NYSSCPA tax panels provide statewide service

BY ALONZA ROBERTSON and ROBERT BUSWEILER
Trusted Professional Correspondents

Freezing temperatures, icy roads and blustery snow usually correspond to the late-winter months of February and March. But at the NYSSCPA, that time of year also signals the beginning of the Society’s annual public tax panels, which are coproduced by local newspapers and held across the state.

From Feb. 25 to March 21, more than 60 volunteers from the NYSSCPA Utica, Westchester, Buffalo, Suffolk, Nassau, Staten Island, Queens/Brooklyn and Manhattan/Bronx chapters offered free income tax filing help for individuals and businesses via telephone hotlines, web chats, blogs and email.

This NYSSCPA tradition started more than 20 years ago at a New York City radio station, and the hotline events have grown in popularity with the public, as has the complexity of the inquiries received. More than 1,600 calls were taken this year with questions that ranged in scope from how to figure a Superstorm Sandy casualty-loss deduction (depends on the remaining balance of the loss after insurance payments) to what to do if you haven’t filed income taxes in 10 years (file them now!).

Newspapers hosted the events at their offices and covered the panels in their online and print publications.

“I want to thank everyone for volunteering their time for this year’s tax hotlines,” said NYSSCPA President-elect J. Michael Kirkland, who attended the tax hotline at the New York Daily News. “Your service is greatly appreciated and helps to enhance the ‘CPA’ brand.”

Society continues active role in legislative issues

BY ROBERT BUSWEILER
Trusted Professional Correspondent

It’s been a busy legislative session for the NYSSCPA. Now that the state budget has passed, lawmakers in Albany are beginning to make progress on several bills that could potentially impact the CPA profession in New York state.

Chief among the issues on the Society’s radar is non-CPA firm ownership. Last month, legislation that would allow for this type of public firm structure in New York was introduced in the state Senate and currently sits in the Senate’s Higher Education Committee.

Under the bill, S.4596, firms would be allowed to make non-CPAs owners of a firm as long as CPAs make up a simple majority of the firm’s ownership group. The bill would require that all firm owners, even non-CPAs, comply with New York State Education Department rules. It also includes stipulations that the NYSSCPA has advocated for, including a requirement that non-CPA owners be natural persons or an entity in which each beneficial owner of an interest equity is a natural person who actively participates in the firm’s business.

The NYSSCPA Board of Directors supported the concept of non-CPA firm ownership during its quarterly meeting on Dec. 4, in large part to ensure that the Society would be in a position to engage with relevant stakeholders and be involved in the drafting process.

To that end, NYSSCPA Legislative Task Force Chair Kevin J. McCoy and NYSSCPA Executive Director Joanne S. Barry took part in a day of meetings with lawmakers in Albany on April 16. The feedback gained from these meetings will be used in future discussions with other lawmakers as the bill begins to work its way through the committee vetting process.

Holding the line on school audits

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

When I assumed the NYSSCPA presidency a year ago, I shared the following quote by acclaimed cultural anthropologist Margaret Mead in my address: “Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.” That sentiment can be applied to any number of scenarios, but in my view it is particularly evident for the Society. As an organization driven largely by volunteer efforts, we could not possibly advocate for the profession and the public we serve as consistently as we do, or at such a high level, without so many thoughtful, committed members engaged in making a difference and holding quality at the forefront.

As my term as NYSSCPA president draws to a close, I would like to extend my sincere appreciation to those members who give so freely of their time and expertise. This includes committee chairs and the principal drafters of the Society’s comment letters, as well as committee technical hotline volunteers who assist practitioners with professional issues and questions. We recognize these and the other committee technical hotline volunteers who are the society’s expanded technological capabilities organization, I did not fully appreciate the many leadership roles available within the NYSSCPA, nor that I would have the opportunity to enjoy so many.

I extend my most sincere congratulations to J. Michael Kirkland, our incoming president, and to the incoming NYSSCPA Board and FAE Trustees. I look forward to seeing the Society continue to build on the foundation upon which we have worked so hard.

“Change is not only inevitable, but best met with a proactive, solution-focused approach.”

The FAE extends a hand to the next generation of CPAs

I was very pleased to read in the March 2013 Trusted Professional article about how much the Excellence in Accounting Scholarship Program has grown (“Deadline looms for CPA, Society student scholarships”). This program began as an outgrowth of a committee that was chaired by past NYSSCPA President Steve Baum, and included myself and Barry Seidel, also a NYSSCPA Past President. It is fulfilling our goal of offering financial help to third- and fourth-year accounting students who are serious about pursuing an accounting career. The scholarship program appears to be working as we had envisioned and continues to make our profession accessible to students from all economic backgrounds.

As a just reward for our participation on this committee, the three of us became good friends and in 2000 combined our respective firms to form Marks Paneth & Shron LLP, which has grown to be the 15th largest firm in the NYC metropolitan area. This is a wonderful example of the benefits Society members can get from active participation in the Society.

LETTERS TO THE EDITOR

The FAE greatly value the contribution that students can make to the profession. The Trust extends a hand to the next generation of CPAs, and we are pleased to see how much the scholarship program has grown.

Richard L. Hecht
White Plains, NY
How do you expect your work with the PCAOB to differ from your work with the SEC?

In the most important respect, my work really isn’t changing at all: My job was and is to protect investors. That said, I’ll be shifting away from serving as the lead litigator and trial attorney on a range of SEC cases to assuming a broader set of responsibilities in an organization that has a more focused mandate than the SEC.

Perhaps the biggest difference will be that PCAOB-litigated proceedings are currently nonpublic, as required by the Sarbanes-Oxley Act. That aside, I expect the actual work of investigating and litigating cases on behalf of the PCAOB will be substantially similar and draw on the same set of skills as my previous position. As someone who enjoyed being in the trenches, I am pleased to note that I fully expect, from time to time, to have hands-on involvement in our matters going to trial.

You’ve prosecuted accounting fraud cases. What do you think is the most common type of accounting fraud and how, generally, do these frauds get discovered?

In my experience, a deliberate accounting fraud almost always is aimed at improving a public company’s financial picture, either by improperly recognizing revenue or by deferring or hiding losses. And if there is one thing I have learned, it is that the method of executing the fraud is limited only by the fraudster’s imagination and creativity.

Discovering the fraud often requires an equally flexible approach. At the PCAOB, our cases arise from several sources. Many cases evolve from issues identified by a PCAOB inspections team in the course of their work. We work closely with other regulators and often receive referrals from them. The enforcement division also constantly monitors corporate disclosures, including announcements of restatements and auditor changes, as well as other public data, to identify potential cases and remain abreast of industry trends and emerging issues. Finally, we operate the board’s Tip and Referral Center, which often receives valuable information from members of the public. If we identify a matter in which the auditor’s client committed fraud, we will evaluate the auditor’s conduct to determine if there were serious departures from PCAOB audit standards.

“‘If there is one thing I have learned in the course of prosecuting financial frauds, Ponzi schemes, market manipulations and other types of fraud, it is that the method of executing the fraud is limited only by the fraudster’s imagination and creativity.’ — C. Ian Anderson, PCAOB New York Regional Associate Director

What was the most interesting case you’ve worked on?

There are a number of cases I can think of, including a bizarre IPO fraud involving an indoor windmill, but I think the most interesting and challenging case was the one I was working on when I left the commission. Early last year, we filed a complex fraud case against one of the largest regional banks in Florida and its CEO. The matter primarily involves two sets of related allegations. The first focuses on how the bank and its CEO hid the truth about its deteriorating commercial residential land loan portfolio in the first two quarters of 2007. The second set of allegations focuses on how, after the truth about the portfolio was revealed, the defendants tried to sell off the troubled loans, but deliberately lied to their outside auditors about their intentions in order to avoid having to write the loans down to fair market value under GAAP rules applicable to assets “held for sale.” The legal and accounting issues in the case are important and have broad implications. And it was a real pleasure working on the case with a great team in the Miami office. The case is scheduled to go to trial later this year.

What are you reading at the moment? Is there a particular book that you would strongly recommend?

I am wary of suggesting that there is a book out there that everyone should read, and I am certainly not going to cite a book on accounting or the financial crisis, but I think it’s safe to mention that I thoroughly enjoyed reading the new translation of Anna Karenina by Richard Pevear and Larissa Volokhonsky. I don’t read a lot of fiction these days, but this was a welcome exception. Tolstoy’s mastery of language is truly wonderful. On the nonfiction front, I recently finished reading Steve Coll’s excellent Ghost Wars: The Secret History of the CIA, Afghanistan, and Bin Laden, from the Soviet Invasion to September 10, 2001.
NYSSCPA recognizes financial journalism standouts with annual awards

BY CHRIS GAETANO
Trusted Professional Staff

The NYSSCPA recognized outstanding financial efforts to illuminate the complexities of the modern financial system through its 30th annual Excellence in Financial Journalism (EFJ) Awards. The awards, which were presented April 30 in New York City, honor reporters from the national and local press whose work contributed to a better and more balanced understanding of business or financial topics. Winners were selected by a panel of judges from the New York Financial Writers Association, who ranked submissions on business or financial topics. Winners were honored at an awards ceremony, which was presented April 30 in New York City. The ceremony also included a presentation from keynote speaker Michael Rapoport of the Wall Street Journal. Rapoport himself was the recipient of the NYSSCPA's Excellence in Financial Journalism Award in 2009, and has also won a National Headliner Award, a Society of American Business Editors and Writers "Best in Business" Award and a World Leadership Forum "Business Journalists of the Year" Award.

The Society honored outstanding financial journalism in a variety of formats geared toward the general public and financial professionals, including books, print and online journalism and radio and television broadcasts. Kirsten Grind received the book award for "The Lost Bank: Story of Washington Mutual-The Biggest Bank Failure in American History," which examines how one of the world’s largest banks collapsed under the weight of its own greed and mismanagement, and how this reflected larger trends within the financial industry and the nation itself at the height of the financial crisis.

