt once he got back to his office. On his way there, he stopped for lunch at a restaurant and left his laptop in the car. When he returned, the doors had been unlocked and the computer was missing.

What should the auditor do next?

1) Report the loss immediately. Many victims err in not reporting theft immediately, either because they're embarrassed, worried about losing their job, or thought they simply misplaced the device and would soon find it. However, every firm should adopt a strict policy that requires its leadership and its employees to report losses promptly. This allows the firm to prevent further losses and to begin the repair and retrieval process right away. Moreover, some states' laws require that clients be notified within a short period of time following the detection of data loss.

2) Activate safeguards for protecting personal information. Using a remote mobile device security service is an effective way to provide safeguards if security has been compromised. Remote security enables a user to activate a "kill switch" that blocks access to protected files or completely wipes data in the event that a computer, tablet, smart phone or USB storage drive has been lost or stolen. The service may also track devices when they are connected to the Internet.

In addition, firms should take other protective measures—such as maintaining solid encryption policies—that protect the organization independently of the end-user and work whether the computer is online or offline. Some services are available by online subscription, without the need to purchase or support hardware or software infrastructure.

3) Notify the firm's attorney and risk adviser/insurance company. They'll assist the firm in determining whether there has been a breach, as defined by current state or federal laws. The advisers should also be able to help you fulfill the reporting and notification requirements under law.

Cyberliability or data breach insurance is recommended for covering data breach response costs, including notifications to clients and third parties, and computer network

assets, such as data. Some insurance policies also cover legal services, forensic services and business interruption expenses, as well expenses stemming from cyberextortion and cyberterrorism.

Some state laws require that law enforcement be notified in the event of data theft, which may trigger news media and draw attention that could affect the firm's public image and standing. In such situations, a crisis management or public relations firm may help to control communications and protect the firm's reputation.

Credit-monitoring services and identity theft education and assistance services are also recommended; cyberliability or data breach insurance plans will often cover them.

4) Activate the firm's incident response plan. If the firm is prepared, it will have an incident response plan in place in order to manage a breach. The best time to plan for an emergency is before it happens. On the flip side, the worst time to figure out how to respond to a crisis is while it's happening. An effective plan will help the firm to—

- quickly and efficiently recover from security incidents,
 - respond in a systematic manner to incidents and carry out all necessary steps to correctly handle an incident,
 - prevent or minimize disruption of critical information systems,
 - minimize loss or theft of sensitive or critical information,
 - ensure that firm resources are used wisely and efficiently, and
 - govern the flow of communications among the stakeholders (internal) and other organizations (e.g., insurance companies and law enforcement agencies).
- Outline the basic steps of the plan by establishing checklists and clear action items.

Upon discovery of a cyberincident, the following questions usually arise:

- What happened?
- What data were affected?
- How many individuals were affected?
- Is there a legal obligation to notify? (Consult with the firm's attorney.)
- Should the affected individuals be notified immediately?
- Who needs to be notified? Business partners? Law enforcement or regulatory agencies?

If the firm has not yet prepared an incident response plan, assign individuals to be responsible for preparing one. They should be able to recruit others to a response team,

if necessary. Team members need to know where client and personal information are stored. Inbound and outbound sources of information, and all methods of communicating such information, should be addressed by the plan.

A broader plan

An incident response plan should be part of a broader information security program that satisfies the provisions of state and federal regulations. For example, some state regulations require that such programs be in writing. (One advantage of this is that a written security program can be taught to staff so as to ensure that each employee knows the firm's expectations and what he or she is required to do, including best practices for addressing new and continuing risks, such as social engineering, phishing and web application attacks.) Update the program to reflect new laws or regulations and hold training ses-

sions about the changes so that staff can make it a dynamic, living program.

There are several benefits to having a strong information security program. Besides helping to ensure that private information remains confidential and available only to authorized parties, a strong program helps the firm avoid or reduce the high costs associated with data breaches. What's more, it becomes a powerful selling point that clients appreciate in this era of heightened security awareness.

Randy R. Werner, CPA, J.D., LL.M./Tax, is a loss prevention executive with Camico (www.camico.com).

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



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Key steps to implementing a fraud/misconduct strategy

BY CHRIS ROSETTI, CPA, CFE, CFF

Given the pervasiveness of social media and the power of the 24/7 news cycle, it's no surprise that business owners, partners and investors often worry about adverse events and the impact that they—or resulting publicity—could have on a company. After all, trying to reverse negative perceptions is analogous to trying to blow out a lightbulb—it's not going to happen. Moreover, the quality of services that one has provided during prior years may be quickly forgotten in light of an adverse event.

