NYSSCPA cautions IAASB against expanding role of auditors

BY CHRIS GAETANO
Trusted Professional Staff

In an Oct. 2 comment letter regarding proposed changes meant to improve the auditor’s report, the NYSSCPA told the International Auditing and Assurance Standards Board (IAASB) that while its ideas are well-intentioned, implementing them would inappropriately expand the role of auditors and the nature of the work they perform.

The letter, authored by members of the SEC Practice Committee, the International Accounting and Auditing Committee, and the Auditing Standards Committee, was written in response to a May 2011 IAASB proposal, “Enhancing the Value of Auditor Reporting: Exploring Options for Change,” that was aimed at boosting the functionality and transparency of the audit report. The IAASB is an independent standards-setting board within the International Federation of Accountants.

Many of the suggested IAASB changes will sound familiar to those who have been following similar proposals by the Public Company Accounting Oversight Board (PCAOB) in the United States, such as expanded discussion and analysis, mandatory emphasis of matter paragraphs and having the audit partner sign his or her name on the report. Much like its reaction to the PCAOB’s efforts, the NYSSCPA disagreed with the majority of the suggested changes, arguing that the auditor’s role should remain limited to objectively assessing assertions embodied in the financial statements. It should not, the Society said, include clarifying, explaining or analyzing the financial statements for users, or advising or assisting auditors and the nature of the work they perform.

The letter, written in response to a May 2011 IAASB proposal, noted that 82 percent of the proposals would result in increased audit content, whereas 15 percent would reduce content. It is important to note that currently, only 48 percent of the content auditors produce is considered useful, and the level of agreement among firms is low, according to the letter.

NYSSCPA President Rick J. Sampson, at the FAE’s Restaurant & Hospitality Breakfast Conference.

Restaurant group chief slams NYC soda ban at FAE Conference

BY CHRIS GAETANO
Trusted Professional Staff

According to Rick J. Sampson, president and CEO of the New York State Restaurant Association, the New York State Restaurant Association, which represents 10,000 restaurants across the state, is opposed to the soda ban.

Sampson said that while he’s waiting for the public to push back, “unfortunately, we haven’t seen that yet.”

He said it puts even more of a burden on restaurants trying to thrive in the city. While he agreed that obesity is an important issue that needs to be tackled, he said that’s what Mayor Michael Bloomberg does.

Sampson said that the ban won’t have the desired effect because people can easily buy a giant soda from a bodega or 7-Eleven store, since the regulation doesn’t apply there, or simply order four or five smaller sodas at the restaurant itself, especially if they have free refills.

Sampson said that he saw the effort as part of a larger pattern of the city “h Hamming away at restaurants.” Besides the soda ban, he pointed to calorie counts, which the city has required restaurants to post since 2008, and letter grading for eating establishments, which he said caused confusion because consumers aren’t aware that points can be deducted for things that have nothing to do with a restaurant’s sanitation.

What’s happening in New York City could reverberate not only through the entire state but the entire country as well, he said, since the city tends to be a driver for Albany, which the rest of the country looks to.

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See Retirement Plans, on page 5

A s Americans continue to grapple with high unemployment rates and a sluggish housing market, the NYSSCPA is urging Sen. Charles E. Schumer (D-N.Y.) and other New York members of the Senate Finance and House Ways and Means Committees to introduce short-term measures that would allow taxpayers to make early withdrawals from qualified retirement plans under certain circumstances.

In a Sept. 26 letter to the senator, as well as to Reps. Charles B. Rangel (D-N.Y.), Tom Reed (R-N.Y.) and Joseph Crowley (D-N.Y.), NYSSCPA President Gail M. Kinsella expressed concern that the 10 percent tax “penalty” imposed on early distributions by Internal Revenue Code (IRC) Section 72(t) might pose additional economic hardships for those who have needed to withdraw from their plans during the economic downturn.

The penalty is a double whammy for many who are turning to these monies because they have a tremendous need,” said Stephen P. Valenti, a member of the NYSSCPA Tax Division Oversight Committee, which initiated the appeal.

While noting that early withdrawal isn’t always ideal, the Society recognized that it has “become the last resort for those who have needed to withdraw from their plans during the economic downturn.”

“Still, Sampson held particular ire for New York City’s new ban on sodas larger than 16 ounces, approved this past September. He said it puts even more of a burden on restaurants trying to thrive in the city. While he agreed that obesity is an important issue that needs to be tackled, he said that’s what Mayor Michael Bloomberg does.”

Instead of banning large sodas, Sampson said the health department should, instead, focus on using education to foster responsible eating and drinking habits, especially among children. He also argued that the ban won’t have the desired effect because people can easily buy a giant soda from a bodega or 7-Eleven store, since the regulation doesn’t apply there, or simply order four or five smaller sodas at the restaurant itself, especially if they have free refills.

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See Retirement Plans, on page 5
A call for nominations for AICPA Council

In January 2013, the NYSSCPA Board of Directors will propose three individuals to the AICPA’s Nominations Committee, which nominates members for election to AICPA Council. Those nominees, once duly elected, will each serve three-year terms, beginning October 2013, on the 265-person governing council. In addition, one person will be designated by the Society to serve a one-year term as its representative to the council, also beginning October 2013.

While day-to-day governance of the AICPA is handled by the AICPA’s 23-person board of directors, the AICPA Council is the final sounding board for AICPA initiatives. The council meets twice a year in various locations around the country. Each council meeting lasts for two-and-a-half days. In addition, it holds one-day regional meetings in the spring of each year, one typically being in New York City.

In addition to attending these AICPA Council meetings, being an AICPA Council member involves about a day per meeting for preparation time, anywhere from a half day to a day per month to keep abreast of professional issues, participate in electronic conferences and meetings, attend one or more council meetings with the NYSSCPA Board of Directors to discuss the profession’s important issues and the council’s activities, and to attend the annual Governance Forum. It is fun, professionally fulfilling and work that can be very satisfying.

Eligibility requirements

Pursuant to the NYSSCPA Board’s Standing Rules, one of the NYSSCPA-nominated council positions is reserved each year for the NYSSCPA’s president-elect. Otherwise, to be considered by the NYSSCPA Board of Directors, candidates must:
- be a member of the NYSSCPA;
- be a member of the AICPA;
- submit to the Board selections committee a résumé and a written statement of what the candidate intends to bring to council;
- currently live or work in New York, New Jersey or Connecticut;
- have been active in the NYSSCPA, either at the chapter level or with a statewide committee or both; and
- not be a current member of the NYSSCPA Board of Directors, unless the candidate is in his or her final year of board service.

Express your interest by Nov. 16

If you or a colleague you know is interested in serving on the AICPA Council, please email the following information to J. Michael Kirkland, the Society’s president-elect and chair of the Board’s Selections Subcommittee, at presidentelect@nysscpa.org or before Nov. 16:
- A résumé that meets the above eligibility requirements; and
- An answer to the question: What is it that I would bring to the council?

If you are eligible, I encourage you to consider service on the AICPA Council.

Interested in Writing for The Trusted Professional?

Are you an NYSSCPA member interested in writing for The Trusted Professional? No matter what your practice area, The Trusted Professional might be interested in publishing your work. All published stories should be between 700 and 1,500 words in length and must follow Associated Press—not academic—style guidelines. Submitted stories should be geared toward the education and general interests of the readership. Articles written to sell a service or to promote a business or office will not be considered. Final acceptance of material submitted for publication is at the editor’s sole discretion. Interested members should email Nicole Saunders at nsunders@nysscpa.org for more information.
Newsmakers: PCC members Mark Ellis, Neville Grusd and Lawrence E. Weinstock

BY CHRIS GAETANO
Trusted Professional Staff

September, the Financial Accounting Foundation (FAF) named the first 10 members of the newly formed Private Company Council (PCC), a deliberative body that will recommend modifications and exceptions to Generally Accepted Accounting Principles (U.S. GAAP) for private companies and advise the Financial Accounting Standards Board (FASB) on private company issues. The appointees, chosen from a pool of more than 100 candidates, include three NYSSCPA members: Mark Ellis, chief financial officer of PetcareRx Inc., who is a member of the FASB Small Business Advisory Committee and a past NYSSCPA Secretary; Neville Grusd, president of Merchant Financial Corporation and a past NYSSCPA board member and vice president; and Lawrence E. Weinstock, vice president of finance for Mana Products Inc. and a member of the FAF's Emerging Issues Task Force (EITF). Trusted Professional writer Chris Gaetano spoke with all three about their hopes for the PCC and the issues they’d most like to address.

Users of private company financial statements have long pushed for the creation of a body that better addresses their needs. How does it feel to finally be able to tackle the issues affecting private entities?

Mark Ellis: The time is right for this group to exist. It's not a radical departure from what existed before, but it's a unique opportunity for the private company community to get its voice heard. I feel like the FAF is doing the right thing, and I'm excited to be part of it.

Neville Grusd: It's great to see the FAF taking this step. Private companies need a voice in the standards-setting process. I think the PCC will be able to bring a unique perspective to the table.

Lawrence E. Weinstock: I'm thrilled to be part of this group. It's an opportunity to make a difference in the world of private company accounting.

This isn't the first time the FAF has tried to address private company issues; the PCC will be replacing the Private Company Financial Reporting Committee (PCFRC), an advisory body created by the FASB in 2006. The NYSSCPA, among others, had been critical of the PCFRC, saying it was unsuccessful because it failed to advocate on behalf of its constituents and that the FASB frequently did not accept its recommendations. Do you think the PCC will be able to address private company accounting matters in a way the PCFRC could not?

Weinstock: The structure is slightly different. The PCFRC met without the FASB, at least in the beginning, and from my understanding, there certainly was not the same type of FASB staff support. It wasn’t really an integrated process. The PCC is using the EITF model, in that FASB board members are there deliberating and watching the deliberations, which makes them much more a part of the process, so there is true collaboration. They will be involved and observing, but without a vote. Also, the PCFRC didn’t really promulgate standards settings, whereas the EITF was creating standards that were to be ratified by the FASB board. The PCC will suggest exceptions and modifications that will then be endorsed by the FASB. So, it’s really a different model.

How did you come to be on the council? What was the selection process like?

Mark Ellis: I've been a lender for the last 30 years. I started out as a public accountant and got very interested in the academic side of accounting—I wrote a textbook on advanced accounting in my younger days, and was an associate professor of accounting at C.W. Post. Even when I got into lending, I couldn't get rid of the accounting bug and remained active in the NYSSCPA. I got involved with the FASB's User Advisory Council in 2007, which included lenders, bankers, equity financiers and rating agencies. They held informal discussions about what users wanted from GAAP, and I went along because I wanted to make sure, as

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New exec secretary appointed to state accountancy board

BY RICHARD J. KORETO
Trusted Professional Correspondent

Jennifer B. Winters, CPA, was appointed executive secretary of the New York State Board for Public Accountancy in September. She succeeded Daniel J. Dustin, who left the position in December 2011, after 13 years.

The duties of the position include providing assistance to the Board of Regents through the State Education Department, by developing requirements for licensure; reviewing and evaluating applications for licensure, CPE sponsorship and public accounting firm registration; assessing professional practice issues; convening disciplinary panels; and providing technical assistance to legislative staff, preparing bill comments and assisting in the development of departmental bills. Winters’ responsibilities also extend to serving as executive secretary for the state’s Board for Certified Shorthand Reporting.

According to Winters’ LinkedIn page, before her appointment to the state board, she spent four years as the internal control officer for the state’s Division of Military and Naval Affairs, which has authority over the National Guard and similar organizations. From 2006 to 2008, she was the senior internal auditor for the New York State Police. Her public accounting experience includes a two-year stint as an associate auditor at KPMG from 2004 to 2006. Winters also holds both an M.S. in accounting information systems and a B.S. in accounting, both from SUNY Albany (University at Albany).

“Winters brings a unique blend of knowledge and background in public accounting together with the managerial skills necessary to assume the responsibilities as the Executive Secretary to the New York State Boards for Public Accountancy and Certified Shorthand Reporting,” Douglas Lentivech, deputy commissioner of the New York State Education Department’s Office of the Professions, said in a department memo that has been made public, presenting Winters for consideration to the state Board of Regents.
a user representing the lending community, that we were covered and would get the quality we needed to make credit decisions. I personally applied and offered my services for the council myself—I was not nominated by anyone—and was absolutely pleased that I was selected.

Ellis: I’ve been involved in this debate for many years. I can’t remember when I started but I was part of the AICPA task force that looked at whether there was a need for a separate private company GAAP. That was the catalyst that predated the formation of the FASB’s Small Business Advisory Committee, which I was asked to join. Then I got involved in the working group to the International Accounting Standards Board, looking at their Small and Medium Entities standards. Most recently, I was an observing member of the Blue Ribbon Panel which proposed the formation of the PCC. Having been so involved with the formation of this council, it was a natural instinct to say I want to make sure the message is carried on from all that work by so many people.

What will be the first priority of the PCC when it finally meets?

Weinstock: I spoke with the chair, Billy Atkinson, about this, just one-on-one and unofficially. What he laid out is that he wants the council [members] to spend some time talking to each other, since everyone does have their individual views. We want to spend some time assimilating all the input from everyone and develop a common denominator set of understandings among ourselves. Some of the things that could be included in there are how to agree on costs vs. benefits, agreeing on the decision-making framework factors the FASB staff put out, and agreeing on how the council is going to proceed. So, those are the first couple of issues right there.