David Kaplan, a fortune magazine reporter, won for best news/investigative piece for a trade publication with his article "Hostess Is Bankrupt … Again," which analyzed the trials and tribulations of the famed baked goods manufacturer. Fortune's Roger Parloff won best feature for a trade publication with "The All-American Con Man," which examined the story of Barry Minkow, a trader and swindler who became embroiled in a notorious insider trading case. Finally, Reuters' Bob Cox and Robert Cyran won the best opinion piece for a trade publication award for "HP Breakup is on Techworld’s 2013 Agenda," which argued that breaking up the troubled technology company would be a better solution than trying to turn it around.

The Society recognized Bloomberg News reporter David Evans for "Duping the Donors" in the category of best news/investigative piece for a consumer publication. The piece examined how major charities instruct telemarketers to lie about how donations are used, and how some non-profit organizations masquerade as charities to make hundreds of millions of dollars tax free. David Voreacos, also of Bloomberg News, won the best feature for a consumer publication award for his piece "Inside Insider Trading," in which he examined every single U.S. insider trading case over the past five years. Meanwhile, Susan Antilla was recognized for her article "Wall Street wins, the public loses," a series of three monthly opinion columns that exposed fraud, illegal arbitration and malicious practices by members of the financial industry; it won the Society’s best opinion piece for the consumer press award.

ABC News’ Brian Ross, Rhonda Schwartz, Matthew Mosk and Megan Chumachs received an award for TV segments running for longer than 10 minutes with their piece “The Money Trial 2012,” which took a look at the influence of big money in U.S. politics.

In the category of best radio segment running 10 minutes or less, Bloomberg Radio’s Carol Zimmer, Mark Mills and Al Mayers were recognized for their piece “Space Exploration Goes Private,” which examined the increased efforts by private individuals to institute space programs, as well as the ongoing efforts of NASA. The same group also won for best segment running for more than 10 minutes for their piece “Postponement Generation Grows Up,” which looked at how the recession has affected recent college graduates.

The judging panel included NYSSCPA Past Presidents Brian A. Caswell and Alan E. Weiner; Rumbi N. Bwerino, a member of the Society’s Litigation Support Committee who runs a blog about accounting careers; Elliot L. Hendler, a member of the SEC Practice Committee and The CPA Journal Editorial Review Board; Cynthia L. Krom, a member of the Anti-Money Laundering, Counter Terrorist Financing and Academic Advancement Committees; and George L. Victor, a recent Board of Directors member who also served on The CPA Journal Editorial Review Board.
Kinsella thanks member volunteers

Technical hotline volunteers

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

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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 serve. We extend our sincere appreciation to the principal drafters listed below.

Gail M. Kinsella, President
**IAASB proposal raises questions about scope of auditor’s obligations**

**BY CHRIS GAETANO**  
**Trusted Professional Staff**

The NYSSCPA agrees in principle with an International Audit and Assurance Standards Board (IAASB) proposal that aims to make auditor reporting more transparent and improve users’ understanding of audited financial statements, it expressed concern that the plan goes too far in expanding the scope of auditor responsibilities.

The Society detailed its views in a March 18 comment letter that was written in response to IAASB exposure draft, The Auditor’s Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor’s Report Thereon. The IAASB’s draft was released in November.

Under existing IAASB standards, there’s no established way for auditors to report on “other information,” or supplementary documents containing ‘other information,’ the consequences of which will be an increase in audit hours to read and consider this information appropriately.

Therefore, while the Society supports the overall principle of broadening the scope of the audit, it said that the IAASB needed to clarify how management and the auditor will determine what is and is not in scope; the timing of the release of documents within this scope; how the auditor will describe the work done on the in-scope documents; the auditor’s responsibility for documents that were not available at the date of the audit report itself; and the manner in which the auditor is meant to report on these documents.

“We support the IAASB’s efforts and strategy to enhance auditor reporting so that what we do as auditors is transparent. ... But we felt in this specific instance there were things that needed to be addressed, before that objective could be met and before they could reach the objective of enhancing users’ understanding.”

— Jan C. Herringer, member and past chair of the Auditing Standards Committee

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Financial and nonfinancial information that may accompany the audited financial statements and the auditor’s report thereon. (The IAASB’s extant International Standard on Auditing [ISA] 720 addresses other information in a document containing audited financial statements and the auditor’s report thereon.) The proposal, however, would expand the scope of the audit to include accompanying other information and introduce new auditor reporting responsibilities with respect to it, a measure the board said was intended to increase transparency.

“Other information,” according to the IAASB, typically includes the annual report, the chairman’s statement, management reports on corporate risk management or internal controls, and risk assessments. It may also include documents such as corporate sustainability reports, which give information about economic, environmental, social and governance performance. The IAASB exposure draft said that a document falls under the scope of the proposal if it has a primary purpose of providing commentary to enhance the user’s understanding of the audited financial statements or the financial reporting process. In its comment letter, the Society cautioned that the IAASB proposal would have unintended consequences and, more significantly, create unreasonable expectations.

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“We support the IAASB’s efforts and strategy to enhance auditor reporting so that what we do as auditors is transparent. ... But we felt in this specific instance there were things that needed to be addressed, before that objective could be met and before they could reach the objective of enhancing users’ understanding.”

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Impact precision language an issue

The Society also called attention to what it felt was ambiguous wording that could confuse the user, especially considering that the IAASB proposal would have unintended consequences and, more significantly, create unreasonable expectations.

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“The expansion of what is in scope to accompanying documents,” the comment letter read, “... will likely result in the auditor reading and considering larger numbers of financial and nonfinancial information that may accompany the audited financial statements and the auditor’s report thereon. (The IAASB’s extant International Standard on Auditing [ISA] 720 addresses other information in a document containing audited financial statements and the auditor’s report thereon.) The proposal, however, would expand the scope of the audit to include accompanying other information and introduce new auditor reporting responsibilities with respect to it, a measure the board said was intended to increase transparency.

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The Society also called attention to what it felt was ambiguous wording that could confuse the user, especially considering that the IAASB proposal would have unintended consequences and, more significantly, create unreasonable expectations.
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NYSSCPA: IRS proposal cumbersome, expensive

BY CHRIS GAETANO
Trusted Professional Staff

The NYSSCPA has voiced its disagreement with key partnership provisions included in a spate of rules the IRS is proposing for the new 3.8 percent Medicare tax on net investment income. In a comment letter published on Feb. 27, the Society stated that parts of the proposal were too complex, unfair to the taxpayer or beyond what the original statute demands.

The net investment income tax, which took effect in January, is meant to fund various components of the Affordable Care Act (ACA), colloquially referred to as Obamacare, and applies to taxpayers with filers making over $200,000 for individuals and $250,000 for married couples. Because it is an entirely new tax with an infrastructure created from the ground up, the IRS’s proposal itself is a large and sprawling document that covers many different areas. The NYSSCPA comment letter, which was drafted by the Partnerships and LLCs Committee, focused on the provisions that affect partnerships and S corporations, though other committees may also release letters of their own in the future.

Though the NYSSCPA commended the IRS and the Department of the Treasury for their efforts to produce administrable guidance, it felt that several areas added “undue complexity” to the administration of the code, created an undue burden on the taxpayers and tax preparers, or in some instances would mean an unfair application to taxpayers.

For instance, the letter expressed great concern about a section of the proposed regulations regarding the disposition of interests in partnerships and S corporations. According to the proposal text, gains or losses from the disposition of such interest would be counted as net investment income, provided the net gain resulted from all of the property of the partnership or S corporation being sold at fair market value immediately before the disposition.

The proposal text noted that Congress meant for this section to make a transfer of an interest in a partnership or S corporation similar to a partnership or S corporation disposing of all its property, with the accompanying gains or losses passing through to its owners. However, the proposal recognized that this might become complicated if the gain or loss from the sale of an interest in the entity does not always match the sale of the entity’s underlying properties, and so it might be difficult to determine whether or not this treatment applies.

According to Mark S. Reid, a member of the Partnerships and LLCs Committee and the letter’s author, with this section the IRS was trying to address the wide variety of partnership investments. In some, he said, the partnership has a trade or business, and income may be a rental activity or a trade or business activity not typically treated as a trade or business. “The IRS was trying to define how we can measure what comes up from the partnership and handle situations where people sell their partnerships or interests,” Reid said.

The solution, according to the IRS proposal, is to take a property-by-property approach, determining how the property was held in order to see whether the gain or loss to the transferor from the disposition would be net investment income. Gains from the disposal of the property will count as net investment income if the property disposed of is either not held in a trade or business, or is held in a trade or business derived from passive activities or trading in financial instruments.

While the NYSSCPA appreciated that the IRS acknowledged the matching problem, it felt that the proposal’s method “goes beyond what the statute requires.”

“We are concerned that the property-by-property approach in the proposed regulations would be too burdensome for many taxpayers with respect to the potential cost of compliance, complexity of compliance, and timelines of compliance,” the Society said.

Doing a property-by-property assessment to see whether the section concerning net investment income applies, according to the Society, could require taxpayers and partnerships to take several arduous steps. They may need to obtain outside valuations or appraisals by qualified professionals, engage outside professionals to assist with the preparation and summarization of very detailed schedules of assets at high cost, file tax return attachments to report these transactions that could be longer than the return itself, provide their partners with K-1 attachments and allow them to make these determinations on their own tax returns, or make further disclosures. It could also make it more difficult to file in a timely manner. These obstacles, the NYSSCPA said, could place a “tremendous burden on an already capacity-strained tax preparer community.”

“It creates a lot of extra work for taxpayers, advisers, appraisers and valuation experts, which we just think isn’t that easily accomplished from a practical standpoint,” Reid said.

The NYSSCPA said that, instead of the property-by-property approach, a “more global alternative is needed.” The Society suggested that, for the same amount of an interest in a partnership or S corporation stock, the transferor’s entire gain or loss would be included in the net investment income calculation. When sale of interest in a partnership or S corporation is fully eligible for the trade or business exception, the Society felt none of the gain or loss should be required to be included in the net investment income calculation, but should instead be disclosed.

When the sale is partially eligible for the trade or business exception, adjustments should be computed under a safe harbor method, based on a pro rata approach. The pro-rata approach being suggested would result in a safe harbor, where the taxpayer’s adjustment would be determined by a ratio of the tax basis of the partnership or S corporation assets used in a qualifying trade or business and the total tax bases of all that entity’s activities. The Society suggested a de minimus exception that, if the computed adjustment was found to be more than 95 percent of the applicable gain or loss, the taxpayer could decide to treat it as 100 percent.