As adverse events go, few can distort the value of a brand or an organization's reputation like organizational fraud. Fraud events have a direct relationship with stock prices, employee morale and long-standing business relationships, often resulting in the negation of invaluable and pre-existing economies of scale.

Studies continue to show that fraud is a problem at many companies. In addition, studies have demonstrated that—

- people are often aware of the measures that can be taken to reduce organizational fraud,
- empirical data exist to support proactive fraud measures and, more importantly,
- organizations are slow to react when implementing proactive fraud measures.

While it's impossible to control adverse events, it is possible to manage potential risks. Well-implemented, formal ethics and compliance programs dramatically increase the reporting of observed misconduct and also help to decrease the rate of misconduct. Therefore, it is important to have some type of strategy in place.

Creating a more ethical culture

Four elements shape ethical culture: ethical leadership, supervisor reinforcement, peer commitment to ethics and embedded ethical values. Collectively, the implementation of these elements can help to reduce—though not eliminate—the incidence of fraud in any organization. Indeed, recent studies show that the strength of enterprisewide ethical culture is the single factor with the greatest impact on misconduct. For example,

in a study of 2,852 workers conducted by the Ethics Resource Center, a nonprofit that promotes ethical practices in business, researchers found that in organizations with strong ethical cultures, just 4 percent of employees felt pressured to commit misconduct, vs. 15 percent of employees at companies with weaker ethical cultures.

Codes of conduct are an important part of the equation, as they help set the tone of what is expected from employees. Today, most codes of conduct include such areas as use of equipment, illegal gambling, computer security, confidentiality, acceptance of gifts, Internet usage, outside employment and conflicts of interest.

Providing examples and educating staff in terms of not only *what* they should be looking at but *why*, can provide results. Employees need to understand how systems can be manipulated and identify red flags.

Much has been written about anonymous reporting mechanisms; research suggests that they are instrumental in identifying fraud schemes and reducing associated costs. Ironically, a vast majority of organizations fail to provide a hotline or Web-based system that allows their employees, customers or other third parties to anonymously report suspected incidents of misconduct.

The reasons are mystifying—given the empirical evidence—which consistently shows that most cases of fraud are reported anonymously. A number of organizations provide this low-cost service worldwide and offer both Web-based and telephone-based systems. Nevertheless, espousing ethics without offering an anonymous reporting hotline sends out conflicting messages and ultimately reduces the effectiveness of any strategy designed to combat fraud or misconduct.

In summary, risk management is a continuous and evolving process whose success will be best measured in the long run. Impediments may arise, but having the right people support efforts to manage risk will make a world of difference.

Chris Rosetti, CPA, CFE, CFF, has more than 30 years of experience in the fraud/forensics field and has provided more than 600 hours of fraud prevention and investigation training to Fortune 500 and other companies, domestically and internationally.

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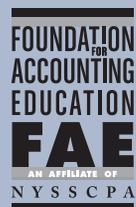
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Assessing the options when a client has unreported foreign assets

BY BRYAN C. SKARLATOS, ESQ., LL.M. (TAXATION)

Recently, many tax return preparers have learned that a number of their clients failed to report their interest in a foreign bank account, corporation or trust to the IRS. Because the Foreign Account Tax Compliance Act (FATCA) requires foreign financial institutions to report their U.S. depositors to the IRS, the IRS is more likely to discover nonreporting taxpayers. Furthermore, in light of more stringent reporting requirements, recent publicity and IRS enforcement action focused on non-reporters of foreign assets, all tax preparers should ask their clients whether they have failed to report foreign assets to the IRS.

When a practitioner learns of a client's unreported foreign assets, what should he or she do?

A taxpayer who has failed to report his or her foreign assets has four general options. The first option is to do nothing. This is not a good choice because by willfully failing to report foreign assets every April 15 or June 30 (the deadline for filing a Report of Foreign Bank and Financial Authority, or FBAR), the taxpayer will be continually noncompliant and subject to criminal penalties.

If a client decides not to report his foreign assets, the practitioner must fire the client because he cannot knowingly prepare inaccurate returns.

A second option is to leave past noncompliance unresolved, but file accurate returns going forward. Because a taxpayer who discovers that her prior returns were not accurate does not have a legal obligation to file amended returns, she can simply file accurate returns prospectively. In this situation, a tax

practitioner can prepare those returns for the client. While a tax practitioner has an ethical obligation to advise the client to file amended returns, the ultimate decision belongs to the client. The practitioner should advise the client of the consequences of filing and not filing amended returns. A key part of this advice is the fact that the IRS audits past years' returns—not future returns. Thus, filing accurate current and future year returns will do nothing to mitigate past noncompliance. Additionally,

a decision not to amend prior years' returns leaves the taxpayer exposed to huge civil penalties, or even criminal prosecution, if the IRS discovers the past noncompliance. A third option is to simply file accurate amended returns with the IRS Service Center, together with the payment of delinquent tax and interest. Some practitioners refer to this technique as a "quiet disclosure." Doing so will at least correct past noncompliance, with

a fourth option is voluntary disclosure by the taxpayer. A voluntary disclosure is a way of filing amended returns and paying delinquent taxes that expressly notifies the IRS that the taxpayer is self-reporting noncompliance. A voluntary disclosure provides the taxpayer with certain protections in exchange for expressly addressing his noncompliance with the IRS. For several decades, the IRS has implemented various types of voluntary disclosure policies.