In general, what private company financial accounting issues interest you most? What do you personally hope to bring to the PCC’s attention?

Grudz: I believe that the users are definitely the drivers of what happens. We rely on the accountants, technically, to give us financial statements that are correct and true and that we can use to make decisions. I have had experiences over the years where accountants come to me as a lender and say, “Your loan covenants require us to comply with GAAP, and if we don’t, we’ll be in default, but there are issues where this will be too much to do, and we don’t think it has relevance to your credit decisions. Will you give us a waiver?” So, one area I am wrestling with is, when there are certain things you know will work in 80 percent of [the] cases, how do you address the other 20 percent? Do you change the rule for the whole business or do you have a case by case on the council. Because I agree with the principle, but there is the practicality of applying it. I think the comment was made by the Blue Ribbon Panel that one size does not fit all, and the same thing applies in reverse.

Weinstock: Interesting, because all three of us here have somewhat different views and yet I agree with a lot of what Neville said and what Mark said, too. I’m looking forward to these initial discussions the council is going to have. Both Neville and Mark mentioned relevance. I talk about lack of relevance. I am fairly comfortable with differential disclosures based on lack of relevance. I also believe, like Neville, that economic transactions, for the most part, should be reported comparably, but I’m not pounding the table that there’s never any difference in recognition. Based on a thought process of comparable reporting for comparable economic transactions, I do expect a hurdle for measurement differences to be pretty high and the hurdle for recognition differences to be even higher, so we avoid splintering, but that does not mean there couldn’t be some legitimate differences as seen through the prism of lack of relevance or complexity and cost-benefit.

Ellis: I have an example—many family-run private businesses will buy a piece of real estate and mortgage it with a bank, using a cap or swap arranged by that bank in order to get a fixed rate. Under GAAP today, you have to reevaluate the value of that derivative every year, which can, depending on change in interest rates, swing widely and be a pretty large number. The reason this is done under GAAP is because there is a chance the mortgage may be paid off early and the company will then have this liability, but the truth is most of those businesses use that real estate as their primary place of business and have no intention of moving. If they were to move, it would be such a large change in their business circumstances that there would be many costs involved, of which this is one. But those owners have to see this huge liability every year on their balance sheet, and when they ask what it is, the CFO says, “GAAP today requires me to put it on there,” though it’s not a true liability because it would only be due in the remotest of circumstances. I think for private companies it’s the wrong way to go. It may or may not be something that people support; we’ll discover that.

Weinstock: That’s where relevancy comes in. There could be a big difference between a single company and single lender, as opposed to a chain of hundreds or thousands of retail locations across the country.

Ellis: It’s such a thorny issue because there are many, many private businesses sitting in this position now, especially because when the lenders set up the swap they did it to fix the rate of the mortgage. It was done to limit risk but ends up showing up as a big liability on the balance sheet.

Weinstock: And it goes back to one of the key issues: cost-benefit. If there is no other, there is no true, scientific, completely accurate measure of cost-benefit. There’s a lot of qualitative factors that go in there, and making it more complex is that the benefit accrues to the user and, for the most part, the costs are charged to the preparer, and there is that natural tug of trying to balance out the cost of one to the benefit to the other and seeing that through the overall prism of complexity, [which] we are all trying to reduce. That is what will make this thorny because there could be certain lenders who are looking for more information because that is relevant to them, and it could be very costly for the preparer.

Grudz: As a lender, obviously, we’re interested. We’d want to know what items could hit cash flows in the next 12 to 24 months. I come from South Africa, which followed British rules, and before I came to the United States, I was brought up on principles-based accounting, not detailed-rule accounting, so there may be a rule that you don’t have to disclose, but suppose there was an economic situation where you had some transaction that could arise in the next 12 months in significant material amounts that should be disclosed so the user of the statement would be aware of it.

I had a situation once, in the disclosure of a pension fund liability, where the company had a defined benefit plan, with footnotes on pensions that, frankly, even I could not understand. I said to their accountant, “Is there going to be a hit in the cash flow in the next 12 to 24 months, because the pension fund is underfunded?” In broad business terms, that is what I want to know. To say to private companies, “You don’t have to report pension liabilities,” that’s a bad thing, but some of these pension calculations may or may not be necessary, and [it] is one area I feel could be simplified into just determining what is the potential liability in the short run. If there isn’t any, we don’t need to know. But to say you don’t need to report on it, well, there could be cases where, in six months, with people retiring, that company may go out of business, and to not disclose that liability would be a mistake.

Weinstock: This is a pretty tricky, fine line, administratively speaking. I was asked by colleagues, “How will the council know when it’s done, how will it determine if it’s successful?” I don’t think the council will ever be done because it’s going to be a standing advisory committee. But I was thinking about how I’d personally define success, and I would say if people agreed we reduced complexity and costs but, at the same time, maintained consistency and comparability, I would feel we’re doing a very good job. That’s something I think we should consider as part of our goals.
them in sorting the significant from the insignificant.

"Most of the proposals essentially expand ... the auditor’s role and what’s being reported on, [to include] a lot of information that we believe should really be coming from management," said William Stocker, a member of the International Accounting and Auditing Committee and one of the letter’s authors.

Should the IAASB insist that auditors go beyond reporting the numbers and delve into interpreting them, the NYSSCPA said, it would be a throwback to the days of the old, nonstandard long-form report that carried certain perceived risks that the Society believes “are just as valid today,” such as a risk of failure to maintain a clear-cut distinction between the representations of management and the auditor, and the risk that auditor comments might be misinterpreted by users as exceptions or reservations vs. explanations.

The IAASB noted that financial statement users believe that auditors, in possessing a great deal of information about the entity, could add to the value of a report by providing commentary about the statements, but the NYSSCPA said that such information should be the responsibility of management, not the auditor. In this realm, the comment letter said, “the role of the auditor is and should remain secondary.” Instances where the auditor does interject, through emphasis of matter paragraphs, should remain “intertwined,” the NYSSCPA said, instead of being included in every report, as the IAASB proposed.

Should emphasis of matter paragraphs become mandatory, the NYSSCPA said, the distinction between the views of the auditor, which would end up taking on the primary duty of clear and otherwise adequate disclosure of significant accounting matters, and management, which currently holds this responsibility, would be blurred. While the measure is meant to be for the benefit of investors, the Society believes that it would encourage them to read only the summarized discussions and ignore the more comprehensive views in the report. The Society warned that such paragraphs could be misconstrued as a qualification or contradiction, as an unqualified audit opinion or as a piecemeal opinion.

Similarly, the Society felt it was unreasonable to mandate commentary on the audit itself, saying that, contrary to what the IAASB may think, doing so will not increase transparency and help investors. Instead, the Society said that commentary about the audit will only serve to confuse things further for people who are not, themselves, trained auditors and therefore would not be able to learn very much from the information. Because of this, the letter said that users would likely form inappropriate inferences.

“They requested that we describe certain audit conclusions we followed and we felt that that was inappropriate,” said J. Roger Donohue, a member of the Auditing Standards Committee and another of the letter’s authors.

The Society also reacted strongly against a part of the proposal that would have the auditor make a positive statement on the propriety of the going-concern assumption or basis, as doing so, in the Society’s view, inappropriately heighten the focus on going concern matters from a normally expected condition now discussed in audit reports, to a level of importance that is above all other usual accounting conventions.

Additionally, the letter said, the highly significant accounting conventions that is normal, expected and need not be singled out and such a statement is (and should be) virtually no value to users when continuing as a going concern is not materially uncertain,” the letter said. Instead, the Society is in favor of continuing to report only when there are material uncertainties or when alternative liquidation basis is appropriate, pursuant to current standards in going-concern matters.

The NYSSCPA also disagrees with discussions with regard to the engagement partner—another of the IAASB’s proposals—because it felt that such a requirement has little potential to provide transparency or information that would be meaningful to the users, as the audit is very much a team effort that is much bigger than any individual audit partner.

However, the Society wasn’t entirely against having more information provided in the audit report. For example, it is in favor of expanding the standard audit report to include language in the discussion of what it is that an auditor is responsible for, which it felt would better inform investors about just what an audit report is and is not. The Society also favors more assurance about auditor independence, competency and performance on behalf of investors and other users.

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Retirement plans

The Society is asking Congress to consider enacting several targeted, short-term exceptions to the 10 percent tax that would “address some of the more serious scenarios faced by taxpayers as a result of the economic crisis,” Kinsella wrote.

The NYSSCPA’s proposed exceptions include early distributions to people who are experiencing long-term unemployment and have exhausted their 26-week basic unemployment benefit on or before the due date of their tax returns; distributions used to prevent the foreclosures of a principal residence, meet tax lien payments or make payments as part of a court-ordered bankruptcy plan; and cases in which the taxpayer is insolvent at the time of the distribution or the distribution is deemed a loan under IRC 72(p) in the event he or she is laid off or terminated.

The proposed exceptions are “a starting point for discussion” and not intended to be the last word, Kinsella added. Moreover, the Society is not calling for the elimination of the distribution as taxable income, only that the 10 percent tax not be imposed.

The letter pointed out that the IRS already acknowledges a small number of exceptions under 101(b) of the IRC. Taxpayers who are disabled, for example, are not required to pay a 10 percent tax on distributions made after the date of their tax returns; distributions used to meet medical expenses, higher education expenses, first-time home purchases, health care insurance premiums for unemployed people and IRC Section 6331 tax levies. Moreover, Congress has also made short-term exceptions to address specific issues, such as a bill in 2008 that gave relief to service members, active-duty armed services members, and another that gave exceptions for victims of Hurricanes Katrina, Rita and Wilma.

“Considering the merits of enacting other short-term exceptions such as those we have listed, the mere fact that an exception currently exists for one to purchase a home suggests it would be reasonable to provide an exception for one to save their one in a distressed economic climate, at the very least,” Kinsella wrote.

The Society is recommending that these exceptions apply retroactively for distributions made on or after Jan. 1, 2010, which would allow qualifying taxpayers to file an amended return and receive refunds, but recognizes that a start date of Jan. 1, 2012, or even the actual date of enactment might be more realistic, Kinsella wrote. She added that the exceptions could run out for distributions received on or before Dec. 31, 2014, based on the Federal Reserve’s recent statements indicating that the economy will remain in a weakened state until at least 2015.

“ ‘We want to be a very proactive voice on this critical issue,’ ” said Valenti. “ ‘Folks need our help, and we hope to raise awareness of this proposal that can help them deal with the circumstances many are enduring right now.’ ”

Speaker: CPAs can help clients avoid costly wage and hour snafus

BY CHRIS GAETANO

When restaurant or hotel owners are sued by employees, the dispute typically involves wages and hours, according to Richard Greenberg, an attorney who specializes in employment matters.

Greenberg spoke at the FAE’s Restaurant & Hospitality Breakfast Conference Oct. 4, and offered CPAs the following advice to help clients fend off problems:

Don’t forget hiring notices

In 2009, New York Labor Law was amended to require employers to notify employees of their rate of pay and payday in writing at the time of hiring. One would think that would be a simple process, Greenberg said, since the New York State Department of Labor has posted hiring notice templates on its website that can be downloaded and used by employers. However, Greenberg pointed out, in 2007, the Department of Labor issued a notice required under the New York State Wage Theft Protection Act, there’s a separate notice act in the Hospitality Wage Order, so “you need to ensure the clients are using a notice that includes both the hospitality order and the standard order.”

Know the difference between a mandatory gratuity and a tip

“Mandatory gratuities from a wage and hour perspective make me shiver, literally, because of the whole [Samiento vs. World Yacht Inc.] decision … where the [state] Department of Labor and Court said that just because something is said to be a service charge doesn’t give you a right to keep the money,” said Greenberg.

According to federal and state guidance, he said, if there is a mandatory gratuity distributed to all employees, it is not considered a tip … because “[a] tip implies a voluntary contribution … that needs to be rolled into the regular rate for overtime purposes.” That is very expensive, so we need to be careful in our mandatory gratuity process.”

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Pastors challenge IRS on political speech

BY CHRIS GAETANO
Trusted Professional Staff

During the IRS to revoke their tax-exempt status, pastors from more than 1,000 religious organizations across the country took to their pulpits Oct. 7 and made specific recommendations about political candidates, as part of the fifth annual “Pulpit Freedom Sunday.” The event, staged by the religious advocacy organization Alliance Defending Freedom, is meant to challenge a tax law that prohibits 501(c)(3) nonprofits from engaging in political activities, and culminated with the pastors’ taped sermons being sent to the IRS.

In a fact sheet about the event, Alliance Defending Freedom said that the purpose of Pulpit Freedom Sunday was to “restore the right of pastors to speak freely from the pulpit without fear of punishment by the government for doing what churches do: speak on any number of cultural and societal issues from a biblical perspective.” The organization added that the issue isn’t so much about pastors not being allowed to mention specific candidates as it is about the government that prohibits them from doing so. Alliance Defending Freedom said it has no problem with church leadership enforcing similar restrictions.

Current IRS tax rules state that tax-exempt 501(c)(3) organizations, which include most churches, are “absolutely prohibited” from contributing to political campaign funds or making public statements of position, whether verbal or written, in favor of or in opposition to any candidate for public office. Doing so could result in the denial or revocation of that church’s tax-exempt status. According to the Notre Dame Journal of Law, Ethics & Public Policy, there has only been one instance in which the IRS has revoked a church’s tax-exempt status: the Pierce Creek Church in Binghamton, New York, which, in 1992, bought full-page ads in USA Today and the Washington Times telling Christians to beware of Bill Clinton due to his positions on abortion, condom distribution and gay rights.

