Trusted Professional Staff

The new federal tax law has dramatically shifted the individual taxation landscape, leading CPAs to rethink old assumptions about how best to plan for their clients. The process is becoming simpler for some and more complicated for others, and with these changes come opportunities.

One of the biggest disruptions to come from the Tax Cut and Jobs Act of 2017 (TCJA) is the doubling of the standard deduction to $12,000 for individuals and $24,000 for married couples.

Ronald B. Hegt, a tax partner at Citrin Cooperman and a member of the NYSSCPA Taxation of Individuals Committee, said that this change has paradoxically both simplified and complicated tax planning for clients. Many more people will be able to take the standard deduction for the first time ever, so their returns will be much easier to prepare. Consider, he said, a hypothetical client who qualifies for a $10,000 state and local tax (SALT) deduction, an $8,000 mortgage interest deduction and a $5,000 charitable donation deduction; this adds up to $23,000.

“But there’s a $24,000 standard deduction,” he said. “His return just got a lot simpler! And think about it: The numbers I just described are not lower- to middle-class numbers. Those are some comfortable people earning comfortable six-figure salaries that will be standard-deduction people for the first time in their lives.”

On the other hand, tax strategy planning has become more complicated, according to Hegt. Not only is it twice as hard to clear the standard deduction; the new law suspended many of the tools preparers had long used to do so. It removed unlimited SALT deductions, home equity indebtedness deductions, all miscellaneous deductions subject to the 2 percent floor, moving expense exemptions, and eliminated a number of other deductions, to name just a few of its changes. The articles in this package examine the new tax law’s impact on corporate, individual and New York state taxes, including recently announced SALT workarounds. Future articles will examine the law’s impact on pass-through entities, not-for-profit organizations and accounting firm practice management.

For some individuals, TCJA has led to more complicated planning, but also more opportunities

By CHRIS GAETANO
Trusted Professional Staff

While the Tax Cuts and Jobs Act (TCJA) concerns only federal policies, the size and scope of its provisions are having complicating effects on state-level tax planning, as well.

While state-level tax laws differ greatly, the TCJA is causing states to alter or modify provisions. And for those who qualify for the doubled standard deduction, states will have to consider how they will tax this income. For some states, this will mean no tax, while for others it will mean a reduced tax liability.

The challenge for state tax planners is to create rules that work with federal tax changes while not completely altering state tax structures. This is not an easy task, as the TCJA has caused many states to consider changes to their own tax codes.

For example, the state of New York has announced a new SALT deduction that will allow individuals to credit the state tax they paid in 2017 against their 2018 federal tax liability. This is seen as a major win for New York residents, who will be able to deduct their state taxes on their federal return for the first time in more than 30 years.

However, the SALT deduction cap remains in place until 2026, and there is still uncertainty about how the TCJA will affect other deductions, such as the mortgage interest deduction.

So while the TCJA has brought some relief to taxpayers, it has also created new challenges for state tax planners. The article in this package examines the new tax law’s impact on state-level tax planning, including the recently announced SALT workarounds. Future articles will examine the law’s impact on pass-through entities, not-for-profit organizations and accounting firm practice management.

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It’s not too late to make plans to attend the Moynihan Scholarship Fund Gala on May 24, where NYSSCPA members can reconnect and celebrate the profession, like these attendees at last year’s gala. See page 8 for more information.

Find the Spring FAE Events Calendar on page 20 or nysscpa.org/events

Attend In-Person or via our Live Webinar

JUNE 06
EMPLOYEE BENEFITS WORKSHOP
(5 CPE credits)
Basic audit workshop for defined contribution plans

JUNE 07
EMPLOYEE BENEFITS CONFERENCE
(9 CPE credits)
Industry insights by recognized thought leaders
Support future members of the profession at the Gala on May 24

On Thursday, May 24, the Prince George Ballroom in Manhattan will host the third annual Moynihan Scholarship Fund Gala, to benefit the future of the accounting profession in New York.

The Gala is an annual black tie-optional affair that raises money for the Moynihan Scholarship Fund, while also providing a networking, fine dining and entertainment experience for a broader group of Society members and the general public.

The Moynihan Scholarship Fund is focused on assisting the next generation of young people who have made a decision to follow in our footsteps into the profession. It supports the Society’s Career Opportunities in the Accounting Profession (COAP) program and its Excellence in Accounting Scholarships. The COAP program introduces New York high school students to the profession through a five-day, overnight college readiness course at some of the state’s top colleges and universities. Its goal is to increase racial diversity within the accounting profession in the state by serving as the first step to an accounting career for the next—and more diverse—generation of CPAs. More than 4,000 high school students have participated in COAP since its founding in 1987. The Excellence in Accounting Scholarship provides financial assistance to those who meet or exceed certain academic standards and demonstrate financial need. We’ve issued more than $1.3 million in scholarships dollars to eligible New York college students over the past 30 years.