See IRS proposal, on page 8
IRS proposal

The Society also recommended changes to the disclosures that come with the disposition of interest in a partnership or S corporation, which according to the proposed regulations must have an attached statement that includes the following:

1. A description of the disposed-of interest;
2. The name and taxpayer identification number of the entity disposed of;
3. The fair market value of each property of the entity;
4. The entity’s adjusted basis in each property;
5. The transferee’s allocable share of gain or loss with respect to each property of the entity;
6. Information regarding whether the property was held in (or attributable to) a trade or business not described in § 1411-5 [which concerns what counts as a trade or business];
7. The amount of the net gain under § 1.1411-4(a)(1)(iii) [the section dealing with how net investment income is handled] on the disposition of the interest; and
8. The computation of the adjustment under the proposed regulation.

The NYSSCPA suggested changing Item 3 with “the transferee’s selling price of the partnership interest or S corporation stock”; substituting Item 4 with “the transferee’s outside tax basis in the partnership interest or S corporation stock”; replacing Item 5 with “the transferee’s gain or loss with respect to the transfer”; and changing Item 6 with “the percentage of partnership or S corporation property (measured by relative tax basis within the partnership) held in (or attributable to) a trade or business or business not described in § 1411-5 (which, again, concerns what counts as a trade or business).”

The above recommendations will significantly reduce the potential cost and complexity and increased timeliness of compliance for many taxpayers, and result in a more streamlined approach for all parties involved,” the Society said.

Disposition of passive losses

The Society also suggested changes to the way that dispositions of passive losses are handled. One part of the proposed regulations provides special rules for the treatment of suspended passive losses when the taxpayer disposes of their entire interest in a passive activity—a trade or business in which the taxpayer does not materially participate—or former passive activity, in a fully taxable transaction to an unrelated party during the year. The proposed regulations say that, first, one must offset against any net income or gain for such taxable year from all other passive activities, with the excess treated as a loss that does not stem from a passive activity.

The Society suggested a two-step process of its own for how these losses are treated, for purposes of the Medicare tax. It recommended that, first, the loss should be treated as a loss taken into account in determining the taxpayer’s net gain from the disposition of the activity. Second, any excess of these suspended losses from the first step should be considered properly allocable deductions to the Internal Revenue Code (IRC) Section 1411 net investment gross income.

This is ‘so that, as closely as possible, the taxpayer’s net investment income for purposes of the Section 1411 [where the proposed regulations would be contained] tax will mirror the net investment income included in the taxpayer’s net taxable income,’” the Society said.

The NYSSCPA requested additional guidance on a few other sections. For example, the Society asked the Treasury to review an inquiry as to whether IRC Section 1402(a)(10) retirement payments to partners should be excluded from the tax similar to pension plan losses. In addition, the letter suggested that a computation should be put in place to allow net operating losses that are attributable to an investment loss to be allowed as a deduction when the loss is allowed, and the letter suggested two reasonable methodologies. Lastly, the letter requested that the real estate professional should be treated in a method similar to Section 469, for purposes of determining whether the real estate is considered a trade or business.
Tax Panels

Continued from Front Page

noted that the response to the sessions had increased, with NYSSCPA members fielding nearly twice as many calls as last year. As a result, he expects to have members back again next spring.

NYSSCPA volunteers answered more than 130 questions over the two days, all via a live Web chat that was hosted on Newsday.com. A recap of the chats was also posted online by Newsday, and following the tax panel, the paper ran a two-page spread in its business section that featured more detailed responses from Society volunteers.

As Long Island was hit particularly hard by Superstorm Sandy, many of the questions that member volunteers received were related to calculating losses. Nassau County President Lisa A. Haynie told victims of Superstorm Sandy that they can figure out how their finances may shake out that there is still time.

"File Form 4868 to extend your 2012 tax filing deadline. You'll have until Oct. 15, 2013—by then you should have received your FEDMA check," she advised someone who had missed their filing deadline. You'll have until Oct. 15, 2013—by then you should have received your FEDMA check,” she advised someone who had missed their filing deadline. You'll have until Oct. 15, 2013—by then you should have received your FEDMA check, she advised someone who had missed their filing deadline.

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The New York Daily News: Queens/Brooklyn and Manhattan/Bronx chapters

NYSSCPA volunteers spent three days at the offices of the New York Daily News. Working in shifts, they offered real-time help to callers who kept the phone board’s eight lines busy from 10 a.m. to 4 p.m. each day. The Daily News ran four stories about the event, with the print edition of the newspaper and online.

The Buffalo News: Buffalo Chapter

The Buffalo Chapter partnered with The Buffalo News to offer free tax help by phone and online chat at its annual Tax Help Line Call-In program, held on March 19.

The Journal News: Westchester Chapter

The Westchester Chapter saw a big increase in activity with its tax panel, held on Feb. 28. It partnered with The Journal News this year, having previously held the forum with a local business journal. As soon as the chapter’s volunteers began to take their seats, the phone line began to ring off the hook. The first two hours of the four-hour session were particularly busy, said Robert M. Winton, the chapter’s tax panel coordinator.

When notfielding calls, members also participated in a live Web chat, which featured a question from someone inquiring about how to pay taxes on his Italian investments, which included art and aged meats.

The Poughkeepsie Journal: Mid Hudson Chapter

Eight Mid Hudson Chapter members fielded more than 60 questions in two hours on May 20 at the Poughkeepsie Journal’s Dial-a-CPA night. The Poughkeepsie Journal utilized both live calls and a live Web chat to connect the CPA volunteers with those needing tax advice.

"I'm much better now than I was 10 minutes ago," Elizabeth Scigliano of Beekman, N.Y., told Poughkeepsie Journal reporters after speaking with an NYSSCPA volunteer about an issue concerning her father’s estate. "I spent hours on the Internet. I was so lost and confused."

In addition to the standard fare of questions, callers this year asked about reporting profits from stock sales and home office deductions.

The Poughkeepsie Journal once again heavily promoted the panel, including a front-page promo of the event that featured headshots and short bios of each of the volunteers. In what may be a tax panel first, the newspaper also put together a short video of the CPAs as they fielded telephone questions live (view it at poughkeepsiejournal.com/article/20130321/BUSINESS/303200027/VIDEO-Tax-pros-answer-calls-Dial-CPA-night/). The event featured two volunteers from the chapter who offered in-depth knowledge on tax filing.

Reese said that they may consider holding the event earlier next year in order to attract more people before they fill out their taxes.

Staten Island Advance: Staten Island Chapter

Raynard Zollo and Jeffrey J. Potter, both of The Journal News, covered the event and waited for tax questions to “ping” their way via the hotline’s online blog. Some 15 minutes after the event opened its lines to the public, the duo was pinging and pinging back with answers, just as quickly as the questions came.

"It looks like we have a TV producer wanting to know if he can write off the cost of him purchasing a new TV," Zollo said, peeking at his computer monitor. Potter glanced over his shoulder. "Just as long as the purchase was used as a tool for his business," he said.

The Advance ran two articles promoting the hotline and another summarizing the more than 100 questions received in three hours of calls.

Legislative

Continued from Front Page

The NYSSCPA, as part of a coalition of five organizations, had pushed to create the required annual internal audit function in 2005, following the Roslyn (L.I.) School District scandal that saw more than $11 million lost to fraud.

When the Society first became aware of the last-minute budget amendments to remove the requirement, it immediately put into action its legislative outreach process, which includes reaching out to specified legislative and state officials, while working with the New York State Senate and membership to respond to the issue. As a result, the internal audit requirement remained, with the language in the final budget bill raising the district size threshold needed to enact the requirement to 1,500 students per district.

(Previously, that threshold was set at 300 students.)

Still, with other pieces of stand-alone legislation that could further weaken or eliminate the audit requirement in play, the Society will continue to monitor the issue.

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For more on the tax panels, including pictures and a full list of member participants, visit www.trustedprofessional.com.

From the Cover

The Observer-Dispatch: Utica Chapter

CPAs from the Utica Chapter held their annual panel with the Utica Observer-Dispatch on Feb. 28. Ten CPAs from the chapter staffed the free tax help panel for three hours. This was the second year in which members of the Utica Chapter teamed up with the Observer-Dispatch, the daily newspaper in the region.

"I think it went very well," event organizer and Utica Chapter President-elect Brian M. Reese said. "It was our second year participating, and it likely seemed to be a little more action this year.”

The Observer-Dispatch promoted the tax panel event in advance and ran headshots of the volunteer CPAs.

Volunteers answered calls via telephone and email. In addition to fielding questions during the panel, NYSSCPA members also offered up some common tax filing tips that the paper ran in advance of the event.

Perhaps speaking for CPAs everywhere, Utica Chapter Treasurer Christopher R. Lambe suggested that readers be prepared.

"The more details, paperwork and information that you provide to your accountant or use to prepare your return, the more likely you will be to catch any credits or deductions that you might have otherwise missed,” he said.

To Washington, D.C., later this month to meet with members of New York's congressional delegation as part of a coordinated effort by the AICPA.

In addition to the two federal issues highlighted above, CPAs will also discuss tax reform with the members of the House and the Senate.

For more information on the Society's government affairs program, click the “Government Affairs” tab on the nysscpa.org homepage. Members are also encouraged to sign up for the Society’s CPA Connect program in order to increase its ability to communicate with elected officials through strategic partnerships. Another important NYSSCPA initiative that strengthens the profession’s voice with elected officials is the CPA PAC, which allows the Society to support state lawmakers who advocate for the accounting profession. To contribute or learn more about the CPA PAC, visit http://www.nysscpa.org/page/government-affairs/cpa-pac.
New York state tax laws can get very specific when it comes to definitions, leaving taxpayers unsure of what applies in their circumstances. For example, a long-standing organization of business people devoted to helping its members network recently inquired about whether its organization dues were subject to sales tax. The Office of Counsel at the New York State Department of Taxation and Finance ruled that they were not, according to Advisory Opinion TSB-A-13(8). But because of the subtleties in the tax law and New York Codes, Rules and Regulations (NYCRR), it took the department nearly four pages to reach that conclusion.