Because the Foreign Asset Tax Compliance Act requires foreign financial institutions to report their U.S. depositors to the IRS, the IRS is more likely to discover nonreporting taxpayers.

the benefit of not requiring the taxpayer to voluntarily pay huge penalties. On the other hand, this option does not protect the taxpayer against criminal prosecution or the proposed assessment of large civil penalties in the event of an IRS audit of the quietly filed returns. In addition, filing amended returns reporting income from foreign assets increases the chance of an IRS audit that may ultimately result in the aforementioned criminal prosecution and significant penalties.

These policies covered all types of non-compliance including domestic non-compliance such as failing to report cash receipts or claiming phony deductions as well as failing to report foreign assets. More recently, the IRS has created special voluntary disclosure programs to deal with unreported foreign assets.

See Assets, on page 17



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Last year, the Swiss banking giant Credit Suisse pleaded guilty to charges that it knowingly provided tax shelters for U.S. citizens so that they could avoid having to pay the IRS. It was ordered to pay a total of \$2.6 billion to the U.S.

Assets

Continued from page 16

Offshore Voluntary Disclosure Program

The Offshore Voluntary Disclosure Program (OVDP) is the most recent voluntary disclosure program for unreported foreign assets. (See www.irs.gov/uac/2012-Offshore-Voluntary-Disclosure-Program.) The program provides the following benefits to qualifying taxpayers:

- Protection against criminal prosecution
- A limited look-back period of eight years
- Limited civil penalties.

To qualify, the taxpayer must meet the following conditions: 1) the disclosure must be timely, i.e., prior to the commencement of an IRS audit or investigation of the taxpayer; 2) the unreported income and/or assets must be derived from legal sources; 3) the disclosure and any related amended returns must be complete and truthful; and 4) the taxpayer must pay, or make good faith arrangements to pay, any tax, penalties and interest determined to be due. (See www.irs.gov/Individuals/International-Taxpayers/Offshore-Voluntary-Disclosure-Program-Frequently-Asked-Questions-and-Answers-2012-Revised.)

The benefit of the OVDP is certainty. In the end, the amount of tax, penalty and interest will be ascertained and the underlying problem will be resolved, once and for all, with no risk of criminal prosecution. Conversely, the detriment of the OVDP is the cost of filing eight years' worth of amended returns, paying the underlying tax, a penalty equal to 20 percent of the unpaid tax, plus interest on the tax and penalty. In addition, the taxpayer must pay a miscellaneous penalty equal to 27.5 percent of the amount of the unreported foreign accounts plus certain other foreign assets related to the tax noncompliance. If the

taxpayer's unreported foreign accounts were held in a financial institution identified by the government as being involved in offshore tax evasion, the penalty can increase to 50 percent. (For the current list of such institutions, see <http://www.irs.gov/Businesses/International-Businesses/Foreign-Financial-Institutions-or-Facilitators>.)

Streamlined programs

Over time, the IRS realized that there were many innocent taxpayers with unreported foreign assets who wanted to correct their prior noncompliance but did not want to pay the relatively large penalties associated with the OVDP. OVDP penalties are intentionally large because, in exchange for participating in the OVDP, the taxpayer is protected from criminal prosecution, as well as much larger civil penalties based on the willful failure to report foreign assets. However, there are millions of taxpayers—most of them living abroad—who really have no idea that foreign assets and income are reportable to the IRS. To encourage these “nonwillful” taxpayers to become compliant, the IRS created streamlined disclosure procedures as a way for these innocent taxpayers to report previously undisclosed foreign assets and income.

The two types of streamlined disclosure procedures are the Streamlined Foreign Offshore Procedures and the Streamlined Domestic Offshore Procedures. Both are considerably more lenient than the OVDP because the former procedure imposes no penalties and the latter procedure imposes only a 5 percent penalty. Because neither procedure is part of the OVDP, however, they provide no protection against criminal investigation or the huge willful FBAR penalties. This is because streamlined procedures are not for taxpayers who

willfully failed to report foreign assets. In fact, to qualify for either streamlined procedure, a taxpayer must certify under penalty of perjury that he or she did not willfully fail to report the foreign assets or income.