Edward J. Torres, an Executive Board member of the NYSSCPA’s Queens/Brooklyn Chapter who also sits on his church’s finance board, said it would be “catastrophic” for a church to lose its tax-exempt status. Without even considering additional financial burdens, the administrative reordering alone would be cumbersome and onerous, he said.

“Right now, [churches use] a 990 filing. There’s no income tax associated with it; it’s more a reporting thing: ‘This is what we did, and these are who our members are,’” Torres said. “It’s a whole different ball of wax when you’re saying, ‘This is what we did, and now we’ve got to give some of it to you.’”

Chansivatha Nhem, a senior accountant for Riverside Church in New York City, agreed. She said that losing tax-exempt status would be detrimental because nonprofit organizations like churches that are not out to make money but to “serve the public overall,” simply are not set up to account for taxes. For instance, while Riverside does receive contributions and government grants, Nhem said that about 50 percent of the church’s revenue comes from investment income, and if the church lost its exempt status, it could suddenly find itself with a capital gains tax bill it never expected to have to pay.

Though Pulpit Freedom Sunday is now in its fifth year, to date, none of the churches that have taken part in the protests have been punished by the IRS, said Katie Blechacz, media relations director for the Alliance Defending Freedom. However, she noted, it “is still possible that [the IRS] could do so.”

Torres said he is not surprised that the IRS hasn’t taken action against churches, because it would start a battle that would be politically unpopular.

“I don’t think the IRS really wants to fight that fight,” he said. “At least from my take, I can’t see the IRS taking them on in an election year.”

Still, Nhem said she didn’t think it wise for churches to get involved in electoral politics.

“This is a church. [You] don’t want to create any conflict … because your mission is to serve the public in general,” she said. “[At] Riverside, we are international, we don’t favor any specific denomination, we welcome everyone no matter what type of religion or race or sect, so we try to stay away from something that [can be divisive].”

“It would be catastrophic for a church to lose its tax-exempt status… the administrative reordering alone would be cumbersome and onerous.”
—Edward J. Torres, Queens/Brooklyn Chapter
SEC approves final conflict mineral rules

BY CHRIS GAETANO
Trusted Professional Staff

In an attempt to curb the use of materials from areas typically associated with human rights abuses, the Securities and Exchange Commission (SEC) has approved the final version of new regulations that require registered companies to conduct detailed examinations of their supply chain and disclose the audited results.

The rules, approved in their final form by the SEC on Aug. 22, were created as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. SEC Chair Mary Schapiro said that Congress intended to use the rules to further the humanitarian goals of ending the violent conflict in the Democratic Republic of the Congo (DRC), which has been, at least in part, financed by various militias selling valuable minerals on the open market.

The rules apply to SEC-registered companies that manufacture or “contract to manufacture” goods that include conflict minerals—defined as coltan, cassiterite, gold, wolframite or any other mineral that is determined by the secretary of state to be financing conflict in the DRC or any adjoining country—as an essential component to their functionality or production. Many of these materials are vital in the manufacturing of electronic equipment such as laptops and portable music players. While the SEC did not give an explicit definition of “contract to manufacture,” it did say that a company is not considered to have done so if it only affixes its brand, mark or logo to the product; services, maintains or repairs products manufactured by a third party; or specifies or negotiates specific contractual terms not directly associated with the product’s manufacture.

Similarly, the SEC did not define the phrases “necessary to the functionality” or “necessary to the production,” though it said that companies should consider whether the mineral is intentionally included in the product, is necessary to how the product is expected to function and is necessary to produce the product in a way that is not simply embellishment or decoration.

The SEC acknowledged that the rule “will impose significant compliance costs on companies who use or supply conflict minerals.” One company that needs to comply at a competitive disadvantage with companies that are headquartered in countries that just don’t care … and aren’t going to sit back and ask where [they] got that titanium or gold.”

Jeffrey M. Brinn, a member of the SEC Practice Committee, also said that the cost of complying with the regulation seems likely to be significant,” mainly because it’s an all-new requirement. However, he predicted that it might turn out like SOX Section 404, where initial costs were high as companies got used to the new requirement, before smoothing out later on, “though the impact will naturally vary.”

He also said that while auditors generally don’t have training in OECD procedures, the report is within the purview of a CPA as a special report, provided, among other things, that the auditor is able to get the specialized knowledge and defines the procedure in performing the engagement. James Nicoll, an attorney who spoke at the FAE’s SEC Conference on Sept. 20, said that the SEC allows both CPAs and non-CPAs to audit these reports because the purpose of the audit is to establish whether the report used the established framework and whether the company followed the steps outlined in the report.

“The SEC’s charter has nothing to do with social change,” he said. “Its concern is the financials, the health of the financial system and protecting investors, and full and fair disclosure.”

The rule officially goes into effect Jan. 31, 2013. It comes with a two-year transition period for all issuers, and an additional two-year period for smaller reporting companies that will apply for the first two reporting calendar years after the rule becomes effective for larger issuers.
New EGC category has tempered advantages

BY CHRIS GAETANO
trusted-professional-staff

Though businesses that are classified as emerging growth companies (EGCs), a new category created under the Jumpstart Our Business Startups (JOBS) Act, face less stringent regulations than traditional companies when going public, it’s not an entirely free ride, according to speakers at the FAE’s SEC Conference on Sept. 20.

The goal of the JOBS Act, passed by lawmakers in April, is to provide an “IPO [initial public offering] on-ramp” for smaller companies looking to raise capital, Mark Miskinis, a partner at Deloitte & Touche LLP’s SEC (Securities and Exchange Commission) Service Group said during a conference session. To this end, the bill created the EGC, which relaxed many of the rules and regulations that typically come with going public, in order to encourage more companies to do so. To be considered an EGC, a company need only have had less than $1 billion in equity after Dec. 8, 2011, a deadline that was used to prevent already-registered public companies from retroactively taking advantage of the softened regulations. According to Miskinis, the majority of private companies could fall within this threshold.

Michael R. Littenberg, a partner at the law firm Schulte Roth & Zabel LLP who also spoke at the conference, said the advantages of being considered an EGC, as opposed to a traditional company seeking an IPO, are many. EGCs only need two years of audited financial statements, as opposed to three, and the management discussion and analysis must only cover those two years of financial data, he said. EGCs are also exempt from Sarbanes-Oxley Act (SOX) Section 404(b), which requires that a public company audit their internal controls, management still needs to do their own assessment.

While the ability to basically ignore new standards and revisions may sound tempting, Littenberg said that doing so can have unexpected consequences. EGCs that take advantage of this particular provision of the JOBS Act must indicate that they are doing so in their initial filing and, once they have made this decision, cannot turn back out, as long as they are an EGC. While operating under this provision, the EGC must not follow any new standards or revisions, even ones that make things easier or cheaper for them. “You can’t cherry-pick,” he said. Outside the area of government oversight, Littenberg noted that even though the SEC doesn’t require EGCs to produce more than two years’ worth of audited financial statements, creditors who provide them with capital might.

“The position a lot of underwriters take is if you have more years of data … you may have a lot more flexibility,” he said. “It’s a matter of due diligence.”

EGCs will have a lot more freedom in raising additional capital under the JOBS Act. For example, such companies are now allowed to do general solicitation for investment, provided it’s connected to a private offering to a high-net-worth accredited investor—a state of affairs virtually unprecedented.

CPAs, these no-cash equity opportunities can make you an owner. Of a firm...and your life.
PCAOB touts progress in relations with China, but Society members remain skeptical

BY CHRIS GAETANO
Trusted Professional Staff

ough the Public Company Accounting Oversight Board (PCAOB) didn’t quite get the cooperative agreement with the Chinese government that it wanted, it took a step forward in its relations with the country by brokering a deal that lets them watch Chinese regulators at work.

The arrangement, announced by PCAOB board member Lewis H. Ferguson on Sept. 21, falls short of what the board has spent more than a year pursuing, namely a cooperative agreement that would allow it to directly inspect Chinese audit firms. What has been agreed upon, instead, is a program where the PCAOB will get to observe Chinese authorities as they conduct their own audit oversight activities, and the Chinese will similarly get to observe the PCAOB do its own work. The observations, Ferguson said, would focus mainly on quality control examinations of the examined audit firm, as opposed to reviews of the audit itself.

The push for an agreement comes during a time of increased concern about the accuracy of Chinese financial information, particularly the data pertaining to reverse mergers, where Chinese companies go public by being acquired by already-listed U.S. companies. Alleged financial frauds and serious accounting issues have been reported at “a number of smaller Chinese reverse merger companies,” Ferguson said.

“To date, 67 of these China-based issuers have  had their auditor resign, and 126 issuers have either been delisted from U.S. securities exchanges or ‘gone dark’— meaning that they are no longer filing current reports with the SEC,” he said. “Therefore, it will still not know what audit work, if any, was actually performed.”

However, in making the announcement, Ferguson stressed that the PCAOB does not see the observational visits as a final measure, and wants the new agreement to act as a “trust-building exercise between regulators.” The ultimate goal, he said, is to develop a level of cooperation with the Chinese so that the government will allow the board to issue inspection reports on the firms themselves.

The agreement that the PCAOB hopes will eventually come about would be similar to what the board has already developed with numerous other countries over the past few years, including Switzerland, Israel and the U.K. Ferguson said that the Chinese have been hesitant to adopt such an agreement because they have “very expansive state secrecy laws” that might be broken by audit workpapers leaving the country. They’re also concerned about the implications that foreign regulators conducting inspections might have, with regard to their sovereignty, he added.

Anthony S. Chan, another member of the SEC Practice Committee, said that while he believes it’s unlikely that China will ever allow the PCAOB to send inspectors into Chinese firms, he sees the new agreement as a strengthening of common principles between the two countries, and a sign that the United States and China both agree that there needs to be oversight of audit firms in order to protect investors and the capital markets in which they participate.

“This is a closer level of cooperation which, in and of itself, is a breakthrough,” he said. “It is that sort of positive development that can build trust and understanding and larger types of cooperation between businesses.”

Switzerland posed similar issues for the PCAOB regarding a cooperative agreement—the Swiss have a long tradition of financial secrecy and vigorously fought attempts from other U.S. regulators, namely the IRS, to gain access to sensitive information. With this in mind, Ferguson said that the PCAOB remains committed to eventually getting a cooperative agreement with China, mainly due to concerns about audit irregularities.

Because of this, Ferguson stated that if PCAOB-registered firms in China aren’t allowed to be inspected soon, the board might eventually be forced to impose sanctions, or even remove their registrations entirely. Chan, however, noted that only a small percentage of Chinese firms are registered with the PCAOB, and that China is working to strengthen its own internal auditing in order to police its capital markets anyway.

“There is no leverage … [because] this does not gut their wallet,” Chan said. “[Still] I welcome and am happy to see this sort of healthy dialogue in terms of observation. … I think it’s very important to look at the big picture.”

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Beyond offering clarity, new standards have far-reaching impact

BY CHRIS GAETANO
Trusted Professional Staff

The AICPA’s Auditing Standards Board (ASB) may have meant for its clarity project to simply illuminate ambiguous issues in the technical literature, but at a continuing professional education session on Oct. 12, FAE speaker Renee Rampulla said that it has also unintentionally created changes that will affect the way auditors work.

Rampulla, a consultant and member of the NYSSCPA’s Professional Ethics Committee, said that the clarity project, which was first conceived in 2004 but didn’t get off the ground until 2008, came about because the technical literature at the time was quite dense and inaccessible, which can lead to noncompliance with the standards. As a solution, Rampulla said, the ASB decided to create user-friendly auditing standards in a plain-English format.

“There are some standards that you read and reread and reread—especially the older ones,” she said. “So, this project is really a redrafting and a recodifying of the standards.”

While the intention wasn’t to create an entirely new set of Generally Accepted Auditing Standards (GAAS), Rampulla said that the board, in certain areas of the technical literature, inadvertently did just that, which means that “CPAs doing audits under U.S. GAAS really need to look at these changes.”

As an example, she said that standards regarding the use of other auditors throughout the course of the audit have been greatly expanded. The clarified standard says that group audits no longer concern only the relationship between parent companies and their subsidiaries, but can also encompass financial information related to their function and process, product service and geographic location. She also said that, according to the clarified standard, a component auditor is not only an auditor from another firm but can also be an auditor within the same firm, as, for example, when an auditor from a New York firm’s California subsidiary takes part in an audit.

The clarified standards are also neutral when it comes to accounting frameworks, vs. the previous versions, which were constructed with Generally Accepted Accounting Principles (U.S. GAAP) in mind, Rampulla said. According to her, the ASB felt that “if you can audit, you can audit an entity under [other comprehensive basis of accounting] or [International Financial Reporting Standards], so why limit the guidance to just U.S. GAAP?”

However, this has resulted in consequences in other parts of the literature that previously relied on GAAP as part of the procedure, such as the way that related parties, which, she said, many approached with a “GAAP mindset,” are handled. A lot of people, she explained, will focus on related parties, thinking that if they take the guidance from the GAAP codification regarding related-party disclosures, they can audit based on those requirements. But this can’t be done under the clarified standards, because “it is irrelevant if a standards setter has related-party guidance and disclosures—you need to audit related parties from a risk-assessment standpoint,” she said.