The petitioner is an independent association whose members work in entrepreneurial ventures, individual proprietorships and family-owned businesses. Its goal is to help the members grow their businesses through personal introductions and recommendations. Members are required to promptly report to other members any business information that may help them attract additional customers or clients (except when such references would violate the confidentiality rules in certain businesses and professions) and recommend members to friends and other business associates.

The association hosts business development lunches four times a month and various other events. It charges $300 first upon application, then for quarterly dues. Members generally claim dues as a tax-deductible business expense.

The petitioner does not own or rent any buildings, offices or other facilities; nor does it own, rent or have the use of any sporting facilities. However, in her analysis, Deputy Counsel Deborah R. Liebman cited state tax law section 1105(f)(2), which imposes a sales tax on dues paid to any club or organization whose material purpose or activity is social or athletic, as defined in section 1101(d)(6) and (13).

Getting into the details

First, is the petitioner a social club? Liebman looked at NYCCr 527.11, which specifically addresses the complex details of dues, clubs and related definitions in no less than 2,800 words. The language of particular interest to Liebman was the general explanation of which factors mean an association is a "club" under the law. According to the NYCCr, said Liebman, a club has an organizational structure under which the membership controls social activities, elections, committees, participation in the selection of members and management. That clearly defines the petitioner, whose members do exert control that could, deciding whom to admit, for example.

How it's a taxable social club

Two days after the above announcement, the New York State Department of Correction and Community Renewal named 100 individuals and businesses listed on the state’s delinquent taxpayer list. A quick perusal shows that one individual has managed to fall behind by more than $15 million. More than 70 individuals on the 250-person list each are delinquent on more than $1 million dollars each. Those on the business list have even more impressive totals: The leader owes the state close to $20 million, and to crack the top 10, you have to be behind by at least $5 million. Businesses on the list owe varying amounts, corporate tax, corporate sales tax or various other taxes, singly or in combination.
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Updates on FASB standards setting

BY MARIA L. MURPHY, CPA
Trusted Professional Correspondent

ew standards from the Financial Accounting Standards Board (FASB) and other regulators can potentially impact a CPAs client’s businesses and internal controls. Here’s a high-level overview of several that are worth following because of their broad application and pervasive effect on financial statements. Some of these updates have been changing monthly, so readers are encouraged to monitor the boards progress on the issues at fasb.org.

ASU 2013-02 – Comprehensive Income
(Topic 220): Reporting Amounts Reclassified out of Other Comprehensive Income

The standard issued by the FASB in February changes how accumulated other comprehensive income (AOOCI) should be reported; the board now requires that amounts reclassified from AOCI into net income be disclosed, either parenthetically on the face of the financial statements or in the notes to financial statements, by component reclassifications. According to the FASB, the objective was to provide stakeholders, particularly financial statement users, with clearer and more useful information so that they can better understand changes in AOCI.

Although the NYSSCPA largely agreed with the board, a comment letter released by the Society last October argued that a requirement included in the initial proposal that called for entities to provide tabular disclosure of the effect of items reclassified out of AOCI on the respective items of the income statement was unnecessary. The FASB noted on its website that it had “considered the views of stakeholders who said that a specific tabular format may not be the best way to explain reclassifications to their users because they have complex adjustments that require more detailed explanation.” The board ultimately decided that entities could adjust the disclosure format to meet the needs of its users as long as the necessary information was “in one place and includes all of the elements described in the tabular format.”

The standard is effective for public companies for fiscal years beginning after Dec. 15, 2012, commencing with the first interim period of the fiscal year (March 31, 2013 for calendar-year companies).

ASU 2013-05 – Foreign Currency Matters
(Topic 830)

The amendments in this update, finalized by the FASB in March, were issued to standardize how accumulated foreign currency translation adjustments (CTAs) are released into earnings when a company sells part or all of an investment in a foreign entity, or no longer holds a controlling interest in it. According to the FASB, the CTA should be released into earnings only if the sale or transfer results in a complete or substantially complete liquidation of the foreign entity. If the investment is an equity method investment, partial sale guidance contained in ASC 830-30-40 would apply. The guidance is effective for periods beginning after Dec. 15, 2013, with a one-year deferral for nonpublic companies. Early adoption is permitted.

The following updates are part of ongoing convergence projects between the FASB and the International Accounting Standards Board (IASB):

Financial Instruments – Overall (Topic 825-10)

The FASB issued this revised proposal on financial instruments classification and measurement in the first quarter of 2013, with a deadline for public comment of May 15, 2013. The proposal greatly increases risk disclosures as they pertain to financial instruments—particularly liquidity risk and interest rate risk—by providing users with more decision-useful information. The FASB has also developed a consistent and comprehensive framework for classifying instruments that links the measurement of financial assets to the way in which an entity expects to benefit from the cash flows from those assets. Its approach to classification and measurement is closely converged with that of the IASB which, in November 2012, issued an Exposure Draft titled Classification and Measurement: Limited Amendments to IFRS 9, to implement changes resulting from the joint redeliberations, with a comment period that ended on March 28, 2013.

Some changes in fair value will be recognized in earnings and others through equity, depending on how a company manages or plans to use the financial instruments. Under both models, financial assets are to be classified as either amortized cost (payments of principal and interest that are held to maturity for the collection of cash flows), fair value with changes through other comprehensive income (held for the collection of cash flows and realizing changes in fair value through sale) or fair value with changes through earnings (equity securities). Reclassification between categories is permitted if the business model changes, but should be infrequent. Financial liabilities will generally be measured at amortized cost, except where a company expects to sell a debt obligation at fair value or if the liability is a short sale.

Although financial institutions such as banks and insurance companies are likely to be most affected by this proposal, nonfinancial companies with significant financial instruments may also be impacted depending on their investment portfolios.

The Society issued a comment letter in response to the FASB’s initial draft in October 2010, expressing “general agreement with the direction taken”; however, in response to another iteration of the proposal, it said last year that more clarity was needed, particularly when it comes to whether the standard applies to some entities or all entities.

Revenue from Contracts with Customers

The proposal was an effort on the part of the FASB and IASB to create a common

See Standards Setting, on page 12
Standards Setting

Continued from page 11

standard for when revenue is recognized on the income statement. At their February and March 2013 meetings, the boards reached decisions on disclosure requirements, transition and the effective date for this standard. They tentatively decided that the final standard will be issued in the second quarter of 2013. It will be effective for public companies for annual periods beginning on or after Dec. 15, 2013, with no early adoption, and for nonprofit companies for annual periods beginning on or after Dec. 15, 2017, with one-year earlier adoption allowed.

Almost all existing revenue recognition guidance, including most industry-specific guidance, is being replaced to develop a common standard. Instead of requiring retrospective application with restatement of prior periods, an election can be made to apply the standard to all existing contracts as of the effective date, with a cumulative effect recorded to the opening balance of retained earnings.

Disclosure requirements for revenue recognition have increased substantially as compared with current GAAP, which will have a significant impact on financial statement preparers and provide more information to users. These requirements include the following:

- **Disaggregation of revenue.** Disclose revenue by categories based on nature, timing, and uncertainty of cash flows, and reconcile disaggregated revenue to total revenue.
- **Reconciliation of contract asset and liability balances.** Disclose opening and closing balances and a description of significant changes.
- **Remaining performance obligations.**
- **Contract costs.** Disclose closing balances of capitalized contract costs and amortization in the period.
- **Other qualitative disclosures.**
- **Interim period disclosures.** The IASB decided that additional disclosures will be limited to disaggregation of revenue. The FASB decided that interim disclosures should include most of the quantitative disclosures required in annual financial statements, including disaggregated revenue, contract balances, and remaining performance obligations.

In a comment letter published last March, the NYSSCPA largely agreed with the proposal, but expressed reservations because entities could interpret entirely different conclusions about performance obligations that are largely identical. It also felt that the required disclosures would significantly increase the time and costs of reviewing financial statements.

**Issue 12-18, Not-for-Profit Entities – Services Received from Personnel of an Affiliate for Which the Affiliate Does Not Charge the Recipient NFP**

According to the FASB, this issue would apply to the stand-alone financial statements of NFPs that receive services from employees of an affiliate for which the affiliate does not seek reimbursement. Its goal is to reduce variations in practice and to include the cost of all resources that are required for a not-for-profit entity (NFP) to perform its services. The Emerging Issues Task Force came to a final consensus on the matter in March, noting that services received should be recognized at cost. The NFP could elect to measure the services at fair value if the value of the services would be significantly under- or overstated by using cost, and the election could be made for each service received.

The issue was ratified by the FASB at its March 28 meeting and will be effective for fiscal years beginning after June 15, 2014, applied prospectively.

**Leases**

A proposed lease accounting standard has been in development for several years, with a joint FASB and IASB exposure draft first released in 2010. If approved, the standard would represent a significant change in accounting for leases: it would remove the distinction between a capital lease and operating lease in exchange for a unitary “right of use” model that would require the leased asset to be recognized as an asset and the lease payments to be recognized as a liability, as long as the lease term would be in effect.

Under the proposal, off-balance sheet accounting for most leases would no longer be appropriate and many additional disclosures would be required. There would be a dual model for the recognition of leases in the income statement. Non-property leases (equipment) would be recognized using a financing model, with the recognition of expense “front-loaded.” Property leases (land, buildings) would have total payment expense straight-lined over the lease term. Where the lessee obtains the right to use both categories of assets, the primary asset in the lease would need to be determined. As a result, the number of leases included on companies’ balance sheets would be increased.

While the NYSSCPA felt the overall principle is sound, the Society said in a comment letter published in response to a preliminary views paper released in 2009 that many of the details add unnecessary complexity. In addition, the Society said it was unclear how nonprofit entities would account for rental properties, such as its own office, under this new model. Further, it said that some of the methods proposed by this standard to recognize lease obligations would not match the economic realities of the transactions and cause confusion.

At the FASB’s April 2013 meeting, it was agreed that a draft ASU is to be issued in the second quarter of 2013. A final standard is not expected to be issued sooner than 2014.

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Tax Exempt Update:
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To register, and for more information on these web events, please visit www.nysscpa.org/e-cpe.
Case Study: court case triggers allegations

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

CPAs have numerous standards with which they must comply. The ones typically referenced are professional standards, but "jury" or "claims standards," the expectations jurors have of how accounting professionals should conduct themselves, can play a significant role during legal proceedings, and are important to understand.