To participate in the Streamlined Foreign Offshore Procedures, a taxpayer must meet the nonresidency requirement and provide the required nonwillful certification. A taxpayer meets the nonresidency requirement, if, in any of the preceding three years, the taxpayer did not 1) have a place of abode in the United States and 2) physically spend more than 35 days in this country. A qualifying taxpayer can participate in the streamlined procedures by filing original or amended tax returns for the preceding three years, and original or amended FBARs for the preceding six years. The taxpayer's liability is limited to the resulting tax and interest, with no penalties imposed. (See www.irs.gov/Individuals/International-Taxpayers/U-S-Taxpayers-Residing-Outside-the-United-States.)

If a taxpayer does not meet the nonresidency requirement, the Streamlined Domestic Offshore Procedures are available to taxpayers who live in the United States, have an abode in United States or spend a significant amount of time in this country. These procedures, however, are not available to taxpayers who have not filed U.S. tax returns—considered to be domestic

noncompliance—because they apply only to taxpayers with foreign asset-related noncompliance. A qualifying taxpayer must file amended income tax returns for the preceding three years, and original or amended FBARs for the preceding six years. In addition to the tax and interest triggered by the foreign asset income, the taxpayer must pay a miscellaneous penalty equal to 5 percent of any foreign asset (i.e., a bank account) that was not properly reported on the original returns. (See <http://www.irs.gov/Individuals/International-Taxpayers/U-S-Taxpayers-Residing-in-the-United-States>.)

Ultimately, the taxpayer's best option depends on whether he or she willfully failed to report the foreign assets. A truly innocent taxpayer who did not willfully fail to report foreign assets may qualify for one of the streamlined programs and pay little or no penalties.

Bryan C. Skarlatos, Esq., LL.M. (Taxation), represents clients in tax audits, civil tax litigation, sensitive tax issues, criminal tax investigations, voluntary disclosures and IRS whistleblower matters. He is also an adjunct professor at New York University School of Law, where he teaches a course on tax penalties.

This story originally appeared in the Tax Stringer, the NYSSCPA's electronic tax newsletter. To sign up for this free members-only publication, go to nysscpa.org.



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Buffalo Chapter recognizes top accounting students

BY THOMAS BURNS
Buffalo Chapter President

Congratulations to each student who received an award at our Annual Education Night, held on April 21 at Salvatore's Italian Gardens. The event honors top undergraduate and graduate accounting students from area colleges and universities.

I was truly impressed by **Daniel Whelehan**, our Cooperation with Educational Institutions Committee chair, who planned this special night with help from some key members. Not only did Daniel present a two-hour continuing education program on COSOS's Internal Control-Integrated Framework, but he served



THOMAS BURNS
Buffalo Chapter President

as the master of ceremonies for the awards portion of the program.

Thank you to our keynote speaker, **Gerard "Jerry" T. Mazurkiewicz**, a past president of the Buffalo Chapter and the recipient of the 2014 Michael H. Urbach, CPA, Community Builders Award. In addition, I was honored to present **Dennis W. Jewell**, another Buffalo Chapter past president, with the Distinguished Service Award for his work with the Buffalo Chapter. Thank you, Dennis, for setting such a great example for me throughout the years.

The Summer Symposium will be held at the Millennium Hotel on July 21-22. The chapter's A&A Committee is formalizing the speakers and agenda, and more information about the event will be available

soon. The A&A Committee is also looking for new members, so please consider joining.

I welcome the new slate of officers and directors for the 2015-2016 year: **Bruce M. Zgoda**, president; **Daniel Whelehan**, vice president; **Christine A. Learman**, treasurer; **Sarah L. Clare**, secretary; and directors **Richard Brennan**, **Patricia A. Johnson**, **Jennifer Kartychak**, **Brian Kern**, **Deborah Kassirer**, **Jamie Lotz**, **Rosemarie Steeb** and **Franco Strangis**. Special thanks to the nominating committee—**Edward L. Arcara**, **Sarah Hopkins** and **Amelia Wright**—for its efforts.

My term as chapter president has been both rewarding and challenging, and I am grateful to have had the opportunity to serve my peers. **Patricia A. McGrath**, a chapter past president, was a tremendous help, and I thank her for all of her advice

and occasional prodding. **Joseph M. Falbo Jr.** was also a tremendous resource, and I thank him and wish him all the best for his upcoming year as NYSSCPA president. Thank you to the Buffalo Chapter executive board and committee chairs. I also want to thank the NYSSCPA staff, whose patience I appreciate. Without their continuity, it would be difficult to move the organization forward. A special thanks to **Sherry L. DelleBovi** for introducing me to NYSSCPA service and for all of her advice this past year.