The Moynihan Fund Gala will take place from 5 to 9 p.m. on May 24. The Prince George Ballroom is a beautiful event space, conveniently located in Manhattan’s Flatiron District. For entertainment, attendees can enjoy music by singer and harmonica player Rob Paparozzi and his band, the Hudson River Rats. I urge you to make plans to attend the Gala, which promises to be an exciting evening for celebrating the profession and reconnecting with other NYSSCPA members. The Gala will also serve as the inauguration for our new slate of officers and board members.

Last year, the Moynihan Fund Gala raised nearly $150,000 in sponsorships and individual donations for the Moynihan Scholarship Fund. This year, we intend to do even better. Many of the tickets available will be spoken for by corporate and firm sponsors. If you are interested in attending, please buy a ticket now. The $350 ticket price includes dinner, a 5–9 p.m. open bar and a live performance by Rob Paparozzi and the Hudson River Rats. In the interest of encouraging young professionals to attend and recognizing that the cost should not be prohibitive, the fee for high school and college students is $150. Those interested in corporate sponsorships, please contact Allison Zippert at azippert@networkmediapartners.com. Individual tickets may be purchased online at www.moynihangala2018.org.

This year, we will pay tribute to three outstanding members of our profession. We will honor Kimberly Ellison-Taylor with the NYSSCPA Trailblazer Award; Charles Weinstein with the David J. Moynihan Promise Award. The NYSSCPA Trailblazer Award honors a member of the profession who has been instrumental in promoting opportunities for the next generation of accountants. Ellison-Taylor, the immediate past chair of the AICPA, has devoted much of her professional work to programs that mentor and support new generations of CPAs. Through her remarkable career, she led the way for more women and racial minorities to thrive in the profession.

The Moynihan Award honors individuals who have demonstrated unwavering financial support for the NYSSCPA programs dedicated to mentoring the next generation within the accounting community. Weinstein is the chief executive officer of EisnerAmper LLP. Thanks to him, EisnerAmper has become a long-term donor to the NYSSCPA, including providing support for the Moynihan Scholarship Fund since its inception.

The COAP Promise Award honors a graduate of the COAP program who has achieved success in the profession. Joseph, a 1996 graduate of the COAP program, is the chief marketing officer and chief operating officer of Steiner Sports, the largest sports memorabilia and collectibles company in America. Today, thanks to him, Steiner Sports is now a stop on the COAP tour.

In the spirit of supporting the next generation of our profession, I hope to see many of you at the Gala.

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Formal Notice of the 2018 Annual Election Meeting of the New York State Society of CPAs

Please note that the annual membership meeting of the New York State Society of Certified Public Accountants will be held on Thursday, May 24, at 6:30 p.m. (opening reception: 5 p.m.) at The Prince George Ballroom, located at 15 East 27th Street, New York City.

The meeting will be followed by a fundraising gala for The Moynihan Scholarship Fund (see page 8 for more information and registration details). Seating will be available for members who wish to attend the annual meeting but do not wish to attend the gala. If you wish to be seated for the meeting only, and not the gala, please contact Nereida Gomez at ngomez@nysscpa.org or 212-719-8358.

The agenda for the meeting is as follows:

1. Approval of minutes from the May 17, 2017, annual membership meeting.
2. Election of the 2018–2019 officers and directors with terms beginning on June 1, 2018.
3. Other business.

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Anthony T. Abboud, CPA
NYSSCPA Secretary/Treasurer
2017–2018 NYSSCPA NOMINATING COMMITTEE REPORT

JANUARY 11, 2018

OFFICERS: to hold office for one year, from June 1, 2018:

PRESIDENT
Jan C. Herringer automatically succeeds Harold L. Deiters III as President, in accordance with Article VII, Paragraph 5 of the Bylaws.

PRESIDENT-ELECT
ITA M. RAHILLY
RBT CPAs, LLP
to succeed JAN C. HERRINGER
BDO USA, LLP

VICE PRESIDENTS
CHARLES V. ABRAHAM
Mazars USA LLP
to succeed PAUL E. BECHT
Margolin, Winer & Evers LLP

SALVATORE A. COLLEMI
Marks Paneth LLP
to succeed JOHN B. HUTTLINGER, JR.
Adirondack Audit Company Inc.