Jury expectations are often higher than professional standards, partly because most members of the public, including jurors, do not understand the finer distinctions professional standards make between different types of accounting services. Moreover, jury expectations are created with the benefit of hindsight, given that every claim and trial takes place after the fact. A jury may expect that CPAs:

- protect the public interest and "get it right";
- appear credible in all actions;
- advise and inform clients of all matters of significance, especially risk and how to avoid it;
- uncover fraud regardless of the services being rendered and
- document all significant communications, decisions and observations.

CPAs need to be aware of these expectations, regardless of whether they consider such expectations to be fair or reasonable. CPAs who either focus solely on professional standards or on jury expectations are treading on thin ice when it comes to liability. The keys to "getting it right" are to follow professional standards, manage and meet client expectations, and be mindful of the public’s perception of CPAs’ responsibilities. CPAs generally believe they are following the principles, rules and interpretations that constitute our profession’s standards, but when clients or third parties are disappointed and perceive that CPAs should have protected them from a financial eventuality, claims are more likely to occur.

In the following example, the CPA in question thought he was following professional standards and performing work with due care and competence, but a third party later alleged that this was not the case. The allegation was then leveraged to argue that the CPA was responsible for damages related to the work that he had performed.

Case Study: court accounting

Immediately after a CPAs long-time client died, the estate of the deceased was set to be partitioned into several trusts. The executor worked closely with an estate attorney to handle the estate, but ultimately sought the CPAs assistance in preparing the court accounting. The CPA was unfamiliar with the requirements of the court and consequently prepared several versions of the accounting before the court was satisfied with it.

Several years later, one of the beneficiaries alleged that the executor, the attorney and the CPA had committed a number of errors, and he had not received the appropriate shares of his parents’ estates as a result. The beneficiary accused the CPA of not complying with professional standards, specifically the AICPA’s Accounting and Review Standards Committee’s (ARSC) Statements on Standards for Accounting and Review Services (SSARS).

The CPA’s work was supported by the documents he had been given by the executor and attorney. The CPA acknowledged the accounting did not conform to Generally Accepted Accounting Principles (GAAP); however, he said that he never truly considered his work product to be a financial statement and, therefore, never considered complying with the SSARS. His first reaction was to argue that the court accounting wasn’t a financial statement, but he ultimately agreed that while his work did not conform to GAAP, the statements were certainly presented on an Other Comprehensive Basis of Accounting (OCBOA).

When the plaintiff’s attorney asked for a copy of the engagement letter that the CPA used to define the scope of his services, the CPA admitted that he’d thought the work was a mere formality that wouldn’t take long or pose much risk and, consequently, hadn’t considered an engagement letter necessary. He admitted that, not having performed this service before, he wouldn’t have known what to include in the engagement letter.

The plaintiff’s attorney countered that: 1) the work fell within the SSARS, 2) the SSARS required an engagement letter, 3) the engagement letter should have indicated that the CPA was not independent, and 4) the court accounting should have been accompanied by an accountant’s report indicating what assurance was provided and the CPAs lack of independence.

The CPA might have argued that his work fell within the litigation exception, but he wasn’t familiar with the rules and hadn’t considered them before or during the engagement.

Would the court accounting have been any different had the CPA considered the
From every angle
What management needs to know before investing in new technologies

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

Q: My firm recognizes that, in order to remain competitive and satisfy increasing customer expectations, we need to enhance our ability to leverage new technologies. What factors should we consider before we introduce a new tech initiative?

A: The challenges of introducing new technologies at companies are well chronicled. I recommend that anyone in a position to do so read Frederick Brooks Jr.’s classic, The Mythical Man-Month: Essays on Software Engineering. The book, which was written more than 30 years ago, explores the human resources challenges and management problems that can come with developing and implementing large, complex tech projects, and is still very much relevant today.

My experience has been that, frequently, organizations fail to consider and include all of the realistic threats associated with launching new projects or initiatives, particularly threats that may come from staff. In fact, as noted by Brooks, the human factor—particularly threats that may come from staff—must be considered first and foremost.

To increase the probability of a successful implementation, take the following steps:

- Generate excitement and buy-in from users in order to facilitate adaptation. Fully explain to employees the benefits that a new technology will bring—for instance, how it will help them to become more efficient or generate excitement and buy-in from users in order to facilitate adaptation. Fully explain to employees the benefits that a new technology will bring—for instance, how it will help them to become more efficient or prevent additional losses.
- Appreciate the nuances of your organization. Implement technology that is typically used by more sophisticated and control-conscious clients. You’ll also want to establish how often the client periodically performs automated vulnerability scanning, a critical logical security practice. You’ll also want to establish how often the client periodically performs automated vulnerability scanning, a critical logical security practice.
- Don’t over-customize. Off-the-shelf software is usually focus on IT controls, we’re interested in those that would enable us to quickly identify potential IT control weaknesses. Any recommendations?

A: You’ll notice in Generally Accepted Auditing Standards that IT controls are usually classified as either “general” or “application.” General or pervasive controls apply to all applications within the enterprise, while application controls apply to a specific function (e.g., accounts payable). My suggestions are divided along those lines. I’m also going to assume that, like many companies, your “small” client is using Microsoft.

General controls: Determine to what extent your client is running free security tools such as Baseline Security Analyzer or the security configuration management tool. This will help you to assess how well the client adheres to Microsoft-recommended logical security practices. You’ll also want to establish how often the client periodically performs automated vulnerability scanning, a critical logical security control that is typically used by more sophisticated and control-conscious clients. Assess the overall logging strategy used by the client to monitor system activity. Logs are similar to audit trails, as they are used to record system events. The issue, however, is that logging everything can significantly reduce system performance. The client should have a well-thought-out process for balancing the challenge between recording too little and too much.

Application controls: Ask the client for an automatically generated security privilege listing from the application. Then, identify the security administrator and take note of the codes next to his or her name; typically, this would represent the highest level of security. Also, note which other users have the same code, since this would identify those whom the client periodically performs automated vulnerability scanning, a critical logical security control that is typically used by more sophisticated and control-conscious clients. Assess the overall logging strategy used by the client to monitor system activity. Logs are similar to audit trails, as they are used to record system events. The issue, however, is that logging everything can significantly reduce system performance. The client should have a well-thought-out process for balancing the challenge between recording too little and too much.

Q: Our practice, which is limited to smaller private companies, just completed its year-end audit cycle. Though we don’t usually focus on IT controls, we’re interested in those that would enable us to quickly identify potential IT control weaknesses. Any recommendations?

A: You’ll notice in Generally Accepted Auditing Standards that IT controls are usually classified as either “general” or “application.” General or pervasive controls apply to all applications within the enterprise, while application controls apply to a specific function (e.g., accounts payable). My suggestions are divided along those lines. I’m also going to assume that, like many companies, your “small” client is using Microsoft.

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Application controls: Ask the client for an automatically generated security privilege listing from the application. Then, identify the security administrator and take note of the codes next to his or her name; typically, this would represent the highest level of security. Also, note which other users have the same code, since this would identify those whom the client would recognize as security administrators. I would then compare these names to organizational charts and job descriptions in order to determine whether the latter should have these significant privileges.

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Disciplinary Matters

Mary L. Fischman, of New York, N.Y., was suspended from membership in the NYSSCPA effective Dec. 16, 2012 for a period of two years, as a result of a settlement agreement reached under the Joint Ethics Enforcement Program. After an investigation by the Ethics Charging Authority, Fischman was charged with violating Rule 102—Integrity and Objectivity as supported by Interpretation 102-2—Conflicts of Interest. Fischman failed to be free of conflicts of interest in connection with the submission of an unsubstantiated request for reimbursement to an organization in which she volunteered while serving in her capacity as an executive member of the respective organization. She approved and participated in the submission of said request to the organization for payment of the organization’s use of facilities at a university where Ms. Fischman was also an adjunct professor. Without admitting or denying the specified charges, Ms. Fischman waived her rights to a hearing under NYSSCPA Bylaw Section XII.17, agreed to the publication of her name, the charges and the terms of the settlement agreement.

Audrey J. Dussard, of Scranton, Pa., was suspended from membership in the NYSSCPA effective Dec. 16, 2012 for one year, as a result of a settlement agreement reached under the Joint Ethics Enforcement Program. After an investigation by the Ethics Charging Authority, Dussard was charged with violating Rule 102—Integrity and Objectivity as supported by Interpretation 102-2—Conflicts of Interest. Dussard failed to be free of conflicts of interest in connection with the submission of an unsubstantiated request for reimbursement to an organization in which she volunteered while serving in her capacity as an executive member of the respective organization. She proposed and participated in the submission of said request to the organization for payment of the organization’s use of facilities at a university where Ms. Dussard was also an adjunct professor. Without admitting or denying the specified charges, Ms. Dussard waived her rights to a hearing under NYSSCPA Bylaw Section XII.17, agreed to the publication of her name, the charges and the terms of the settlement agreement.

Tech Q&A

Continued from page 14

Be sure to obtain the customer-defined parameters from the application that you are auditing, and see if they can be reconciled with your understanding of the client’s business. They should also reflect current policies and financial statement disclosures. For example, is a 90-day write-off on an unpaid receivable defined in the system, if that is the accounting policy and if that is the information disclosed in the footnotes?

Finally, determine if the application system used has a reporting feature. Use the feature to develop a query that would determine the top 10 customers and vendors and assess for reasonableness.

Risk Management

Continued from page 13

SSARS implications? No. But, the plaintiff’s attorney successfully discredited the CPA’s work because the CPA neither considered the SSARS implications, added an SSARS compliant report, nor complied with the SSARS standards by having an engagement letter and report that indicated his lack of independence.

Loss prevention tip: To satisfy jury expectations, CPAs must document all significant communications, decisions and observations. Accordingly, an engagement letter should be used for every engagement to document the understanding between the CPA and the client.

The letter should first define the scope of the engagement, the CPA’s responsibilities, and the client’s responsibilities; then state that it represents a mutual understanding of the services being provided; and finally request the client’s signature on the letter as an indication of approval. A legal defense is almost always more successful when based on documentation rather than on memory. It is also always prudent to have a qualified risk adviser or attorney review your engagement letters for significant engagements.