I am confident that Bruce Zgoda will lead the chapter to new heights. He has already served it in so many ways and has an outstanding network of friends whom he can count on to help him as president.

tburns@lumsdencpa.com

Chapter president reflects on a year of successes

BY IRALMA POZO
Manhattan/Bronx Chapter President

It's already May, and my term as chapter president will soon come to an end. What a year it's been! I enjoyed every moment of my term.

I want to thank my fellow board members, **Digant Bahl**, **Carnet Brown**, **Elysa Dauerman**, **Margaret Hannon**, **Shan Hicks**, **Barbara Marino**, **Roman Matatov**, **Colin Mohamed**, **Brad Niedzielski**, **Janet Oberstein**, **Adam Reiss**, and **Alan Willinger**,



IRALMA POZO
Manhattan/Bronx Chapter President

who worked hard to bring forth so many exciting CPE and social events, especially our community outreach programs and fund-raising efforts for New York Cares, Toys for Tots and the Theodore Wilson Accounting Scholarship.

A special thanks to **Barbara**, our immediate past president, for her guidance during this term, and congratulations to **Margaret**, our chapter's treasurer, on her retirement. Margaret has spent more than eight years serving our board in a number of roles and will be missed. Lastly,

I would like to thank **Shan**, who will leave our board in June. Her energetic spirit was a great help to our chapter, as was her work on our marketing strategies and in organizing our events.

I look forward to **Digant's** term as FY 2016 chapter president and am excited to continue to represent our chapter as the Manhattan/Bronx Chapter director on the NYSSCPA's Board of Directors, starting in June.

It was a pleasure to serve as your chapter president. Have a great summer—I look forward to seeing you at future chapter events.

Iralma_pozo@hotmail.com

Business Opportunity with the City of New York for Firms or Persons with Legal, Auditing and Investigative Skills

REQUESTS FOR EXPRESSIONS OF INTEREST AND STATEMENTS OF QUALIFICATIONS FOR INTEGRITY MONITORS

The **New York City Department of Investigation (DOI)** seeks expressions of interest from applicants who wish to act as Integrity Monitors for vendors of goods and services to the City of New York.

An Integrity Monitor is an individual or firm with legal, auditing, investigative and other skills, designated by the City to monitor the activity of specified City vendors. A City vendor may be required to retain an Integrity Monitor where the vendor has had past integrity issues in order to be considered a responsible vendor. The Integrity Monitor is retained to ensure that the vendor's efforts to remediate past problems have been effective, to monitor compliance with relevant laws and regulations, to ensure the establishment of adequate internal controls and to report any unethical or illegal conduct observed. DOI selects each Integrity Monitor who reports directly to DOI. The Integrity Monitor is then retained directly by the vendor, who pays for the monitor's services.

Interested applicants must file a Statement of Qualifications form with DOI, which can be found at www.nyc.gov/html/doi, "Integrity Monitor Program," "Statement of Qualifications Form."

Please forward submissions to **Tejah Duckworth**, Director of Vendor Integrity, New York City Department of Investigation, 83 Maiden Lane 4th Floor, New York, NY 10038 or electronically at tduckworth@doi.nyc.gov. DOI will maintain a list of all of the entities that submit Statements of Qualifications and contact individual applicants for additional information as each is considered for specific engagements based upon their responses.

Take full advantage of your membership

BY DAVID PURCELL
Mid Hudson Chapter President

As my term as president of the Mid Hudson Chapter comes to a close, I wanted to take this time to thank my fellow board members for another successful year and give a special thanks to the many chapter members who support and help to host events.



DAVID PURCELL
Mid Hudson Chapter President

I'd also like to call attention to our events, which include both CPE sessions and social activities. During the current fiscal year, our chapter hosted four CPE events and seven social events. All of the events in our chapter are developed and organized entirely by member volunteers. If you have an idea for a CPE topic or social event that would benefit the chapter, please contact

one of our board members; you'll find their contact information on our chapter webpage, www.nyscpa.org/midhudson.

I would like to encourage all members to become involved with the chapter—getting involved and attending events is the greatest benefit of NYSSCPA membership.