“So, it’s important that your client knows upfront that just because the framework they chose doesn’t have disclosure requirements, that doesn’t prevent them from having to incorporate a related-party disclosure,” she said.

There are more than 1,000 pages of clarified auditing standards, and Rampulla said that, even during the course of a half-day lecture on them, she had barely scratched the surface. In addition, while she urged the audience to familiarize itself with the literature, she added that auditors should not abandon the old standards right away. In order to avoid confusion, she said the ASB will still maintain the old referencing system for all of 2013 before converting to a new numbering system in 2014 that incorporates the letter “C” after the number to indicate it’s a clarified standard. It will then go into a final numbering system after 2014, dropping the “C.”

Rampulla said the clarified standards are effective for periods on or after Dec. 15, 2012, meaning that this affects the year-end audits.

“While it may, of course, be an administrative nightmare to just know the difference between pre- and post-[clarification], keep in mind you have carry-forward workpapers,” she said. “Carry them forward with the right referencing number, making reference to the right title. Because if you don’t do that, you are referencing superseded guidance. Especially if it’s a peer review year for you, it might not be a place you want to be.”

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Panel: fraud deeply embedded in construction industry

BY NICOLE SAUNDERS
Trusted Professional Staff

With December marking 10 years since the AICPA issued SAS 99, Consideration of Fraud in a Financial Statement Audit, in response to Enron and other scandals, the NYSSCPA’s Real Estate Committee used a recent technical session to question “fraud busters” about how pervasive deceptive accounting practices are within the construction industry.

And the answer, according to the experts, is very.

The discussion, held at the Society’s Manhattan headquarters Oct. 3, included nationally recognized fraud sleuths Brian S. Aryai, CPA, CFE, a former federal agent and the chair and CEO of a security consulting and risk management firm; Walter Mack, Esq., a former assistant U.S. attorney for the Southern District of New York; and Tim Van Noy, CPA, CFE, who specializes in construction disputes, damage measurement, and forensic accounting and investigations.

The panelists said that fraud is deeply embedded within the industry, from design to completion, and estimated that it affects some 30 percent to 35 percent of businesses, as well as the vendors and real estate companies that work with them.

Van Noy said he’s come across everything from employees claiming to have worked 26 hours in a 24-hour day, instances where revenues have dropped but companies insisted that profits were flat, and what he called “layers of fraud lasagna,” in which contractors present bids with fraudulent costs already built in.

The corporate culture is so diseased, and “so used to doing things that are illegal, that they openly talk about it,” he said.

Indeed, Aryai, who spurred a federal investigation into serial overbilling by one of New York City’s largest construction firms, recalled a time in which he stumbled across payroll irregularities and questioned why no one was doing anything about them. “I was told it had been going on for 25 years,” he said.

Given this type of atmosphere, the speakers said, not only will many accounting professionals who work in construction or related industries encounter fraud, but they’ll need to be prepared to blow the whistle when they do—or risk becoming targets of law enforcement themselves.

“I had been a federal agent for so many years that maybe I was at a better vantage point to see what’s happening,” Aryai said.

“But the CFO or comptroller should always be able to see what’s wrong,” he said.

He urged CPAs who do encounter fraud, to “do what’s right and speak up, because you have a reputation, license and career at stake,” even though no one—not even the government—will give you a pat on the back for it, he said.

In fact, Mack added, because accounting professionals are closer to the numbers than other executives, they can’t plead ignorance about fraud the way their colleagues sometimes can. “While the CEO can say ‘I relied on my CFO,’ the CFO is going to have a hard time denying he or she didn’t know what was going on,” he said, “because he or she will have had the resources to investigate, so if anyone’s going down, it’s going to be you.”

Resigning wouldn’t necessarily protect an accounting professional whose company has engaged in fraud from being caught in a prosecutor’s crosshairs either, according to Mack. “It depends on how much you know, how long you’ve known it and what steps you took to rectify [the situation],” he said.

In order to make sure the company and shareholders are protected, Aryai advises financial executives to set the right tone by letting accounting staff know that they want to be alerted to even the slightest hint of an impropriety. “I found that when I was an in-house executive, it was great to get out there and tell the accountants that if [they] see anything wrong, come tell me. By opening that channel and saying you can come talk to me, you’d be amazed how much info starts flowing to you.”

By the same token, Mack pointed out that the organization as a whole needs to make sure antifraud measures carry weight and are emphasized within the corporate culture.

There is no excuse for a company not having a compliance plan that top leadership takes ownership of, he said. “You have to train to it and talk about it.”

If a company doesn’t have compliance plan ready, it may suggest to investigators that the company isn’t concerned enough about preventing fraud, which means that “you’ll start off talking to the regulator about why don’t have [a plan],” Mack said.

“You get one shot to demonstrate that you’re acting in good faith. I’ve served as a prosecutor and defense attorney, and [not having a compliance plan] is a red flag.”

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Mid Hudson Chapter president recognized for charity work

BY CHRIS GAETANO
Trusted Professional Staff

Mid Hudson Chapter President William F. Berardi has been volunteering his time and lending his financial expertise to nonprofits for more than 30 years. In recognition of his efforts, he was awarded the Michael H. Urbach CPA Community Builders Award, which is given out jointly by the NYSSCPA and the New York Council of Nonprofits, on Oct. 4.

The award, named for former New York State Commissioner of Taxation and Finance Michael H. Urbach, who served on the boards of numerous charities throughout the state, recognizes the exemplary achievements of CPAs who serve on the boards of directors of charitable organizations.

NYSSCPA member Tracey J. Niemotko, who nominated Berardi for the honor, said he has been a valuable resource for nonprofits in the region. The organizations that Berardi has helped in some capacity include the Kingston Land Trust, the Ulster County Chamber of Commerce, Save Them Now (a reentry program for men who have been released from prison), the Kingston Midtown Business Association, the Ulster ARC Brookside School Building Campaign, the Ulster County School to Work Partnership, the Marist College Alumni Network, the New York State Department of Economic Development, and John A. Coleman Catholic High School, as well as several scholarship funds.

As a CPA, much of his work has centered around helping organizations properly manage their money and focus on the bottom line as they implemented their respective missions, according to the press release announcing his award.

Berardi said that he began assisting organizations with their finances during a stint as a volunteer firefighter.

As soon as the fire company he'd been working with learned that he was a CPA, he said, they immediately asked him to become their treasurer.

"His financial expertise, working knowledge of the operation and commitment is the reason that Coleman is open today," said Kathleen Smith, chair of John A. Coleman Catholic High School.

Berardi is hoping to work with the state government to help it improve how it handles tax collection from small businesses that may not have access to sophisticated financial professionals and may be significantly more damaged by mistakes on tax forms. He said that he contacted Division of Taxation and Finance Commissioner Thomas H. Mattox and suggested some steps the department could take using the Office of the Taxpayer Advocate.

"The example I give [comes from my time as a] fireman: We get paid to put out fires; it’s irresponsible not to prevent them," he said.

cgaetano@nysscpa.org
Help deserving colleagues get the recognition they deserve

Certified public accountants throughout New York state give generously of their free time to better their profession and to assist with community causes and projects in the public interest. The NYSSCPA recognizes these volunteer and professional commitments through an awards program designed to highlight outstanding service and to recognize professional development. The following awards are presented each year to qualified CPAs who are Society members:

**Arthur J. Dixon Public Service Award**
Recognizes CPAs who have attained a high level of public service and who have distinguished themselves in community, charitable or civic activities on an ongoing basis.

**NYSSCPA Distinguished Service Award**
Recognizes CPAs who have distinguished themselves as Society leaders and have given outstanding service to the Society and the profession through dedicated service, publications, public service and other activities.

**Dr. Emanuel Saxe Outstanding CPA in Education Award**
Highlights outstanding service and professional development in education. The award is designed to recognize accounting educators for distinguished service and excellence in teaching and for their contribution to and promotion of the accounting profession.

**Outstanding CPA in Government Award**
Highlights outstanding service and professional development in government. These CPAs have distinguished themselves by making a significant contribution to the increased effectiveness of their government organization and have also contributed to the enhancement of the CPA profession in the government arena.

**Outstanding CPA in Industry Award**
Highlights outstanding service and professional development in industry. Recognizes industry CPAs who have made significant contributions to their business or industry by creating value, championing new solutions, inspiring others and promoting the CPA as the premier professional designation in industry.

**Nominations**
This form can be used to nominate a CPA Society member for any of the above awards. Please indicate in the form the award you are nominating an individual for. A separate sheet should be attached to adequately highlight the qualifications and contributions of the nominee, particularly as they pertain to the award.

Nomination forms can also be found on the Society’s website at www.nysscpa.org under the “For Your Info” heading.

All completed nomination packages should be postmarked or delivered to the NYSSCPA, 3 Park Avenue, New York, N.Y. 10016-5991, Attn: Nereida Gomez, by Jan. 28, 2013. For the Arthur J. Dixon Public Service Award only, highlight the nominee’s contribution to the community.

Award winners will be announced at the Society’s Annual Election Meeting and Dinner in May 2013. The committee will notify the award winners and their nominators so they can make arrangements to be present at the dinner.

Please contact Nereida Gomez at 212-719-8358, 800-697-7272, or ngomez@nysscpa.org.

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### 2013 Nomination Form for NYSSCPA Awards

#### Personal
- Candidate’s Name:
- Home Address:
- Home Telephone:
- Hometown/College Newspapers (Please list for publicity purposes in the event the nominee wins):
- Society Member Since:

#### Education
- School Major, Degree, Year
  - #1
  - #2
  - #3

#### Employment
- Firm:
- Title:
- Address:
- Telephone:
- Number of Years:
  - Firm:
  - Title:
  - Address:
  - Telephone:
  - Number of Years:

#### NYSSCPA Chapter Activities
- Chapter:
- Committees:
- Offices:
- Other Contributions:

#### Community, Charitable, and Government Activities
(To be answered if nomination is for Arthur J. Dixon Public Service Award)
- #1 Organization:
  - Position:
  - Describe Responsibilities:

- #2 Organization:
  - Position:
  - Describe Responsibilities:

- #3 Organization:
  - Position:
  - Describe Responsibilities:

#### Special Considerations
In 500 words or less, highlight the nominee’s qualifications and outstanding service and contributions to the profession.
*(Attach separate sheet of paper.)*

#### Nominator
- Name:
- Address:
- Office Phone:
- Signature:
NYSSCPA Hall of Fame Award

BY NEREIDA GOMEZ
Manager, Committees and Administrative Services

The Society established the CPA Hall of Fame award to honor exceptional certified public accountants for their work, vision and contributions to the profession and the larger community.

Its goals are to promote the CPA designation, to reward selected individuals for their distinguished service and contribution to the profession and to provide a venue for recognition of the personal and professional achievements of worthy individuals who have made a demonstrated impact on the profession.

The Society inducted five outstanding CPAs into the first class of the Hall of Fame in May 2000.

The NYSSCPA has initiated the selection process for the next inductees. To qualify, candidates must have—
- Demonstrated leadership within the profession and in the larger community within New York state,
- Demonstrated a record of achievement and provided vision and knowledge of broad business issues,
- Made a demonstrated impact on the profession through outstanding professional accomplishments,
- Provided distinguished service to the profession or the larger community,
- Contributed to accounting research, literature or education,
- Demonstrated commitment and leadership in adapting to changes in the profession,
- Made a contribution toward influencing the future of the profession,
- Demonstrated leadership within the profession and in the larger community,
- Contributed to accounting research, literature or education,
- Demonstrated commitment and leadership in adapting to changes in the profession,
- Made a contribution toward influencing the future of the profession,
- Provided significant service to accounting organizations;
- Been a member of the NYSSCPA for a significant part of their career.

Candidates also must have worked for a minimum of 25 years as a CPA—or 10 of those in New York state—and have reached the age of 65 or have become disabled or otherwise not actively engaged in accounting-related employment. Posthumous nominations will be accepted.

Criteria for nomination are listed at the end of the form.

Criteria for Acceptance to the Hall Requires That an Individual Has—
- demonstrated leadership within the profession and in the larger community within New York state;
- demonstrated a record of achievement and provided vision and knowledge of broad business issues;
- made a demonstrated impact on the profession through outstanding professional accomplishments;
- provided distinguished service to the profession or the larger community;
- contributed to accounting research, literature or education;
- demonstrated commitment and leadership in adapting to changes in the profession;
- made a contribution toward influencing the future of the profession;
- provided significant service to accounting organizations;
- been a member of the NYSSCPA for a significant part of his/her career.

Candidates also must have worked for a minimum of 25 years as a CPA—or 10 of those in New York state—and have reached the age of 65 or have become disabled or otherwise not actively engaged in accounting-related employment. Posthumous nominations will be accepted.

Individuals may not nominate themselves. Nomination forms must be accompanied by a letter from the nominating individual providing reasons why the named applicant should be selected; it is also important to include any background materials deemed necessary to support the application. Please mail to: Committee Services Department, NYSSCPA, 3 Park Avenue, New York, NY 10016-5991.

* All information submitted is confidential and becomes the property of the NYSSCPA. Acknowledgement of receipt of this application will be sent to those making submissions. If you have not received acknowledgement within two weeks, contact Nereida Gomez, NYSSCPA manager of committees and administrative services, at 212-719-8358 or ngomez@nysscpa.org. Honorees will be publicized in press releases and NYSSCPA materials. Deadline for submissions is January 28, 2013. Submissions sent near the deadline should be sent via certified mail, return receipt requested, or via Federal Express, UPS or DHL to ensure timely delivery.
NYSSCPA identifies possible issues for next legislative session

BY ROB BUSWEILER
Trusted Professional Staff

The NYSSCPA has begun preparing for the upcoming New York state legislative session by identifying four issues that may be raised next year and could impact the state’s accounting profession: revisions to the Martin Act, tax return preparer regulations, revisions to regulations on internal school district audits and non-CPA firm ownership.