Duncan B. Will is a loss prevention manager and accounting & auditing specialist with Camico (www.camico.com).

For information on the Camico program, contact:

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Reggie DeJean
Lawley Service, Inc.
716-849-8618

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Chesapeake Professional Liability Brokers, Inc.
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Or call Camico direct at 800-652-1772.

Risk Management

Continued from page 13

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Duncan B. Will is a loss prevention manager and accounting & auditing specialist with Camico (www.camico.com).
The NYSSCPA’s Technology Assurance Committee has chosen four young scholars from Canisius College and the Rochester Institute of Technology (RIT) as the winners of its annual student research contest.

The top entries, which include first and second place as well as two honorable mentions, were chosen after reviewing 28 submissions from colleges across New York state. Tech Assurance Committee Chair Karina Pinch, who as a student won the contest herself, was impressed because this year’s candidates’ diversity of topics, she said, spanned a much broader base than in years past. Moreover, Pinch said, the research, while quite technical, “would be relevant to people involved in assurance work.”

Guerra was the winners was a very difficult decision because there were such high-quality papers this year,” she said.

Julie Guerra, a Canisius College junior enrolled in a five-year Masters program, was named the first place winner. She was invited to join the Technology Assurance Committee and won $300. Cash prizes for the contest were donated by the CPA firm WeiserMazars.

Guerra’s paper examined the risks of social engineering—the use of manipulation and deception to gain access to confidential information—on businesses. She cataloged several different types of social engineering techniques, such as rooting through garbage to find personal information, phishing scams in which people lie about their identity to gain access to passwords and other information, and even simple things like glancing over someone else’s shoulder to find out who has access to what parts of the network. She noted that many businesses are not prepared for these attacks and said that, during her research, she herself discovered techniques she hadn’t previously heard of.

“Many businesses are moving to a fully computerized environment, and we have developed a strong, technology-based control. However, we still need more work on controlling the human element of these systems,” Guerra said.

Guerra was surprised when she found out she’d won because she knew, from talking to classmates, that many outstanding papers had been submitted, and any one of them could have been a winner.

“Just to be recognized by the Technology Assurance Committee is a huge honor, and I’m greatly appreciative,” she said. “The state is a wonderful organization to be involved in and I am looking forward to all the wonderful professional connections I will make because of this opportunity.”

Chris Perkins, an RIT graduate student expected to finish his five-year program this year, was named the second place winner. He won $100 and was also invited to join the Technology Assurance Committee.

His paper was, in his words, “basically a reflection of why companies want to modify their own devices and adjust their policies to head off such motivations.”

Perkins said that he, too, was surprised at being placed among the winners.

“I really didn’t expect it at all, so when I heard I was really excited,” he said. “And I’ve never been to New York City before, so I’m very excited to experience that and be part of the committee.”

One of the honorable mentions went to Holly Ansaldi, an RIT student who is set to complete her five-year graduate program this year. When she researched bringing-your-own-device policies in the workplace, she discovered such potential benefits as increased flexibility, productivity, and cost savings. However, she also found several implementation risks, such as legal issues that arise if someone’s device isn’t as effective as another’s and can’t provide comparable service, as well as security risks that could arise, for example, when the device is stolen. She concluded that companies need to be aware of potential risks and must let employees know that they are willing to wipe the data out of personal devices if security is compromised.

“I am very happy to receive the honorable mention. It really opens doors for me and gave me that extra push for what I thought was hard work,” she said.

The final honorable mention was written by Erin O’Brien, another RIT graduate student set to complete her program this year. Her paper examined the omnibus updates to the Health Insurance Portability and Accountability Act (HIPAA), which went into effect this past September. Specifically, it looked at the changes around what constituted an information breach and how to assess risk. Her interest in the subject stemmed from her becoming a certified nurse’s aide when she was 17 years old.

“I was working underneath nurses and seeing how HIPAA affected patients specifically,” she said. “So once I started taking [classes], I thought I’d like to see where it’s moving now and its impact on the bigger picture.”

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BUFFALO
The future of the Buffalo Chapter is in good hands

BY PATRICIA A. JOHNSON
Buffalo Chapter President

The keys to success for the Buffalo Chapter have been its educational programs, community outreach and professional networking opportunities. As my term comes to an end, I look back over what has been a busy year in all of these areas. Special thanks to my fellow officers, board members and committee chairs who have worked hard to make each of our events a success.

With time being the most precious of commodities, I appreciate what each and every one of you, along with our committee members, has contributed. Our president for the upcoming chapter year will be Patricia A. McGrath. Pat has been a member of the chapter’s Accounting and Auditing Committee for several years and most recently served as chair. She has helped to plan the annual Summer Symposium, which will be held on July 23 and 24, and other technical offerings. The future of the chapter is in good hands.

On April 23, the chapter hosted its annual Education Night dinner. In addition to honoring the top students from area colleges and universities, the chapter presented its Distinguished Service Award to Timothy J. Hoelscher. Tim is a charter veteran who has served on the board of directors and the Cooperation with Educational Institutions and Not-for-Profit committees. He has also been a volunteer for our annual Tax Panel. Tim has helped mentor new chapter leaders by providing support and encouragement. His quiet dedication and service to the chapter earned him this well-deserved recognition.

On April 26, the Young CPAs sponsored a panel discussion focused on communication and leadership skills. Looking ahead, the Not-for-Profit Committee will be hosting a spring mixer and CPE session for nonprofits on May 8.

The CPE session, presented by Gerald Reger and Sarah M. Hopkins, will cover “Accounting and Reporting in a Health Care World,” and “Nonprofit Hot-Button Topics.”

With the traditional busy season now behind us, it is time to think about getting involved in other aspects of the profession. The Buffalo Chapter has something for everyone, and I encourage you to reach out and find your niche. New ideas for programs and committees are always welcome.

Thanks again for the opportunity to lead the chapter. It has been both a challenging and fulfilling year.

johnsonp@canisius.edu

QUEENS/BROOKLYN
New president to build upon chapter successes

BY MARK ULRICH
Queens/Brooklyn Chapter President

This is my last message as chapter president, so I want to take the time to thank the chapter’s officers, executive board and committee chairs for their excellent service and commitment to the chapter, society and profession. It has been an honor to lead the chapter this past year, and I look forward to serving in other capacities going forward. I also look forward to serving on the statewide board of directors, starting June 1.

I would like to wish Edward F. Esposito, president-elect, the best of luck and success as he assumes the role of chapter president in just a few weeks. I am confident that he will build upon the success of the chapter’s 2012–2013 year. Ed has been an extremely active member in the chapter and has rightfully ascended very quickly to the position of president. I look forward to supporting him next year.

Our chapter is preparing for our annual Accounting & Auditing Update Conference on May 23 at St. John’s University in Queens, and the statewide update conference on June 19. I hope to see everyone there.

ulrichm@stjohns.edu

NASSAU
Chapter welcomes new officers, prepares for events

BY LISA A. HAYNIE
Nassau Chapter President

My term as the 59th president of the Nassau Chapter has been very rewarding, and the past year has been a productive one for our members. We held a series of successful events, and the chapter grew, gaining some new faces. I would like to congratulate the incoming officers and executive board who will be installed on May 9 at the Crest Hollow Country Club. I wish them all much success.

Officers
President: Scott Sanders
President-elect: Robert S. Barnett
Vice President: Philip H. Kanyuk
Treasurer: Lynne M. Fuentes
Secretary: Christine P. Hallahan

Directors
Anthony J. Aronica
Anthony Basile
Joel C. Dressner
Howard H. Fine
Geri A. Gregor
Eliot H. Lebenhart
Alex Resnick
Cynthia Sze

I have really enjoyed working with all of the chapter committee chairs this year, especially the leaders of the Young CPAs Committee, Carmelina Hernandez, Joshua S. Sechter and Bruce LaMarca. During my admin-

strations, they assisted in organizing the first Super-Sized Networking Event for Young Professionals at the East Farmingdale 56th Fighter Group restaurant; participated in planning our annual Mentor-a-Student Night at the Chateau Briand; promoted our chapter’s Toys for Tots drive; and organized the first Becker Young CPA technical meeting, which will be held on May 22 at Holtz Rubenstein Reminick. And they have already started planning additional events for next year. The positive attitude and energy from these Young CPAs chairs is outstanding! If you are interested in joining the Young CPAs Committee, please email chernandez @markspaneth.com or call 516-992-5876.

On June 13, we are hosting our annual Golf Outing at the North Hills Country Club. Neal Korenberg and Carol Pinto from Castellan and Korenberg, Co., have organized a spectacular day. Please come and support our chapter. Our annual CPAs 4(a): Cause 5K Run/Walk to end hunger will take place on June 15. Many thanks to Roy B. Massa, Raymond W. Floch and their diligent committee, which included Nassau Chapter volunteers, the NCCPAP and Island Harvest representatives who all helped to plan this event. We hope to see you there.

Thank you for the opportunity to serve as the Nassau Chapter president. It has truly been an honor. I look forward to continue serving our chapter as your role as past-president.

lisahaynie@kbktxd.com

MID HUDSON
With the baton passed to new chapter leaders, Mid Hudson plans mixer, CPE

BY WILLIAM F. BERARDI
Mid Hudson Chapter President

My time as chapter president bore some similarities to tax season—I couldn’t wait for my term to begin, but now I can’t wait for it to end! In all seriousness, thanks to the past, present and future members who have served and will serve on the chapter board, and to the committee members for their invaluable work. And many thanks to Society staff for helping to coordinate the chapter’s activities. I am proud to say that our chapter has a very active and engaged membership; our Incoming President Tracey J. Niemotko has already hit the ground running.

Our board meeting took place on April 23 at the Hilton Garden, and we have some great educational events planned for the next three months. To celebrate the end of tax season, we have an After–Busy Season Mixer planned for May 2 at the Newburgh Brewing Company. On May 7, the chapter will host an Estate Planning CPE session, which will offer two credits in taxation, planning and real estate.

The CPE session, presented by Gerald Reger and Sarah M. Hopkins, will cover “Accounting and Reporting in a Health Care World,” and “Nonprofit Hot-Button Topics.”

With the traditional busy season now behind us, it is time to think about getting involved in other aspects of the profession. The Buffalo Chapter has something for everyone, and I encourage you to reach out and find your niche. New ideas for programs and committees are always welcome.