Please visit our chapter Web page for more on what we have lined up in the months to come.

dpurcell@live.com

CHAPTER EVENTS AND CPE

MID HUDSON

36th Golf Invitational

When: June 15, 11:30 a.m. outdoor barbecue lunch; 12:30 p.m. shotgun start; 5:30 p.m. cocktail hour and buffet
Where: Wiltwyck Golf Club, Kingston
Cost: \$150 per golfer (includes meals and cash bar cocktail hour); \$45 cocktail hour and buffet only
Course Code: 45020601
Contact: Domenick Del Rosso at ddelrosso@jgspc.com or 845-692-9500

NASSAU

Foreign Reporting Update/Tax Season

Roundtable
When: May 12, 8–10:15 a.m.
Where: Mio Posto, 600 Old Country Road, Hicksville
Cost: \$10 per person
CPE: 2 (taxation)
Course Code: 29036535
Contact: Lola Damante at ldamante@rem-co.com

Alternate Compensation Strategies

When: May 14, 8–10 a.m.
Where: Law office of Meltzer, Lippe, 190 Willis Avenue, Mineola
Cost: \$10 per person
CPE: 2 (1 accounting, 1 taxation)
Course Code: 29031536
Contact: Anthony Aronica at AAronica@graphicpaper.com

Women's Focus Group

Topic: Health & Finding the Time to Unwind
When: May 22, 12–2:30 p.m.
Where: The Milleridge Inn, Jericho
Cost: \$45 per person
Contact: Elizabeth Oberg at loberg@st-cpas.com or 516-938-5219

Annual Golf Outing

When: June 11, 10:30 a.m. registration; 12 p.m. shotgun start; 5:30 p.m. cocktail, buffet and raffle prize drawing
Where: North Hills Country Club, 200 North Service Road, Manhasset
Cost: \$1,600 foursome; \$425 individual golfer; \$175 dinner per person
Course Code: 45030602
Contact: Carol Pinto at cpinto@ck-co.com or 516-937-9500
RSVP by May 28

14th Annual Ellen Gordon CPA 4(a) Cause 5k Run/Walk

Proceeds to Benefit Island Harvest
When: June 20; 7:30 a.m. registration, 8:30 a.m. race time
Where: Eisenhower Park Field #1, East Meadow
Register online: www.active.com
For more information: www.islandharvest.org

NORTHEAST

Financial Professionals Golf Open

When: May 11, registration and buffet lunch; 11:30 a.m., shotgun start; 12:30 p.m., cocktails, awards & dinner;

5:30 p.m., one-hour open bar sponsored by ADP
Where: The Edison Club, 891 Riverview Road, Rexford
Cost: \$250 sponsors a hole; \$600 foursome; \$150 individual golfer; \$50 cocktails/dinner only
Contact: Jim Conroy at jconroy@nybdc.com or 518-694-8548
Registration due May 6

QUEENS/BROOKLYN

Queens/Brooklyn Accounting and Auditing Conference

When: May 20, 8:30 a.m.–4:30 p.m.
 8 a.m. check-in; 4:30–5:30 p.m., networking
Where: St. John's University, Queens Campus, D'Angelo Center 416, 8000 Utopia Parkway
CPE: 8 (4 accounting, 4 auditing)
Course Code: 28116522
Cost: \$100 members, \$125 nonmembers

ROCHESTER

Internal Controls—Why You Need Them!

When: May 11, 9–11 a.m.
 continental breakfast included (check-in 8:30 a.m.)
Where: Rochester Institute of Technology—Louise Slaughter Hall, Room 2230, 1 Lomb Memorial Drive
Cost: \$15 per person; \$50 group rate (4–6 participants)
Course Code: 45050511
Contact: Donna Leecy at dleecy@heveron.com

Young CPAs/NextGen Golf Tournament

When: May 29, 11:45 a.m. registration; 1 p.m., shotgun start
Where: Eagle Vale Golf Course, 4344 Nine Mile Point Road, Fairport
Cost: \$65 per person
Contact: Riley Carhart at rcarhart@fs-cpa.com
Register by May 18

15th Annual Counselor's Cup Golf Tournament

When: June 16, 8 a.m., registration/breakfast; 9 a.m., shotgun start; 3 p.m., putt off/networking; 4 p.m., dinner/awards/raffles
Where: Bristol Harbour, 5410 Seneca Point Road, Canandaigua
Cost: \$125 per golfer; \$250 twosome; \$45 dinner only (for nongolfers)
Course Code: 45050608
Contact: Nick Piehler at npiehler@daviekaplan.com or 585-454-4161

SOUTHERN TIER

Chapter Officer Installation Dinner

When: May 14, 5:30 p.m. cash bar; 6–8 p.m. dinner
Where: Remlik's Grille & Oyster Bar, 31 Lewis St., Binghamton
Cost: \$38 per person (past presidents free)
Course Code: 45060505
Contact: Tera Stanton at tstanton@davidsonfox.com

STATEN ISLAND

Retirement and Estate Planning

When: May 19, 6 p.m. registration and dinner;