Society leadership discussed these proposed expansions during the NYSSCPA’s open Board of Directors meeting at the Society’s first annual Governance Forum, held in Albany in September.

The Society typically weighs in on key state and federal accounting and business issues, and even when it does not take an official position, it is looked to for guidance when changes to the rules and regulations that govern the accounting profession are on the table.

Martin Act

Though the NYSSCPA was successful in helping to defeat both proposed expansions to the Martin Act, New York’s powerful securities law, during the 2011/2012 legislative session, lawmakers may revisit the issue in 2013.

In January 2012, sister bills were introduced in the state Senate and Assembly that would require the state attorney general to investigate financial entities if a public pension fund treasurer alleges that a practice is fraudulent under the Martin Act and allegedly caused damage to the fund that the treasurer serves.

Since existing law already grants greater authority to the attorney general than the state comptroller finds deficiencies. The other, $4486, calls for the internal audits to be conducted every five years instead of annually. Both bills cite the need to “reduce the duplicative and onerous requirement of mandatory internal annual audits.”

The NYSSCPA came out against the two bills, submitting an official memorandum of opposition opposing each one. In the memoranda, the NYSSCPA noted that there are no indications that the need for such audits has abated in the seven years that they have been required. Additionally, the NYSSCPA pointed out that while eliminating or reducing the frequency of such audits may provide a small upfront cost savings, its mere presence could prevent a multi-million dollar financial scandal from unfolding in the first place.

The bills failed to find support in the state Assembly and were left on the table at the end of the last legislative session in June. The NYSSCPA will track any similar proposals introduced in the upcoming legislative session as public pressure on the issue grows. When the task force released its report in September 2011, it suggested that the Legislature examine amending the current law and consider ending registration exemptions for public accountants, CPAs, attorneys and enrolled agents. Its reasoning was that it would be easier to enforce rules if all preparers are registered with the state.

Concerned that CPAs will have to bear the brunt of onerous oversight should the recommendations of the task force be implemented without further changes, the NYSSCPA continues to oppose the registration of CPAs as tax return preparers and is encouraging the state tax department to work within the current statutory framework to achieve their goals without seeking to expand registration requirements beyond those practitioners currently required to register.

School district internal audits

In 2005, as part of a groundbreaking plan to restore financial accountability to the public school system after the Roslyn School District scandal, the state Legislature voted to require annual school district internal audits in order to prevent financial fraud and the misappropriation of taxpayer funds.

In April 2011, two separate bills called for modification to these requirements. One of the bills, $4556, makes internal audits optional unless the state comptroller finds deficiencies. The other, $4486, calls for the internal audits to be conducted every five years instead of annually. Both bills cite the need to “reduce the duplicative and onerous requirement of mandatory internal annual audits.”

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Tax return preparers regulations

In 2010, the NYSSCPA was successful in efforts to exempt CPAs from a new state law that would require all paid tax return preparers to register with New York state. Noting that CPAs are already registered with the State Education Department and with the IRS, the Society argued that an additional registration would largely duplicate information that CPAs have already submitted to those state and federal agencies.

Still, one of the law’s provisions required that a state task force, on which the NYSSCPA was represented, study the issue. When the task force released its report in September 2011, it suggested that the Legislature examine amending the current law and consider ending registration exemptions for public accountants, CPAs, attorneys and enrolled agents. Its reasoning was that it would be easier to enforce rules if all preparers are registered with the state.

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CAE firm ownership

New York remains one of a few states in the United States to require CPA firms be 100 percent owned by licensed CPAs. Across the country, changing business climates and the evolution of CPA firms have led to the passage of legislation that allows for a simple majority (51 percent) of a firm to be owned by CPAs.

Most states that have adopted non-CPA firm ownership have based their legislation on Section 7(c) of the Uniform Accountancy Act, a piece of model legislation drafted by the AICPA and the National Association of State Boards of Accountancy. Section 7 requires CPAs to retain a simple majority of firm ownership (51 percent). Not every state, however, has followed this verbatim. For example, South Carolina requires CPAs to make up 66 2/3 percent (a supermajority) of ownership of CPA firms.

The most recent addition to the non-CPA firm ownership ranks is Connecticut, which passed a bill allowing for a simple majority of CPA firm ownership. New York, Delaware and Hawaii are the only remaining states in the country to not have non-CPA firm ownership legislation on the books.

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Society advocates for stronger surviving spouse protections

BY CHRIS GAETANO
Trusted Professional Staff

In a comment letter published Sept. 4, the NYSSCPA urged the IRS to adopt measures to protect surviving spouses from sustaining an unfair hardship if an executor fails to make a portability election on the estate tax form. The comment letter, which was drafted by the Society’s Estate Planning and Trust and Estate Administration committees, was written in response to an IRS proposal to provide guidance on the applicability of estate and gift tax credits, including the requirements for electing portability of a deceased spousal unused exclusion to the surviving spouse.

Under an estate tax portability exemption, when one spouse passes away and doesn’t make full use of his or her federal estate tax exemption, the surviving spouse may use the unused portion and add it to his or her own. The IRS proposal said that if an executor or administrator is acting within the United States, only the executor can file the estate tax return and make the portability election, unless there is no appointed executor. In that case, any person who possesses the decedent’s property can file the return to make the election, which cannot then be superseded by a contrary election made by another person. The IRS’s proposed regulations, the Society noted in its comment letter, “do not go far enough to protect the interests of the surviving spouse in many circumstances that are reasonably foreseeable.”

For example, the letter said, surviving spouses may find themselves in conflict with an executor who doesn’t have any fiduciary duty to them and decides to simply not file for the exemption. “This may be particularly likely to occur in a second marriage situation when the appointed executor is a child of the deceased spouse’s prior marriage,” the letter said, a turn of events that would leave the surviving spouse “at the mercy” of such an executor.

The comment letter also proposed that the IRS’s regulations should be clarified to allow the surviving spouse to complete the estate tax return on behalf of the deceased spouse’s estate to make the portability election, provided he or she receives authorization from a U.S. court. Doing so, the letter said, would confer upon the surviving spouse the status of appointed-executor, for purposes of filing an estate tax return in order to make the election.

However, another potential problem with the portability exemption is that it must be filed for within nine months. Because the Society’s proposal requires approval from a court, and because courts can move slowly, the comment letter also proposed that the surviving spouse be allowed one year to file for the exemption. “Sometimes the courts move slowly, and there might be some opposition to the surviving spouse’s petition for limited letters of appointment,” said Kevin Matz, a member of the Trust and Estate Administration Committee and the comment letter’s principal author, noting that there is the risk of the nine-month deadline passing without the spouse receiving court approval. “We’re asking the IRS to take notice and provide a de facto extension, so long as the spouse has submitted the initial application.”

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This very concern was brought up in another Society comment letter published Oct. 21, 2011, in response to an IRS request for comment on Notice 2011-82, Guidance on Electing Portability of Deceased Spousal Unused Exclusion Amount. The notice alerted executors of the estates of decedents who had died after Dec. 31, 2010, that they need to file an IRS Form 706—United States Estate (and Generation-Skipping Transfer) Tax Return—if they want to allow the decedent’s surviving spouse to take advantage of the deceased spouse’s unused exclusion amount, even if the executor is not otherwise obligated to file a Form 706. At the time, the Society said that the proposed regulations should be clarified to allow the surviving spouse to complete the estate tax return on behalf of the deceased spouse’s estate to make the portability election, provided he or she receives authorization from a U.S. court. Doing so, the letter said, would confer upon the surviving spouse the status of appointed-executor, for purposes of filing an estate tax return in order to make the election.

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State provides ‘lost and found’ for insurance policies

BY RICHARD J. KORETO
Trusted Professional Correspondent

insurance policies and annuity contracts are often purchased years or even decades before they’re needed. In the meantime, paperwork may be lost, and the policies’ very existence may have been forgotten. But the New York State Department of Financial Services (NYSDFS) offers a free service to help heirs locate insurance policies.

The Lost Policy Finder is a tool that is available for use by the executor or administrator of the deceased’s estate or by a member of the deceased’s immediate family, which includes the deceased’s spouse, domestic partner, child or closest living relative, according to the NYSDFS site. NYSSCPA members said the tool could prove useful, since searching for extant insurance policies is one of the many facets of the estate administration process, according to Estate Planning Committee Chair Jane Bernadini. “We need to find out if there was insurance and if it’s held in the decedent’s name or in a life insurance trust,” she said.

The tool is not, however, to be used by firms, organizations, or individuals who charge heirs a fee for making the request or for locating lost life insurance policies or annuity contracts.

Heirs or administrators can file for a search online. They will need some information about the deceased, including date of birth, date of death and last known address. A certified copy of the death certificate is required; it can be scanned in and uploaded to the search site. The insured need not have died in New York state, however, for heirs to be able to use this service; any state’s death certificate is acceptable.

After it receives the online form, the department forwards the search request to all New York-licensed life insurance companies and fraternal benefit societies. These insurers then perform searches of their electronic records to identify a policy. The search can take up to three months of records may be necessary. Insurers may have the right and the duty to require additional information and ask beneficiaries to complete additional paperwork before processing any benefits.

We found a policy—but you’re not in it
The department notes that, sometimes, it does find a policy, but the requester is not the beneficiary. In that case, the insurer’s hands may be tied: Although it may be able to tell the requester that there is a policy in existence, privacy laws may prevent it from revealing the name of the designated beneficiary. In this situation, the insurer will attempt to locate and contact the beneficiary listed in the insurer’s records.

Whether the requester or another individual is the beneficiary, however, the department says that a successful search doesn’t mean an automatic disbursement. Insurers have the right and the duty to require additional information and ask beneficiaries to complete additional paperwork before processing any benefits.

Other tips for finding policies
The NYSDFS has a checklist for finding old policies and suggests that heirs go through this list before using the online service:

• Look through the deceased’s paperwork in desks or safe deposit boxes.
• Review the deceased’s financial records.
• Check with the deceased’s past employers.
• Contact the New York State Comptroller’s Office of Unclaimed Funds to see if any unclaimed benefits from policies may now be in the state’s hands. The department notes that since unclaimed funds may not find their way to this office until many years after the deceased’s death, heirs should continue to check for unclaimed funds in the deceased’s name for an extended period of time.

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For more information: email Jeff Leonard at jeff@leonardmedia.com or call 215-675-9208, ext. 201.
How to respond when fraud is suspected

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

When faced with the suspicion that their client may have been the victim of fraud, CPAs often want to, and do, come to the rescue. But in their eagerness to help, they may be bypassing key steps, which could result in evidence spoliation and waste valuable time. Moreover, CPAs who act hastily might be placing themselves in the line of fire. All too often, attorneys representing parties impacted by fraud successfully allege that the CPA’s hurried response violated professional standards as well as the profession’s independence and objectivity rules.

If we use the general standards set forth in ET Section 201 of the AICPA’s Professional Code of Conduct as a starting point in determining how best to approach fraud, CPAs should first ensure that they have the professional competence to respond to the alleged fraud, can exercise due professional care, can adequately plan or supervise the engagement, can adequately plan or supervise the response, and can obtain sufficient relevant data to support statements made regarding the alleged fraud.

In assessing whether or not they meet these criteria and are equipped to take on such an assignment, it may help CPAs to answer the following questions:

• Will I impair my independence?
• Am I “conflicted out”?
• Do I have the requisite competence?
• Do I have the necessary qualifications?

Hasty decisions made in response to an initial suggestion that fraud may have occurred can have devastating consequences.

Practical fraud loss prevention tips

• Periodically warn clients of embezzlement risk.
• Offer clients internal control assistance.
• Offer two-tiered bank reconciliation services—one that provides additional services to help protect against embezzlement, and one that does not.
• Recognize potential independence and objectivity impairment; ask yourself whether you can be objective when evaluating potential fraud that you did not discover when performing your previous services, and then document that assessment.
• Encourage clients to require vacations as well as job and task rotation (fraudsters can’t take the chance that the evidence of their fraud will surface on someone else’s watch).
• Suggest that clients establish fraud/ethics hotlines.
• Encourage clients to perform fraud risk assessments (and consider serving as the discussion leader).
• Retain contemporaneous defensive documentation of each of the above steps.

Initial response and recommendations

The goals for the initial response should not include a determination of exactly what occurred or a quantification of any losses. Instead, the response should establish a foundation to assist the entity’s management in making effective, prompt decisions to protect the company’s finances and reputation.

To avoid allegations that their fraud response is unauthorized or libelous, CPAs should first obtain sufficient predication of fraud suspicions, describing the nature, background and the basis for the suspicions. They should also establish that fraud suspicions are alleged by others, and obtain written approval before accessing records or interviewing personnel.

If sufficient predication exists, CPAs should then encourage management to—
• remain calm, so they can participate in making informed decisions in response;
• inform legal counsel (investigations led by counsel preserve available legal privileges);
• promptly notify the board of directors if the allegations pertain to senior management or officers;
• identify documentation and records to be preserved and protected;
• share information only with those who have the responsibility and skills to respond to the issues (investigations can be hindered by loose lips);
• separate facts from concerns and assumptions;
• take steps to minimize further losses (e.g., consider changing locks, passwords, combinations and Internet access to financial records); and
• consider whether it is wise to restrict duties or place on administrative leave those under suspicion, until cleared.