Thanks again for the opportunity to lead the chapter. It has been both a challenging and fulfilling year.

lkberardi@ibmrr.com
Get involved with the Manhattan/Bronx Chapter

BY SHERIF SAKR
Man/Bx Chapter President
J. MICHAEL KIRKLAND
NYSSCPA President-elect

Many of the most important aspects of your membership is the opportunity to get involved with different activities at the chapter level. The Manhattan/Bronx Chapter and its various committees provide members with several ways to do so—from educational programs that can help you to continue sharpening your skills as a professional, to social events that provide ample occasions to network with peers. Another way to get involved is to give back to the profession by recruiting future talent.

One-on-One High School Outreach Program

The Manhattan/Bronx Chapter’s One-on-One High School Outreach Program, which began 12 years ago, provides New York City high school students with a window into what a career as a CPA can offer and how the profession can transform their lives. We are grateful for the many contributions to this program that we’ve received over the years, but would like to particularly express our deep appreciation to Margo Hamner, Marcella C. Bajusz and Rona L. Shore for all their years of dedicated service.

One-on-One is part of a mentoring series that includes the w:se program and High School Career Day. First, program meetings are held to identify high schools and discuss topics and speakers. Volunteer speakers are then asked to give short presentations about their education and employment history, correlating their experience to the student’s courses, such as math, and providing lively examples of how their learning and education can be used in various life and employment experiences. After the presentations, there is a question–answer session that is always very thought provoking.

Although we hope that One-on-One will serve as a catalyst for many CPA career opportunities, the true importance of this program is education and financial literacy. If the students leave the program with a flicker of curiosity about how our financial system works and what it means to them and their families, we will have accomplished a lot.

This is a tremendous program, and we hope we can get more of our members to participate. We are seeking volunteers who are passionate about our profession and who would like to share with young students the benefits and opportunities of becoming a CPA.

Our previous speakers included—
• young professionals who were able to share their perspectives on the profession and why they have chosen it as a career,
• retirees and individuals on part-time and flexible work schedules,
• college professors and college students,
• professionals who enjoy public speaking or would like to gain public speaking experience, and
• anyone who is motivated to work with our young students.

We are seeking volunteers for the following upcoming scheduled programs:

• One-on-One Program at Murry Bergtraum High School—Friday, May 10.
• w:se program at the High School of Economics and Finance—every Wednesday through June 5.

You will find the experience gratifying, the students and teachers are always appreciative and enthusiastic. We believe in this program and hope you do as well. If you have any questions, or would like to participate in any of the scheduled or future One-on-One or w:se program events, please contact chapter board members Ir alma Pozo (ir alma_pozo@hotmail.com) or Maya C. Khan (maya.chahine@gmail.com).

Upcoming CPE Events

The chapter continues to offer different CPE events that feature world-class speakers and cover a host of topics, including, but not limited to, technical accounting matters, soft skills, retirement and wealth planning, and business development programs. We encourage you to take advantage of the opportunities provided—not just to sharpen your skills in areas of choice, but also to network with other attendees and maintain your CPE requirements for New York state licensure early on in the year (don’t wait until the fall to start thinking about it).

A few of our upcoming CPE events include—
• the Healthy Business Group—Measures Based Health Improvement—May 9 (2 credits),
• the Personal Property and Casualty Insurance: Helping Your Client Navigate the Maze—May 22 (2 credits),
• the Defined Contribution and Benefit Plans—May 23 (2 credits),
• the M Word—The Money Talk Every Family Needs to Have About Wealth and their Financial Future—May 28 (2 credits).

We encourage you to continue monitoring our webpage for the latest updates. Also, please join our Facebook page and email distribution list for updates on all the different CPE and social events provided by the Manhattan/Bronx Chapter. We look forward to your active participation. Your suggestions for future CPE topics or events are always welcome.

May 2013    |    The Trusted Professional|    www.trustedprofessional.com

SHERIF SAKR
Man/Bx Chapter President

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WESTCHESTER

Chapter recaps its year-long accomplishments

BY DENISE M. STEFANO
Westchester Chapter President

With my presidency winding down, I thought I would use this last letter to recap the chapter’s successful year, and express my sincere thanks to our chapter’s board, committees and past presidents, without whom none of what we accomplished this year could have been possible.

As cited in my induction speech last May, and throughout the letters I have written for The Trusted Professional and the chapter’s newsletters this year, I had two main goals or themes, so to speak, for the 2012–2013 chapter year: to infuse outreach and mentorship into nearly all of the programming, which is precisely what we did. Below are some key highlights of this year’s accomplishments.

The Westchester Chapter—
• drew more than 100 new members, more than half of whom are students. This will undoubtedly promote effective succession planning in the future leadership of our chapter;
• expanded our relations with several professional organizations, including the Financial Planning Association, Greater Hudson Valley Chapter, the Westchester County Bar Association, the Westchester Women’s Bar Association, the White Plains Bar Association and the Westchester County Association, running joint CPE/CLE sessions and other cooperative networking events;
• added several new potential sponsors to our pool for future events;
• expanded our reach into Westchester high schools through visits and presentations about careers in accounting, which helped to build awareness of, and interest in, our profession;
• ran several highly attended and successful student/public outreach programs that received excellent feedback, including our Annual Recruitment event (sponsored by a greater number of firms and organizations than in the past), our College Planning event (which we expanded to two locations this year, nearly doubling the event’s participants), and our CPA Examination Overview event (which drew participants from more than 20 colleges, universities and accounting firms);
• continued offering our “soft skills” programs, based on feedback from local firms managing partners who cited these skills as requiring further development among young professionals;
• agreed to participate, through one of our member accounting firms, in a local high school curriculum initiative that includes a practical component where students “shadow” various professionals in order to get a firsthand glimpse into the professional’s daily work. This initiative also prompted further discussion with the NYSSCPA about rolling out a related and more expansive “Shadow an Accountant” program through various other chapters in the future;
• worked to “bring back the face” of two of our committees that have been dormant of late—the Local Practitioners Committee and the Accounting and Auditing Principles Committee—by running two short but well-received CPE events: Deductibility of Casualty Losses After Superstorm Sandy; and the NYS Mandatory Quality Review Requirements; and
• held two sold-out, all-day Annual Tax Conferences in November and December.

With May upon us, stay tuned for several other upcoming chapter events that will conclude our fiscal year activities. Our Young CPA’s wine-tasting event to benefit Blythedale Children’s Hospital (part of the chapter’s charitable event initiatives) will take place on May 2; our all-day 13th Annual Estate, Tax and Financial Planning Conference (sure to be another sold-out event) will be held on May 6; our all-day Golf Outing (one of the chapter’s most anticipated and highly attended social events) will take place on May 14, and our Annual President’s Dinner/Reception (where I hope to see and meet as many of our chapter members as possible) will be held on May 15.

Of course, none of these accomplishments could have been possible without the continued commitment and dedication of our fantastic team of board members, committee participants and active past presidents. I am grateful for their undeniable support, as well as for the support of our members.

In closing, although it’s been a laborious journey, I want to express just how much I have enjoyed my experience presiding over our chapter, working to grow and strengthen our relations, and remain the strong advocate of my successor, Gina Linss, whom I am certain will provide excellent leadership in the coming year and continue building on our chapter’s strong foundation.

Send feedback to denisestefano@smartpros.com

SHERIF SAKR
Man/Bx Chapter President

denisestefano@smartpros.com

PRIVACY POLICY

FAE EVENTS and CPA OFFERINGS

Buffalo
Spring 2013 Non-for-Profit Committee CPE Session
When: May 8, 4–7 p.m.
Where: Millennium Hotel, 2040 Walden Ave., Cheektowaga
Cost: $30 members; $45 nonmembers
Course Code: 29010308
Contact: Christopher Patri at cjp@bscpa.com (716-854-5034)

Nassau
60th Annual Installation Dinner
When: May 9, 6:30 p.m.
Where: Crest Hollow Country Club, 8525 Jericho Turnpike, Woodbury
Cost: $95 per person
Contact: Jean Townsend at jtownsend@st-cpas.com (516-938-5219)

Women’s Focus Group Spring Luncheon
Guest Speaker: Debi Siber
When: May 17, 12–2:30 p.m.
Where: The Millerdine Inn, 585 N. Broadway, Jericho
Cost: $40 per person (includes a copy of the book: “A Pocket Full of Mojo” by Debi Siber)
Contact: Elizabeth Oberg at loberg@st-cpas.com

The Young CPAs Committee: CPA Exam Tips and Tricks
Sponsored by Becker
When: May 22, 6–8 p.m.
Where: D’Angelo Center, rooms 416 A, B, and C
Cost: $25 per person
Course Code: 29150316

Personal Property and Casualty Insurance: Helping Your Client Navigate the Maze
When: May 22, 6–8 p.m.
Where: FAE Conference Center, 3 Park Ave., 19th floor
Cost: $20 members; $30 nonmembers; walk-ins: $30 members; $40 nonmembers
CPE: 2 (specialized knowledge and applications)
Course Code: 29150316

erved

Manhattan/Bnx
Healthy Business Group Measures-Based Health Improvement
When: May 9, 6–8:30 p.m. (5:30 p.m. check-in)
Where: FAE Conference Center, 3 Park Ave., 19th floor
Cost: $20 members; $30 nonmembers; walk-ins: $30 members; $40 nonmembers
CPE: 2 (specialized knowledge and applications)
Course Code: 29150316

Defined Contribution and Benefit Plans
When: May 23, 6–8 p.m. (5:30 p.m. check-in)
Where: Black Rock, 55 East 52nd St., 24th floor
Cost: $20 members; $30 nonmembers; walk-ins: $30 members; $40 nonmembers
CPE: 2 (specialized knowledge and applications)
Course Code: 29150316

Queens/Brooklyn
Queens/Brooklyn Chapter Accounting and Auditing Update Conference
When: May 23, 8 a.m.–5 p.m. (7:30 a.m. check-in)
Where: St. John’s University–Queens Campus, 8000 Utopia Parkway
Cost: $100 members; $125 nonmembers
CPE: 8 (4 accounting, 4 auditing)
Course Code: 28116322