6:30–8:30 p.m. CPE sessions; 8:30 p.m. networking
Where: Wealth Protection Strategies, MetLife, 2 Teleport Drive, Ste 300
Cost: \$15 per person
CPE: 2 (taxation)
Course Code: 29076506
Contact: JoAnne Mulé at 718-983-4370 or jmulé@metlife.com
RSVP by May 12

SUFFOLK

Advanced Business Valuation Topics

Discount for Lack of Marketability/Shareholder Dispute Resolution/Buy-Sell Agreements
When: May 20, 6–9 p.m.
Where: Albrecht, Viggiano, Zureck & Co. PC, 25 Suffolk Court, Hauppauge
Cost: \$50 per person
CPE: 2 (specialized knowledge and applications)
Course Code: 29085520
Contact: Carmella Jankowski at cjangowski@nslpcpa.com or 631-543-1333 x272

Employment Law Update

Topics: Discount for Lack of Marketability/Shareholder Dispute Resolution/Buy-Sell Agreements
When: May 20, 8–10 a.m.
Where: Empire National Bank, 1707 Veterans Highway, Ste 8, Islandia
Cost: Free
CPE: 2 (specialized knowledge and applications)
Course Code: 29086525
Contact: Janet Verneville at jverneville@empirenb.com
Register online or call: 800-537-3635

FAE's Audits of 401(K) Plans (In conjunction with the Suffolk Chapter Employee Benefit Committee)

When: June 3, 8 a.m.–4 p.m. (registration 7:30 a.m.)
Where: Melville Marriott, 1350 Walt Whitman Road
Cost: \$239 members; \$209 AICPA members \$365 nonmembers; \$335 AICPA members
CPE: 8 (auditing)
Course Code: 22214523
Register online or call: 800-537-3635

Business Divorce

When: June 17, 6–9 p.m.
Where: Bank of America Building, 300 Broad Hollow Road, Room A—Atrium
Cost: \$50 per person
Course Code: 45080511
CPE: 2 (specialized knowledge and applications)
Course Code: 29085524
Contact: Erin Rostkowski at erinrostkowski@nslpcpa.com or 631-756-9500 x230
Register online or call: 800-537-3635

14th Annual Long Island Ducks Outing and Picnic

Long Island Ducks vs. Bridgeport Bluefish
When: June 19, 5:05 p.m. picnic buffet; 6:35 p.m. game start
Where: Long Island Ducks, 3 Court House Drive, Central Islip

Cost: \$30 picnic and ticket (ages 10 and older); \$24 picnic and ticket (ages 9 and younger); \$10 ticket only
Course Code: 45080602
Contact: William Huether at 631-665-7040

Young CPAs/NextGen 20th Annual Young Professionals Golf Classic

When: Sept. 1, 7:30 a.m. hot gourmet breakfast; 8:30 a.m., shotgun start; 1:30 p.m., cocktails, buffet, raffles
Where: Willow Creek Golf & Country Club, 1 Clubhouse Court, Mt. Sinai
Cost: \$250 individual golfer
Course Code: 45080601
Contact: Lou Mauro at lmauro@avz.com or 631-434-9500
RSVP by Aug. 25

WESTCHESTER

Young CPAs/NextGen Wine Tasting Event to Benefit Bythedale Children's Hospital

When: TBD
Where: Willow Ridge Country Club, 123 North St., Harrison
Cost: \$45 members; \$50 nonmembers in advance; \$50/\$55 at door
Course Code: 45110509
Contact: Heather Oboda at hoboda@citricooperman.com or 914-949-2990 x3382

Maximizing the Benefits Available from the Social Security System

When: May 20, 7:45–9 a.m.
Where: Skadden Arps, 360 Hamilton Ave., White Plains
Cost: Free
CPE: 1 (taxation)
Course Code: 29116506
Contact: Michael Herz at michaelherz@gmail.com

Chapter President's Dinner

When: May 28, 6–9 p.m.
Where: Willow Ridge Country Club, 123 North St., Harrison
Cost: \$65 per person
Course Code: 45110510
Contact: Marlina Di Camine at mdicarmine@citricooperman.com or 914-949-2990 ext. 3379

The Annual Golf Outing Event

When: June 8, 11 a.m., registration and brunch; 12:30 a.m., shotgun start; 5:30 p.m., cocktail hour and hors d'oeuvres
Where: Willow Ridge Country Club, 123 North St., Harrison
Cost: \$350 full price; \$325 when paid before Feb. 15; \$150 for cocktail hour, buffet/dessert only
Course Code: 45110503
Contact: Jeffrey Schwartz at jeff@stantonandleone.com

CPA ROUNDTABLE

Interviews by Chris Gaetano

What are the advantages of hiring a newly licensed CPA who chose accounting as a second career? Conversely, what reservations might you have?