Suspected fraudsters are often tempted to destroy or alter evidence. Consequently, it is important to secure records, documentation and any other relevant items as soon as possible and make sure that concerned clients take the requisite precautions to preserve them.

Establish a written understanding

CPAs should obtain written understandings (i.e., engagement letters) that clearly define the client’s (or management’s) and the CPA’s responsibilities for fraud prevention, detection and the communication of related matters, before performing services. All letters relating to the issuance of financial statements should require clients to acknowledge their responsibility for both fraud prevention and detection.

Whenever the CPA elects to participate in a fraud investigation, the CPA should use the engagement letter to—
• define the scope and limits of the engagement (as a consultant or expert witness);
• indicate that services will be performed under the AICPA’s Statements on Standards for Consulting Services (which distinguish the work from any attest service);
• indicate that services will be directed by the client’s attorney;
• request a retainer.

CPAs should avoid describing expected results in the engagement letter and should call their professional liability carrier for a review of the engagement letter, their responsibilities and the best courses of action when faced with a potential fraud.

The client’s responsibilities for fraud detection and prevention aren’t limited to just financial statement engagements, though, so why not specify these responsibilities in all engagement letters, and not just those accountabilities mandated by professional standards? Whenever possible, add engagement letter language indicating that it is the client’s responsibility to prevent and detect fraud.

As a final word, remember that hasty decisions made in response to an initial suggestion that fraud may have occurred can have devastating consequences. But a competent, considered approach in response to the justification for a fraud investigation avoids missteps that could compromise the investigation and prosecution.

Duncan B. Will, CPA/ABV/CFF, CFE, is a loss prevention accounting and auditing specialist with Camico (www.camico.com). He responds to CAMICO loss prevention hotline inquiries and speaks to CPA groups on various topics.

For information on the Camico program, contact:

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

Downstate:
Dan Hudson
Chesapeake Professional Liability Brokers, Inc.
410-757-1932

Or call Camico direct at 800-652-1772
Tech Q&A for Today’s CPA

Tips for mastering patch management, developing IT skill sets, and creating a sound business continuity plan

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

Q: In September, Microsoft warned users that it had detected a bug in its Internet Explorer Web browser that could leave PCs open to attack. The crisis seemed to be just one more example of why it’s important to stay on top of patch management. How can I educate my colleagues and clients about it?

A: Patch management is a process in which computer users—whether business or personal—apply software fixes provided by the software developer to resolve operating issues. These issues typically include software functionality and, in many cases, involve a potential vulnerability in the software that can be exploited by a party other than the user. Many information security practitioners believe that appropriate patch management is one of the most critical protection strategies that companies and personal users can employ to reduce logical security threats. Most software vendors provide an email service notifying customers of patches. Alternatively, the Department of Homeland Security’s United States Computer Emergency Readiness Team (US-CERT) (www.kb.cert.org/vuls) provides a database of vulnerabilities that users can subscribe to for notifications.

To know what to patch, users must be aware of what is on their system. Unfortunately, this can be more cumbersome than it sounds, as a number of programs are installed on the typical personal computer. Some software vendors provide capabilities that allow for the automatic updating of patches. For example, readers may be familiar with Windows updates that are automatically “pushed down” by Microsoft. Free—and for personal use only—utilities such as PSI Secunia (secunia.com/vulnerability_scanning/personal) provide an excellent tool to help identify outdated, non-Microsoft software.

On the business side, Microsoft provides a utility, Windows Server Update Services (WSUS), that, according to the Microsoft website, enables information technology administrators to deploy the latest Microsoft product updates to computers that are running the Windows operating system. By using WSUS, administrators can manage the distribution of updates that are released through Microsoft Update to computers in their network (technet.microsoft.com/en-us/windowsserver/en/windows-server-update-services-7666.aspx). Utilities such as Nessus (provided by Tenable Network Security) or Qualys BrowserCheck to help identify required patches.

Q: It’s been a while since we reviewed our business continuity plan. Any suggestions to help us jump-start our efforts?

A: As Rodney Dangerfield might say, “Business continuity planning (BCP) gets no respect.” Though BCP is on the radar of most business leaders, it’s rarely treated with a sense of urgency or given the necessary funding to help ensure that appropriate plans are developed, implemented and maintained. Unfortunately, many view BCP as an information technology issue only, largely because of justified concerns about the ability to protect and recover electronic information. However, BCP is a business issue and includes significant decisions that go beyond information technology matters.

Your first priority is to confirm that you are making quality backups and that these backups can be successfully restored. Then you need to consider what type of “disasters or contingencies” you are truly protected from. For example, being able to recover data does not mean that you would also be able to reroute your telecommunications capability to a different facility that can house your business. Without the rerouting, you would not be able to access the Internet or other outside processors (e.g., credit card processing) that your business may rely on. You may also want to help your client perform a self-assessment or operational audit of its existing plan and test strategies against recognized good industry practices.

The Federal Emergency Management Agency (FEMA), through its Ready.gov website, provides significant guidance and tools to help facilitate this process. Of particular note is the “Business Continuity Planning Suite” available at ready.gov/business-continuity-planning-suite, which contains tools to help facilitate plan development, as well as a variety of training videos.

Q: I’m a young professional and want to develop my abilities to provide information security services to clients. How can I build up the technical skills needed for this type of work?

A: I’m glad that you’re considering learning more about this important niche and how you can better serve your clients or firm. As with any professional service offered, developing the requisite expertise is the result of both formal education and practical experience. Formal education can be obtained by attending continuing professional education seminars and conferences, completing a formal course of study and/or obtaining an information security-related professional certification.

There are also a number of books on the market that support the above efforts, and many of them include CD-ROMs or lab manuals that provide step-by-step instructions for using a variety of security utilities and tools. However, due to the inherent risks involved with experimenting with these utilities (some, while legitimate, may be infiltrated by hackers, so you wouldn’t want to expose the tools to confidential client data), I recommend, as do many security professionals, that you establish a “practice lab” to work with the various software tools. To manage the investment, the lab can be established using older machines or a virtual server (allowing one physical machine—even a laptop—to simulate multiple machines). Directions for establishing a lab are contained in many of the security lab manuals.

Cengage Learning, McGraw-Hill and Jones & Bartlett Learning are among the publishers that produce both a text and an accompanying lab manual to help readers perform hands-on exercises in order to gain experience with what they’ve read.

Joel Lanz, CPA/CITP, CFF, CISA, CISSP, CFE, is the sole proprietor of Joel Lanz, CPA P.C., and an adjunct professor at SUNY–College at Old Westbury. He is a member of the NYSSCPA’s Technology Assurance and Banking committees, and The CPA Journal Editorial Board. He is a past chair of the Technology Assurance Committee. Mr. Lanz can be reached at jlanz@joellanzcpa.com.
Getting noticed
How firms can better identify talent, and how job seekers can stand out in a crowd

Q: We’re a small firm with limited resources. How can we do a better job of identifying and retaining local talent?
A: To start, make sure you’re looking inside as well as outside to fill vacant positions. Sourcing and recruiting not only include external efforts, such as participating in job fairs or starting an employee referral program, but also internal recruiting, i.e., increasing internal mobility and advancing cross-functional training. In fact, a study published earlier this year by a professor at the University of Pennsylvania’s Wharton School suggests that there’s good reason to mine talent from within. According to the research, published earlier this year by a professor at the University of Pennsylvania’s Wharton School suggests that there’s good reason to mine talent from within. According to the research, published earlier this year by a professor at the University of Pennsylvania’s Wharton School suggests that there’s good reason to mine talent from within. According to the research, published earlier this year by a professor at the University of Pennsylvania’s Wharton School suggests that there’s good reason to mine talent from within. According to the research, "best places to work" reports put out by the Society for Human Resource Management or Crain’s New York Business, you’ll notice that sought-after companies typically offer flexibility, opportunities for recognition, career coaching and mentoring, and encouragement of employee innovation, among other benefits. In the end, you’ll want to implement a well-thought-out plan that bridges talent strategy with business strategy in order to ensure that all actions performed align with your organizational goals and are in support of your firm’s bigger picture.

Q: I’m a recent college graduate, with little to show for my job hunting efforts. How can I stand out when I speak to firms at recruiting events?
A: First, it is essential to have a complete résumé. Review yours and ask yourself, "Have I listed all of my involvements and accomplishments, including extracurricular activities and any paid/unpaid jobs I’ve had?" What types of skills have you acquired outside academia? Have you mentioned any leadership roles you’ve held? Then, instead of simply handing out copies of your résumé, make an effort to establish a rapport with firm representatives at recruiting events. In order to leave a good impression, you’ll need to show up fully prepared: Identify which firms you’d like to see at the event and do your homework beforehand, so you’ll know the employer inside and out. And, at the end of the day, be sure to get a business card. Even if a firm can’t hire you now, you never know what opportunities may arise down the road just by keeping in touch with the person you talked to.

It’s important to note that submitting résumés online and attending recruiting events are not the only methods to use for getting a job. Networking is essential. Please keep in mind that networking is not simply asking for a job; it is an ongoing process of building a professional relationship where possibilities can transpire. The professional organization of your field is an ideal first choice for networking. People have gotten jobs and identified business opportunities through their involvement with the NYSSCPA. (If you haven’t already, read the testimonials on ‘Why I’m a Member’ on the Society website.) Moreover, those who have benefited from their involvement are ready to give back. So, get involved and reach out to fellow CPAs already active in the profession.

Pei-Cen Lin, CPA, SPHR, is a strategic talent management and organizational development professional in the human resources field. She is also a past chair of the Human Resources Committee and a current NYSSCPA Board member. Ms. Lin can be reached at pei-cen.lin@nysscpa.org.

FAE 2012 Conferences

FAE 2012 Conference Information:

Conference Code: 25614311 (In-Person); 35614311 (Live Video Webcast)

CPE Credit:
- 8 hours (Taxation)

NYSSCPA Member Fee:
- $385 (In-Person)
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- $510 (In-Person)
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- $510 (In-Person)
- $410 (Live Video Webcast)

GET CLARIFICATION ON RECENT TAX ISSUES:
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- Deciphering the Hedge Fund K-1
- The K-1 with a Negative Capital Account: What to Do Next?
- Understanding Issues with Tiered Partnerships
- How Partners Will Be Impacted by the New 3.8% Surtax

KEYNOTE ADDRESS:
Donna M. Young, JD, LLM (Taxation), Deputy Associate Chief Counsel, Office of Chief Counsel, IRS

For More Information and to Register for This Conference: Visit www.nysscpa.org/partnership or call 800-537-3635.
To Register for the Live Video Webcast: Visit www.nysscpa.org/e-cpe or call 877-880-1335.
FAE 2012 On-Site Learning

Bring targeted, high-quality education and training on the New Clarified Auditing Standards to your workplace.

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FAE 2012 Conferences

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Wednesday, December 5, 2012
Doubletree by Hilton Metropolitan Hotel
569 Lexington Avenue, at 51st Street
New York, NY 10022
8:40 a.m.–5:10 p.m.

FEATURING:
■ Thomas H. Mattox, Commissioner, New York State Department of Taxation and Finance

HOT TOPICS
■ Tax Preparer Responsibility
■ New York State Residency Audit Guidelines
■ Business and Sales Tax Nexus
■ Combined/Unitary Reporting

REGISTRATION DETAILS:
Course Code: 25612311 (In-Person)
Course Code: 35612311 (Live Video Webcast)
CPE Credit Hours: 8
Field of Study: Taxation
In-Person Member Fee: $385
Nonmember Fee: $510
Live Webcast Member Fee: $285
Nonmember Fee: $410

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For More Information and to Register for This Conference: Visit www.nysscpa.org/nytax or call 800-537-3635.
To Register for the Live Video Webcast: Visit www.nysscpa.org/e-cpe or call 877-880-1335.

This is an FAE Paperless Event. Visit www.nysscpa.org for more information.
I’m the CFO of a bank, which makes me both a user and preparer of private company financials. From the user perspective, I think the most important part would be improving relevance of private company financial statements. Even though we receive annual audited financials and reviews of smaller companies, we’re really looking for basic cash flow information most of the time, like debt schedules, breakdowns of accruals, aging of receivables and loan covenant calculations. So, I think one of the things they need to focus on are the supplemental schedules that the banks are looking for.

Another issue concerns what’s called the “golden pass,” which is when companies are on a tax return extension. A lot of times, the accountants preparing the financials use that as a way to buy more time to provide information for credit requests. The PCC might want to explore whether there is a way to provide information that banks need to do a line renewal or loan request, without having to wait for the tax return and the financials.

From the preparer perspective, when you look at the footnote information, it can get difficult for investors to understand everything that’s there, such as a lot of the fair value type of information. I’m not sure if people really understand what the fair value measurements are really supposed to tell them. As a preparer, what I find is that investors, instead, want more operating data—they’re more interested in trends in year-over-year comparisons. I think they’re looking for something along the lines of a management discussion and analysis (MD&A), to put it simply—more of a plain-language type of discussion about what’s happening in the company, rather than percentage changes. I don’t think the way I wrote an MD&A for financial reports or SEC filings is what the user is looking for exactly.