Rochester
Rochester Chapter Young CPAs Golf Tournament
When: May 17, 11:45 a.m. (registration); 1 p.m. (shooter start)
Where: Eagle Vale Golf Course, 444 Nine Mile River Road, Fairport
Cost: $60 per person
Contact: Matt Hanley at mhanley@teamdkb.com or Nick Kelley at nkellely@firstadelcorp.com
Executive Presence: Projecting Your Most Powerful Self
Sponsored by Rochester Chapter Young CPA Committee
When: June 4, 7:45–10:30 a.m.
Where: Monroe Golf Club, 155 Golf Ave., Pittsford
Cost: $30 members; $40 nonmembers (breakfast buffet included)
CPE: 2 (specialized knowledge)
Course Code: 29056401
Contact: Jamie Shemps at jamie@rochesterap.com RSVP by May 24

State Island
Sales Tax and Capital Improvements
When: May 20, 6–8 p.m.
Where: Bocelli Restaurant, 1250 Hylan Blvd
CPE: 2 (taxation)
Course Code: 29076304
Contact: Cindy Mancuso at cindy@bfap.com

State Island Chapter Annual Installation Dinner
When: May 14
Where: Angelina’s, 399 Ellis Street
Check Chapter webpage for updates

Suffolk
The Committee on Cooperation with Bankers And Other Credit Grantors presents:
Suffolk: Chapter’s 42nd Annual Golf Outing
When: May 13, 10 a.m. (check-in and brunch); 11:30 a.m. (shooter start); 5:30 p.m. (open bar and dinner)
Where: Southard Ho Country Club, 601 W. Montauk Highway, Bay Shore
Cost: $450 (golf, lunch and dinner); $200 (cocktails and dinner only)
Contact: Robert Quarté or Irene Howell at (631-434-9500)

Health Insurance and Compliance Update
When: May 16, 8:30–10:30 a.m.
Cost: $200 (cocktails and dinner only)
Where: Professional Group Plans, 225 Wireless Blvd, Suite 200, Hauppauge
CPE: 2 (taxation)
Course Code: 29080322
Contact: Malini Patel at mpatel@cerinlandassociates.com

Joint Young CPAs and Cooperation with Bankers Meeting:
I Need a Loan, Now What?
When: May 21, 6–9 p.m.
Where: Sherman Smithtown, 110 Motor Pkwy, Hauppauge
CPE: 2 (accounting)
Course Code: 29080322
Contact: Shawn Tracy at st Tracy1@hotmail.com (631-514-4055)

7th Annual Membership Event
When: May 23, 6:30–9:30 p.m.
Where: Island Hills Country Club, 458 Lakeland Ave., Sayville
Cost: Free
Contact: Lawrence Lucarelli at llucarelli@avz.com (631-434-8500)

Auditing 401(k) Plans Conference
When: June 6, 8:30 a.m.–4:30 p.m.
(8 a.m. check-in)
Where: Sheraton Smithtown, 110 Motor Pkwy, Hauppauge
Cost: $200 member; $300 nonmember CPE: 8 (4 accounting, 4 auditing)
Course Code: 28108429
Contact: Felicia Paur at fpaura@shehanpcpa.com

Auditing 401(k) & 403(b) Plans
When: June 17, 8:30 a.m.–4:30 p.m. (8 a.m. check-in)
Where: Sheraton Smithtown, 110 Motor Pkwy, Hauppauge
Cost: $200 member; $300 nonmember CPE: 8 (accounting, 4 auditing)
Course Code: 28108428
Contact: Felicia Paur at fpaura@shehanpcpa.com

Supervised Networking Event–Remix
When: Aug. 8, 6–8 p.m.
Where: Kodikas, 1815 Broad Hollow Rd, Farmingdale
Cost: $35 per person
Contact: Josh Sechter at jsechter@hrllp.com (631-719-3357)

Suffolk Chapter Young Professional Golf Classic
When: Sept. 26, 7:30 a.m. (breakfast and registration); 8 a.m. (shooter start); 1:30 p.m. (cocktail hour followed by dinner)
Where: Hamler Willow Creek Golf and Country Club, 1 Clubhouse Drive, Mt. Sinai
Cost: $250 per person
Contact: Michael D’Onofrio at mdonofrio@laadvantage.com (516-931-8400 ext. 42)
Sept. 6 is the last day to register. Please register early.

Syracuse
Current Issues for Accountants in Industry
When: June 4, 9 a.m.–12 p.m.
Where: LeMoyne College, 1419 Salt Springs Road
Cost: Free
CPE: 3 (accounting)
Course Code: 29090401
Contact: Stephen Gozczynski at sgo@spcns.com

Westchester
Annual President’s Dinner and Reception
When: May 13, 6–9 p.m. (6 p.m. cocktail reception)
Where: Willow Ridge Country Club, 123 North St., Harrison
Cost: $65 per person
Contact: Mark Leeds at mleeds@winprop.com (914-468-7313)

Funding and CPA OFFERINGS
What are the pros and cons of dating or marrying another CPA?

KARINA PINCH | ROCHESTER CHAPTER

I’m an auditing professional, as is my husband. I think the biggest benefit is that we understand the demands and the scheduling involved, so there’s no conflict when one of us has something to do and needs to work long hours or travel. We both get it. We have a good feeling for what the other is going through and are able to empathize. We’re also very good sounding boards for each other—if there’s an issue one of us wants to talk about that’s work-related, there’s no need to translate, and the other can relate well to it. When it comes to finding technical solutions to accounting or bookkeeping or recording-keeping types of problems, he’s one of the first people I go to. For example, recently, I was looking for a recommendation for a cloud-based solution for sharing data that would be secure and meet the needs of all parties involved. He was able to provide a very good one, in my opinion.

We’re good collaborative partners, too. Since my husband left the firm we both worked for, we’ve collaborated on various technical and accounting-related projects. We have a start-up LLC—he does the programming and I do the books.

The only thing I’d say as far as a possible downside goes, is that we miss out on a lot of hours with each other, but other than that, it’s all upside, after seven years together.

karina.pinch@gmail.com

BARRY S. KROSTICH | SUFFOLK CHAPTER

My wife is also a CPA. The advantages are that we’re on the same schedule. She’s busy when I’m busy, and when I have free time, she has free time. She knows what I do for a living and she knows what it involves, which makes for some interesting dinner conversation—though the kids would probably disagree. I do tax and audit, and she does strictly tax, and at night I’ll sometimes say, ‘I ran into this tax problem,’ or she’ll say the same thing to me. Or I’ll be doing some work at home and say, ‘I’m having some trouble with this—could you look over my shoulder?’

Because we both work in the tax area, busy season can be difficult. Not so much on us, but when the kids were younger, it was very tough on them. I carry this note in my wallet from my son, who’s 18 now, though when he wrote it, he must have been seven or eight at the time. It’s a little note that says, ‘I hate tax returns, they are stupid’—all misspelled. But my wife has always been in a permanent part-time position and when the kids were younger, she tried to be there when they got on and off the school bus.

bkrostich@fucco.com

JOSEPH T. SCHERRIF | SUFFOLK CHAPTER

I’ve been married to a CPA for about three and a half years, and we’ve been together for about two years before that. We work for the same firm.

It can be challenging at times, but it works out for us. We recently had a son who is now 10 months old, and it can be a struggle on a week-by-week basis regarding who can drop off, who can pick up and who as an audit committee or a client meeting. I’m lucky to have my parents around. Our jobs are strenuous, both of us being auditors, and it’s especially tough from January through the end of April, when things get a little crazy with late nights. By the time we get home and have dinner, we’re just about ready to fall into bed. Still, being CPAs allows us the flexibility to make accommodations for these things. Our firm lets us come and go as we please, so it’s easier than if we had a strict nine-to-five job. If we wanted to leave early—say if my mom had something that came up at the last minute and couldn’t pick up our son from day care—I could and would just come back to the office at night.

I remember thinking when we were still dating, that if we had kids, it’d be easier if my wife was a teacher who was home by three, but then I realized that if my wife were home at three and I wasn’t home until 10, I’d get a lot more calls from her asking ‘when’re you coming home? ’ We both understand why we’re doing what we’re doing. When you say you have a client dinner at night or you’ve got something going on, it’s understood that it’s for work and you’re not just out having fun. It would be more difficult if you were married to someone who was not in the field.

jscheriff@bdo.com

REBECCA M. ORTIZ | SYRACUSE CHAPTER

I think it can be helpful. My significant other and I studied for the CPA exam together—that’s actually how we met—and so, there was a level of accountability. When studying, we’d agree to do a certain amount of work, and then we’d meet and go over it. Another one of the pros is that we can talk in general terms over dinner and know exactly what we’re doing at work and understand each other. I’ve called him with questions and vice versa.

Also, we’re like-minded as far as finances. We’re generally on the same page, so that’s a huge benefit when it comes to household budgeting. We work for different firms—mine is big, relatively speaking, and his is small—and that’s interesting because it lends some insight into how different those experiences can be. He can go ahead and file a tax return, while I need several layers of sign offs.

Of course, we both have tax seasons, so that’s both a pro and a con. We understand each other’s schedules, but the house becomes a mess. When we both got done with the busy season, we collapsed on the couch and fell asleep.

rrortiz@tmdcpas.com

JENNIFER LOUP | SOUTHERN TIER CHAPTER

I’ve been dating another CPA for about two and a half years. It’s refreshing to have someone who understands what you have to go through during tax season and understands your job, in general. We both know that the scheduling, especially during busy season, is just part of the job and that we probably won’t see much of each other. We’re also great at giving each other feedback—we can ask each other for advice, though not often, due to client confidentiality issues. We don’t talk about specifics, just in general—’how would you handle this situation,’ that kind of thing.

jloup@mfcpas.com
### AICPA Pricing Schedule

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

<table>
<thead>
<tr>
<th>Course Title</th>
<th>Member Fee</th>
<th>Nonmember Fee</th>
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<tbody>
<tr>
<td>8-hour course</td>
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<tr>
<td>16-hour course</td>
<td>$335</td>
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<tr>
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<td>$305</td>
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<td>$335</td>
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<td>$430</td>
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<td>4-hour courses, see course description for price information.</td>
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For 4-hour courses, see course description for price information. For details, refer to the registration information on the www.nysscpa.org.

### Advisory Services

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