ANDREW COHEN | Office Managing Partner, Long Island

These sorts of hires usually know what it means to be in the work force, and have the maturity that comes with it, which can be very valuable. One challenge that immediately comes to mind is the age difference between them and the people who will be supervising them. The accounting profession has a well-defined hierarchy, and entry-level types are on the lowest rung. They're usually people who are right out of college, say 22-year-olds. So, when you have older hires coming into the profession as a second career, it could mean that they, in their 30s or 40s, would have to take orders from someone 15 years younger. I would have to have a very candid discussion with them and ask whether they would be OK with that.

We'd need to have some candid discussions with our clients, as well. If you send in an entry-level person who's in his 40s, the client could have expectations that are different from those if you'd sent in someone who's obviously fresh out of college. They may think the older hire is more experienced than he or she really is. So, at least until that person is up to speed, you need to manage the client's expectations.

andrew.cohen@weisermazars.com



GLENN L. FRIEDMAN | Managing Partner, New York City

When it comes to hiring people who are coming to the profession as a second career, my thought process isn't substantially different from the one I have when considering any candidate. Do they have the required education? Are they qualified for the position? If they are, it doesn't matter how they got here or where they came from — we hire based on qualifications. Yes, career-change candidates do come with more life experience, and there's the possibility that they can relate to clients on a different level; these are definite positives. But, by and large, the questions I'd consider for such a person are the same ones I'd consider for someone right out of college.

gfriedman@metisgrouppllc.com



DONALD R. KARLEWICZ | Managing Partner, Chestnut Ridge

I left public accounting a while ago to work in private industry, and then came back. What I thought would be a temporary return ended up being a permanent career change. I've always felt that my experience in private industry has been a big help when dealing with clients. I can sit across the table from the controller or CFO, and she knows that I've been in her shoes and did what she did. This real-world experience can and has been an advantage.

There can admittedly be some awkwardness if you have an older candidate coming into the profession. When you go on an audit assignment, if you're the new guy with little experience, you're the low man on the totem pole. So, when you have a relatively young staffer being asked to supervise someone much older than he on an audit, I think it can be a little awkward on both sides. I do, however, think that it's easier for a career-change professional to slide into tax instead of audit, because you avoid a lot of these problems due to the different nature of the work.

Dkarlewicz@gkgcpa.com



BARRY E. BERG | Managing Partner, Melville

I came into this profession as a third career — in my 40s — so I can approach this question from a more personal angle. Depending on what career-change professionals have done in the past, one pro is that they come in with more life experience — and, hopefully, some good, solid business experience that will enable them to communicate with clients more easily than someone who is still in the process of learning the difference between what he reads in textbooks and experiences in real life.

I started at a small firm but was quickly taken in by a client to work as a controller. Ultimately, I left that position for another job at a large specialty medical group. When I returned to public accounting after a long absence, I found that this experience served me very well, as I knew the medical profession and had a lot of medical clients.

As a managing partner, I'd say the most significant difference in hiring a career-change CPA is a matter of cost. You can't compensate a 50-year-old who has been working in the real world for 25 or 30 years at the same level you would a college graduate fresh out of school. The former's cost of living, especially here on Long Island, is higher, and even if she doesn't yet have the technical knowledge, she comes in with more practical experience.

I'm not as concerned about age differences between these new hires and their supervisors, personally. We have some younger people here supervising people 15 years their senior, and I think they both benefit: The new member has someone who can help with technical matters, while the younger partner can benefit from learning from the business and practical experience of the new member. I think it's really a matter of them both communicating well and sharing their skills.

barry.berg@nybk.com

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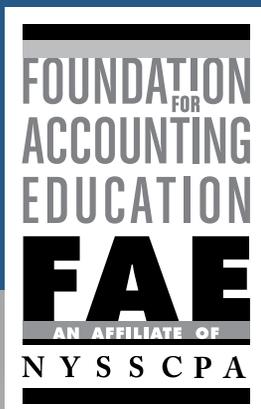
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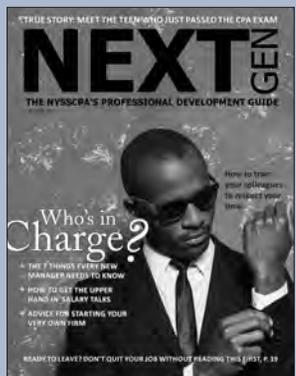
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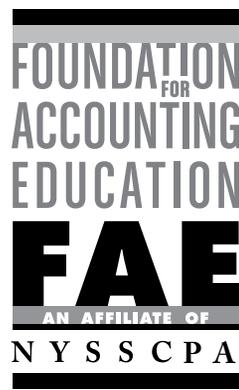
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