As the chair of the Hospitality Industry Committee, I think there needs to be more guidance on capitalization issues regarding property and equipment. The biggest question that we who work with the restaurant and hospitality industry get is how to handle these things. It’s vague. We understand the rules, of course, but there’s still a lot of gray area. Understand, too, that a public company has a more skilled staff, usually, so a private company generally needs a little more detail.

The problem is that clients have a hard time recognizing when something should be expensed and when it should be capitalized, which affects the tax rules as well, so I think there needs to be more clarification, such as what constitutes a repair. The problem with things now is that what kind of property you are depends on your goal or focus. There’s a big difference between a large, nationally recognized hotel chain, where management companies make their fees on gross operating profit—which is expensed rather than capitalized so it makes their fees higher—vs. the other side, where it might be a smaller company.

More broadly, the PCC should focus on things from the client perspective, especially smaller companies, by paying attention to the need for plainer language. Standards setters have been trying to do this for a while, but their plain language still isn’t that plain, and if I’m sitting here and need to read a standard three or four times to really comprehend it, smaller clients will need to read it 12 times.

As the CFO of a not-for-profit, one thing I’d like the PCC to tackle is pension accounting for non-profits. The Accounting Standard Codification Topic 715 requires non-profits to account for pension related items other than net periodic costs through the statement of activities. The for-profit industry accounts for this as other comprehensive income through equity. The plus and minus movements each year thanks to the stock market, even if your financial statement users understand the accounting, creates a situation where you are continually explaining these impacts. There are some years where this has a major positive impact and some years where it has a major negative impact. We explain the impact to individuals who read our financials and potential donors who read our IRS Form 990. We then explain how it’s more of a long term impact, rather than a current impact. Our agency would still need to effectively manage our defined benefit plan; it’s just the way it reads to the financials. I would like to see a consistency of treatment.

The CPA Roundtable is a monthly feature where we ask CPAs from around the state to weigh in with their thoughts on an issue relevant to the profession.

If you are interested in becoming a Roundtable participant, drop us a line at cgaetano@nysscpa.org.
Chapter CPA Ethics Update
When: Dec. 5, 3-5 p.m.
Where: Pamela’s On the Hudson, 1 Park Place, Newburgh
Cost: $30 members; $60 nonmembers
CPE: 2 (ethics)
Course Code: 42773302

NASSAU
Joint Nassau/Suffolk Accounting and Auditing Conference
When: Nov. 3, 8:25 a.m.–4:35 p.m. (registration and networking breakfast 7:30–8:25 a.m.)
Where: Sheraton Long Island, Hauppauge
Cost: $150 members; $250 nonmembers
CPE: 8 (4 accounting, 4 auditing)
Course Code: 28103322

Joint Chapter Networking Event
Wine & Chocolate Pairing Reception
When: Nov. 28, 6–8:30 p.m.
Where: Crest Hollow Country Club
Cost: $60 per person; $70 walk-in
Contact: Kathleen Becker at Kathleen.Becker@marcummllp.com

STATEN ISLAND
Chapter CPA Ethics Update
When: Nov. 3
Where: Rab’s Country Lanes, 1600 Hylan Boulevard
Contact: Gerard LoVerde at gloverde@clcpas.com

State Island Annual Taxation Conference
When: Nov. 16, 8:30 a.m.–4:30 p.m. (8 a.m. check-in)
Where: Hilton Garden Inn, 1100 South St.
Cost: $150 members; $250 nonmembers
CPE: 8 (taxation)
Course Code: 28607321

Chapter CPA Ethics Update
When: Nov. 29, 7–9 p.m.
Where: Staten Island University Hospital
Cost: $150 members; $250 nonmembers
CPE: 2 (ethics)
Course Code: 42773307

Uncovering Fraud in Your Company
The Challenge of an Internal Investigation as It Concerns You
When: Nov. 1, 7:45–9:12 p.m.
Where: Wilbur A. Hovingds Hays Theater at MxCC, 1000 Hemptead Ave., Rockville Centre
Cost: $80 per person ($60 for FWA members)
Course Code: 29080308
Contact: David Tserpelis at davi.tserpelis@cti.com (631-265-4484)

Northeast Chapter Annual Tax Conference
When: Dec. 4, 8:30 a.m.–4:30 p.m.
Where: Hilton Garden Inn, Troy
Cost: $175 members, $275 nonmembers
CPE: 8 (taxation)
Course Code: 28604341

QUEENS/BROOKLYN
Queens/Brooklyn Annual Tax Conference
When: Nov. 1, 9:00 a.m.–5 p.m. (8:30 a.m. check-in)
Where: St. John’s University, Bent Hall 277AB
Cost: $100 members; $150 nonmembers
CPE: 8 (taxation)
Course Code: 28616132

Estate & Retirement Planning Conference
When: Nov. 6, 8–6:8 p.m.
Where: Saint Francis College, 180 Remsen St., Brooklyn
Cost: Free
CPE: 2 (1 taxation, 1 specialized knowledge and applications)
Course Code: 29106302
Contact: Jean Joseph at jeanjoseph42@aol.com

ROCHESTER
47th Annual Rochester Tax Institute
When: Nov. 28, 8–8:30 a.m. (registration and networking breakfast 7:30–8:25 a.m.)
Where: Crest Hollow Country Club
Cost: $80 per person; $70 walk-in
Contact: Kathleen Becker at Kathleen.Becker@marcummllp.com

IRA Guide to IRS Audit Issues
When: Nov. 30, 9–11:45 a.m. (8:30 a.m. registration)
Where: Suffolk Academy of Law
CPE: 3 (taxation)
Course Code: 29080310
Contact: Sy Goldberg at info.goldbergza@gmail.com

ROCKLAND
Chapter CPA Ethics Update (NEW DATE)
When: Nov. 28, 3–5 p.m. (registration); 6 p.m. (dinner); 6:30 p.m. (ethics)
Where: Casa Mia Manor House
Cost: $35 members; $60 nonmembers
CPE: 2 (ethics)
Course Code: 42773311

Chapter Ethics Update
When: Dec. 3, 3–5 p.m.
Where: Pamela’s On the Hudson, 1 Park Place, Newburgh
Cost: $30 members; $60 nonmembers
CPE: 2 (ethics)
Course Code: 42773302

SUFFOLK
Chapter CPA Ethics Update / Banker Dinner
When: Nov. 7, CPE: 3:30–5:30 p.m. (3 p.m. check-in); Dinner: 5:30 p.m.
Where: Wolfs Roost Country Club, 120 Van Rensselaer Blvd.
Cost: Ethics: $20 members; $50 nonmembers; Dinner: $55
CPE: 2 (ethics)
Course Code: Ethics: 42773304, Dinner: 45040303
Contact: Patrick Hughes at phughes@uhy-us.com

Northeast Chapter Annual Tax Conference
When: Dec. 4, 8:30 a.m.–4:30 p.m.
Where: Hilton Garden Inn, Troy
Cost: $175 members, $275 nonmembers
CPE: 8 (taxation)
Course Code: 28604341

SYRACUSE
12th Annual Networking Cocktail Party
When: Nov. 9, 5–8 p.m.
Contact: Tim Hammond at thammond@greenwillecuador.com or Dan Dalin at dannalin105@gmail.com RSVP by Nov. 1

Cost of Customs and Trade Compliance
(Part of a four-session series)
When: Nov. 14, 9 a.m.–12 p.m.
Where: Mohawk Global Logistics Offices, North Syracuse
Cost: $30 member; $60 nonmember (Take all four parts for only $120 per member, $180 per nonmember, see flyer for details or call 800-537-3635)
CPE: 3 (specialized knowledge and applications)
Course Code: 29090304
Contact: Chuck Miller

YCPA Poker Night Annual
Texas Hold ‘Em Tournament
When: Nov. 15, 6:30 p.m.
Where: Tom Caravlos Restaurant, 40 Genesee St., New Hartford
Cost: $15 (includes food and drink); $10 and a donation of a non-perishable food item (game only)
Contact: Brian Reese at brianc@rfca.net or (315-724-2145)
BUFFALO

Buffalo chapter offers wide range of networking, CPE events

BY PATRICIA A. JOHNSON
Buffalo Chapter President

I

I has been a busy fall for the Buffalo Chapter, thanks to the support of our board and membership. Our September networking session provided a number of professional opportunities, allowing members to connect, take CPE, and get a firsthand look at the newly renovated Lafayette Hotel in downtown Buffalo.

Bank of Akron was our sponsor for the event and continues to be a strong supporter of our chapter. On Oct. 16, our Past President and Director of Member Relations William Pape were all in attendance. In this event, which brings U.S. and Canadian accountants together for great networking opportunities and a revamped CPE program, there was also an opportunity to discuss and learn about the political advocacy and issues being faced by White Paper/Comment Letters that the Society and many local chapter activities and committees need firm support and involvement. I applaud each firm to consider having a NYSSCPA representative present at these events within their firm, and to work toward 100% membership from their professional staff. My sincere appreciation goes out to all the partners and NYSSCPA members who made time to attend this gathering of professional leaders.

Our 47th Annual Tax Institute is coming up on Nov. 16. This is a must for all tax professionals looking to get an all-encompassing update on the latest topics and critical issues. The speakers for this seminar are always top-notch. Please visit our chapter website page at www.nysscpa.org/buffalo for details on this event.

The World of Accounting (WOA), also to be held on Nov. 16, is our annual outreach to high school students. This half-day session exposes them to all the different career options in the accounting profession. We are always looking for new committees and members to speak for this event, so please contact our WOA Committee Chair Ken Hall at kenneth.hall@cb.com or kenneth.hall@cb.com if you would like to get involved in guiding the future members of our profession.

These are just some of the exciting things going on in our chapter. Isn’t it time you stopped just reading about them and became part of the action?

BY WILLIAM F. BERARDI
Mid Hudson Chapter President

F

irst congratulations to Sean Glander, a Buffalo Chapter President, who was recognized by Leadership Orange, an Orange County organization that offers leadership training, as a 2012 Rising Star. Sean is one of our active and energetic Young Professionals, who shines especially bright while helping to organize our COAP programs, and has volunteered tirelessly at NYSSCPA events and on committees. He has been influential in this work by his firm, Vanacore, DeBenedictis, DiGiovanni & Weddell, LLP.

Speaking of our YCPA Committee members, please visit the chapter’s Facebook Government Accounting and Auditing Committee page to see pictures of them collecting donations for postage, care packages and handwritten individual letters of thanks that were sent to military personnel stationed overseas.

In October, the work and planning of our Board and committee members resulted in several wonderful events. The United Way of Sullivan County and the Mid Hudson Chapter sponsored a training seminar on fraud detection and prevention that was offered by the Office of the State Comptroller for the not-for-profit sector. This event was hosted by the Center for Discovery on Oct. 17 and took place at the newly renovated Lafayette Hotel in downtown Buffalo.

Michel Tarsio and Beth Vought were all in attendance for a technology committee meeting and a networking session focusing on implementing the new audit clarity standards.

Meanwhile, another Past President, Gary J. Cassielo, is heading up our Membership Committee. Gary is a previous Past President, and has volunteered his time and energy to help better serve that segment of our chapter. As a result of member suggestions, a Technology Committee is being organized to help members expand their knowledge in the IT area. If there is something that you would like to see the chapter add to its list of activities or topics, don’t hesitate to contact me or a chapter board member.

nysscpabuffalochapterpresident@gmail.com

with the exciting opportunity to listen to Yankees/Mets baseball star Darryl Strawberry.

This month, our best and brightest Young Professionals Committee continues to provide attendees with eight timely and quality, low-cost, affordable CPE credits in taxation. Please contact Domenick Del Rosso at ddelros@jgspc.com for more information.

Finally, on Dec. 5, our YCPAs have scheduled our Toys for Tots wrap-up and holiday free mixer at Panama’s in Newburgh. For the Young CPAs, December will be a busy month. A networking session focusing on sharing information from the Young CPA Conference and a trip to Canada for an afternoon of curling are being planned.

Rochester chapter offers wide range of networking, CPE events

BY CHERYL L. YAWMAN
Rochester Chapter President

S
ome wonderful events have taken place since I last wrote to you. Our Governing CPA Committee, chaired by Matthew J. Taylor, coordinated our annual Mock Interview Night for local college accounting majors, which was held on Sept. 26. Thanks to Mengel, Metzger Barr & Co. LLP; DeJoy, Knauf & P.C.; Heveron & Heveron; Salmin, Celona, Wehle & Flaherty, LLP; Deloy, Knuff & Blood LLP; Stokes, Visca & Company, LLP; and Young & Company CPAs, LLP. We shared a lively discussion about issues facing the profession such as non-CPA ownership, and learned about the positive and negative aspects of giving to those new communities and classrooms.-

A Rochester chamber of commerce added a luncheon with Society officers.

The NYSSCPA President Gail M. Kinsella, President-elect J. Michael Kirkland, and Director of Member Relations William Miller were all in attendance to speak to our chapter. The presentation was a wonderful opportunity for CPA firm leaders and chapter members to interact with one another. Barbara also presented for the chapter’s new two-hour ethics program. Three days later, we held our second annual International CPA & CA Gathering, organized in partnership with the Institute of Chartered Accountants of Ontario, SDA&G Chapter. Read more about this event, which brings U.S. and Canadian accountants together for great networking opportunities and an informative presentation about tax issues, on page 26 of The Trusted Professional.

The annual Tax Conference, which takes place at the Crowne Plaza on Nov. 28, will be an informative day, filled with discussion of critical issues. The conference will begin with a New York State sales tax presentation. The second session will provide an update on New York state tax law and what’s new with e-filing and e-services. An IRS representative will review changes at the federal level, and a CPA specializing in insurance and the current industry issues. The conference will conclude with a tax update.

Keep checking the chapter website (www.nysscpa.org/adirondack) for more updates. I look forward to seeing all of you there—and of course, thank you again for supporting the chapter.

cheryll@pmlhvcpa.org

BUFFALO

Mid Hudson focuses on service and CPE

BY WILLIAM F. BERARDI
Mid Hudson Chapter President

F

irst congratulations to Sean Glander, a Buffalo Chapter President, who was recognized by Leadership Orange, an Orange County organization that offers leadership training, as a 2012 Rising Star. Sean is one of our active and energetic Young Professionals, who shines especially bright while helping to organize our COAP programs, and has volunteered tirelessly at NYSSCPA events and on committees. He has been influential in this work by his firm, Vanacore, DeBenedictis, DiGiovanni & Weddell, LLP.

Speaking of our YCPA Committee members, please visit the chapter’s Facebook Government Accounting and Auditing Committee page to see pictures of them collecting donations for postage, care packages and handwritten individual letters of thanks that were sent to military personnel stationed overseas.

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Michel Tarsio and Beth Vought were all in attendance for a technology committee meeting and a networking session focusing on implementing the new audit clarity standards.

Meanwhile, another Past President, Gary J. Cassielo, is heading up our Membership Committee. Gary is a previous Past President, and has volunteered his time and energy to help better serve that segment of our chapter. As a result of member suggestions, a Technology Committee is being organized to help members expand their knowledge in the IT area. If there is something that you would like to see the chapter add to its list of activities or topics, don’t hesitate to contact me or a chapter board member.

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with the exciting opportunity to listen to Yankees/Mets baseball star Darryl Strawberry.

This month, our best and brightest Young CPA Committee kicks off their Toys for Tots campaign. They have also set up an entire day at West Point to watch an Army football game, which will be followed by an exclusive tailgating party. This wonderful event will take place on Nov. 3, be sure to mark your calendars. On Nov. 9, our Federal and State Taxation Committee will host our Annual Tax Conference in Newburgh. The committee is excited to provide attendees with eight timely and quality, low-cost, affordable CPE credits in taxation. Please contact Domenick Del Rosso at ddelros@jgspc.com for more information.

Finally, on Dec. 5, our YCPAs have scheduled our Toys for Tots wrap-up and holiday free mixer at Panama’s in Newburgh, following a two-hour FAE Ethics CPE session. Please reach out to Senior Committee CPE Liaison Joyce A. Lewis at jlewis@nysscpa.org for more information on the CPE session and Magda V. Reyes at mreyes@jgspc.com for details on the mixer.

Our immediate Past President Tracy D. Tarsio and Beth Vought have worked hard to streamline the handling of important sponsorships that help make our events possible.

Contact them at tarsio@daysecker.com and bvought@gkgcpa.com with any offers of assistance and event information.

Means is another Past President, Gary J. Cassielo, is heading up our Membership and Revitalization Committee. Please reach out to Gary at gary@jgspc.com to get in on the action.

bberardi@krc.com
Nassau Chapter lends a hand to next generation of CPAs

BY LISA A. HAYNIE
Nassau Chapter President

The Nassau Chapter is gearing up for the fall by offering plenty of CPE events to help you fulfill your requirements before year’s end. With Thanksgiving approaching, I would personally like to thank the Executive Board and all of the committee chairs for their dedication to our chapter and their hard work in organizing our seminars and social networking events.

For 59 years, these volunteers have helped build our chapter into one of the largest and most active within the New York State Society. We look forward to honoring at our Mentor a Student Night our distinguished guest speaker, will be giving a presentation at our Chateau Briand, on Jan 9. This event is held at the Akwesasne Mohawk Casino in Hogansburg, N.Y., bringing American and Canadian accounting professionals together for updates on tax filings that affect U.S. citizens living in Canada, as well as networking opportunities.

“The gathering] is important because we’re neighbors,” said Barbara L. Montour, immediate past Adirondack Chapter president and event coordinator. “We share citizens and, at times, clients.”

According to event speaker Nathan Farkas, a chartered accountant who specializes in international taxation, because the Canadian border is so close, it’s essential to educate CPAs about the various tax laws that can affect U.S. citizens who, like himself, live in Canada.

“There are more than 1 million U.S. citizens who reside in Canada, yet more than half of them are not aware that they have to file for taxes,” he said. “When I moved to Canada in 2010 … I realized how little was understood about this particular topic, and made it a point to educate anyone who was interested. We need to advise our clients on the rules of the other side of the border and how these rules will affect them. We must remain up to date.”

Debbie Tropea, a chartered accountant from Cornwall, Ont., concurred that the event “addressed many of the complexities that I have encountered in preparing U.S. tax returns for nonresident citizens of the U.S.”

The event drew 30 CPAs and CAs. Adirondack Chapter President Jacqueline E. Miller, Montour, and other members are already looking ahead to their 2013 gathering, which they said the chapter may host in Ontario. “[This year’s event] was a treat, it was affordable and it was live,” Montour said. “People really enjoyed it.”

Adirondack reaches over the border for second straight year

BY ANNA RAKOVSKY
Trusted Professional Correspondent

The NYSSCPA’s Adirondack Chapter and Canada’s Institute of Chartered Accountants of Ontario, SD&G Chapter, presented their second annual International CPA & CA Gathering on Sept. 27. The event, held at the Akwesasne Mohawk Casino in Hogansburg, N.Y., brings American and Canadian accounting professionals together for updates on tax filings that affect U.S. citizens living in Canada, as well as networking opportunities.

“The gathering] is important because we’re neighbors,” said Barbara L. Montour, immediate past Adirondack Chapter president and event coordinator. “We share citizens and, at times, clients.”

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From left: Barbara L. Montour, past chapter president; Nathan Farkas chapter president-elect; Jacqueline E. Miller, chapter president and James Pollock, president of the Ontario Institute of Chartered Accountants, SD&G Chapter.

From the President

THE TRUSTED PROFESSIONAL

FAE 2012 Conferences

Annual Tax/Plenary Conference
Answers to your post-election questions from national tax experts

Tuesday, December 11, 2012
Citi Executive Conference Center
601 Lexington Avenue
New York, NY 10022
8:30 a.m. – 5:00 p.m.

Keynote Address: Nina E. Olson, JD, National Taxpayer Advocate, IRS, will touch upon a wide range of topics, including a year-end look at the multiple layers of uncertainty facing next year’s tax filing season

Covering a wide range of important tax topics including:
- Year-end tax planning strategies
- Estate and gift tax uncertainty
- The changing tax profession
- Primer on international tax developments
- Cloud computing: security and tax compliance
- And Much More!

For More Information and to Register for This Conference: Visit www.nysscpa.org/plenary or call 800-537-3635.
To Register for the Live Video Broadcast: Visit www.nysscpa.org/e-cpe or call 877-880-1335.

This is an FAE Paperless Event. Visit www.nysscpa.org for more information.
WESTCHESTER

Westchester Chapter promotes mentorship and outreach

BY DENISE M. STEFANO

Westchester Chapter President

T his month, I would like to take the opportunity to reflect on some important initiatives that I outlined for the chapter during my induction speech at the May president’s reception. For those of you who were not able to be there, the theme of my speech revolved around the need to engage in more mentorship and outreach activities, so we can help shape the future of our Society and our profession—activities that I would like to ask each and every one of you to consciously set aside time for this month.

Over the September and October months, many of us have been busy managing and meeting tax return deadlines; now, with year-end audit planning work upon us, our focus will undoubtedly turn to these critical and time-sensitive tasks. It is therefore understandable that during this time, it can be easy to relegate staff mentoring and outreach tasks to the bottom of the pile or make them last on the to-do list.

But if each one of us just takes a brief moment to consider one individual for whom we can set an example, share our experiences with and offer advice to—bearing in mind that this individual can be a staff member, a colleague or even a client—we can collectively help improve the quality of our profession’s future practitioners, and further promote the stellar reputation of our profession and State Society. In doing so, we need not look at this task as one that is daunting and laborious. Instead, we need to embrace the task as one that is critical to effective succession planning in growing and building our profession.

This theme of mentorship and outreach underlies several of the events the Westchester Chapter Board and its committees planned for the 2012–2013 fiscal year. In creating these plans, we considered topics that not only appeal to public practitioners, but also appeal, and are highly relevant, to private industry professionals. This should allow for more effective outreach to industry professionals, and further engage our participation in the chapter and Society’s activities and initiatives.

In addition, we have planned—and are working—to expand our student-focused activities and events, to further develop mentor/protégé relations between chapter officers and board members for full details of our upcoming events and to register for them.

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

To Register for the Live Video Webcast: Visit www.nysscpa.org/e-cpe or call 877-880-1335.

This is an FAE Paperless Event. Visit www.nysscpa.org for more information.

FAE 2012 Conferences

Estate and Trust Administration Conference

Coverage of the most timely estate and trust administration considerations

Thursday, December 6, 2012

Bernstein Global Wealth Management
1345 Avenue of the Americas
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New York, NY 10105
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- **SPECIALIZED KNOWLEDGE AND APPLICATIONS**
- **TAXATION**

#### SPECIALIZED KNOWLEDGE AND APPLICATIONS

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- **Chief Financial Officer: Executive-Level Skills for Financial Managers**
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<thead>
<tr>
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<th>8-hour course</th>
<th>16-hour course</th>
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<tbody>
<tr>
<td>A member of both AICPA and NYSSCPA:</td>
<td>$305</td>
<td>$475</td>
</tr>
<tr>
<td>Only a member of the NYSSCPA:</td>
<td>$335</td>
<td>$535</td>
</tr>
<tr>
<td>A member of neither AICPA nor NYSSCPA:</td>
<td>$430</td>
<td>$600</td>
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</tbody>
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For 4-hour courses, see course description for price information.

For details, refer to the registration information on www.nysscpa.org.

### Auditing

**11/27**
- **Annual Accounting and Auditing of Broker/Dealers—Morning Session**
  - $170 $235

**11/28**
- **Audit Workpapers: Documenting and Reviewing Field Work**
  - This course will teach you the basics of workpaper preparation—form and content—to make sure everything is properly documented. Case examples show field work supervisors what factors to consider and steps to follow when reviewing working papers. Participants will learn to identify typical deficiencies and will find out how to minimize potential liability by making certain that reports are fully and accurately supported by documentation.
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- **Excel Tips, Tricks, and Techniques for Accountants**
  - Excel is the accountant’s tool of choice for analyzing and reporting financial data, yet most accountants have never received any formal Excel training. This course will teach you how to draw and organize data, and will be of interest to both AICPA members and non-members.
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**12/03**
- **Trusted Business Advisor Workshop II**
  - This workshop will provide you with practical tools to help you better explore your client’s needs and provide them with the best solutions. With interactive training, you will get the education you need to bring this new philosophy and service model into your practice.
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**12/03**
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### Taxation

**12/03**
- **Basis/Distributions for Pass-Through Entities: An IRS Hot Spot**
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NORTEAST

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11/29
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AC/8 2111341
Albany Marriott
Foundation for Accounting Education
$335/$460

AUDITING

11/27
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AC/8 22924341
Albany Marriott
AICPA
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11/30
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In a changing global and domestic economy, this course helps you to stay ahead of the emerging and current auditing guidance. Participants will view overviews of the new auditing guidance, along with practical application of that guidance through a variety of discussions and questions.
AC/4 21112341
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$170/$235

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11/27
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In a changing global and domestic economy, this course helps you to stay ahead of the emerging and current auditing guidance. Participants will receive overviews of new auditing guidance, along with practical application of that guidance through a variety of discussions and questions.
AC/4 21113331
Doubletree Hotel Tarrytown
Foundation for Accounting Education
$170/$235

SUFFOLK

ACCOUNTING

12/04
Cash and Tax Basis Financial Statements: Preparation and Reporting
This course will explain ASC 805, and how the basis of accounting affects compilation, review, and audit procedures; financial statements (including notes); and accountant reports.
AC/8 22418321
Melville Marriott Long Island
AICPA
$335/$460/$305/$430

WEB EVENTS

ACCOUNTING

11/30
Annual Accounting and Auditing of Broker/Dealers—Morning Session (WEBCAST)
AC/1, AU/1, SK/1
$3717349
Foundation for Accounting Education
$75/$125

AUDITING

11/30
Annual Accounting and Auditing of Broker/Dealers—Morning Session (WEBCAST)
See course listing under Accounting.

11/30
Annual Accounting and Auditing of Broker/Dealers—Afternoon Session (WEBCAST)
See course listing under Accounting.

SPECIALIZED KNOWLEDGE AND APPLICATIONS

11/30
Annual Accounting and Auditing of Broker/Dealers—Morning Session (WEBCAST)
See course listing under Accounting.

11/30
Annual Accounting and Auditing of Broker/Dealers—Afternoon Session (WEBCAST)
See course listing under Auditing.

TAXATION

11/29
Introduction to International Taxation (WEBCAST)
This session will provide an overview of the basics of international taxation.
T/8 37123308
Foundation for Accounting Education
$94/$365

12/06
New York State Taxation Conference (WEBCAST)
T/8 35682311
Foundation for Accounting Education
$280/$410

12/06
Estate Administration Conference (WEBCAST)
T/8 35654311
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