IRALMA POZO
CUNY Colleges
to succeed MITCHELL J. MERTZ
Wei Wei & Co., LLP

JANEEN F. SCHRANN
Piaker & Lyons
to succeed CANDICE R. METH
Etiner-Amper LLP

SECRETARY/ TREASURER
ANTHONY T. ABBoud
Finley, Moran, Freer & Eassa, CPA, P.C.
to succeed ANTHONY T. ABBoud
Finley, Moran, Freer & Eassa, CPA, P.C.

DIRECTORS-AT-LARGE: to hold office for three years, from June 1, 2018:

RUMBI BWERINOFA-PETROZZELLO
Rock Forensics, LLC
to succeed ELLIOT L. HENDLER
Retired

JENNIFER A. KARTYCHAK
Lumsden & McCormick, LLP
to succeed EDWARD L. ARCA
Edward L. Arcara, CPA, P.C.

GERARD J. LOVERDE
Cicero & LoVerde, P.C.
to succeed JACK M. CARR
Bailey, Carr CPAs, P.C.

STEVEN M. MORSE
The Bonadio Group
to succeed JENNIFER R. GEORGE
RBT CPAs, LLP

DAVID G. YOUNG
Young & Company CPAs, LLP
to succeed BARBARA A. MARINO
The Hackett Group, Inc.

DIRECTOR-AT-LARGE: to hold office for one year, from June 1, 2018 (if Salvatore A. Collemi is elected to the position of Vice President):

ROBERT M. ROLLMANN
PKF O’Connor Davies, LLP
to succeed SALVATORE A. COLLEMI
Marks Paneth LLP

DIRECTORS AS CHAPTER REPRESENTATIVES: to hold office for three years, from June 1, 2018:

BUFFALO
PATRICIA A. MCGRATH
Tronconi Segarra & Associates
to succeed PATRICIA A. JOHNSON
SUNY at Fredonia

MANHATTAN/BRONX
CARNET A. BROWN
NYU Langone Health System
to succeed IRALMA POZO
CUNY Colleges

SOUTHERN TIER
DARCY ALDOUS
Darcy Aldous, CPA PC
to succeed JANEEN F. SCHRANN
Piaker & Lyons

SYRACUSE
TIMOTHY J. HAMMOND
The Bonadio Group
to succeed STEVEN A. STANEK
Daley, LaCombe & Charette PC

WESTCHESTER
CATHERINE M. CENSULLO
Catherine M. Censullo, CPA/CMC Wealth Management
to succeed DENISE M. STEFANO
Mercy College

ALL OF THE NOMINEES HAVE CONSENTED TO SERVE IF ELECTED.
Harold L. Deiters III automatically becomes Director for one year as Immediate Past President, in accordance with Article VI, Paragraph 1 of the Bylaws.

DIRECTORS (provided the above nominees are duly elected):

TERMS EXPIRING IN 2018:
ANTHONY T. ABBoud, Finley, Moran, Freer & Eassa, CPA, P.C.
CHARLES V. ABRAHAM, Mazars USA LLP
SOL S. BASILYAN, PricewaterhouseCoopers LLP
CHRISTOPHER G. CAHILL, Deloitte & Touche LLP
SALVATORE A. COLLEMI, Marks Paneth LLP
MITCHELL A. DAVIS, Grassi & Co.
HAROLD L. DEITERS III, Baker Tilly Virchow Krause, LLP
EDWARD F. ESPOSITO, Edward F. Esposito, CPA/ABV, CFE
TRACEY J. NIEMOTKO, Mount Saint Mary College
KEVIN P. O’LEARY, Marvin and Company
IRALMA POZO, CUNY Colleges
RENEE RAMPULLA, Rampulla Advisory Services, LLC
BRIAN M. REESE, Fitzgerald, DePietro & Wojonas CPAs, P.C.
ROBERT M. ROLLMANN, PKF O’Connor Davies, LLP
JANEEN F. SCHRANN, Piaker & Lyons
MICHAEL M. TODRES, Todres & Company, LLP

TERMS EXPIRING IN 2020:
DENNIS N. ANNARUMMA, Ernst & Young LLP
ANTHONY S. CHAN, CA Global Consulting Inc.
WILLIAM H. DRESNACK, Rochester Institute of Technology
MARK L. FARBER, Mark L. Farber CPA PC
LYNNE M. FUENTES, Fuentes & Angel CPAs, LLC
JAN C. HERRINGER, BDO USA, LLP
DOUGLAS L. HOFFMAN, Hoffman Eells & Gray CPAs, P.C.
KIMBERLY G. JOHNSON, KPMG LLP
THOMAS S. PIRRO, Thomas S. Pirro, CPA, P.C.
MARK M. ULRICH, St. John’s University

TERMS EXPIRING IN 2021:
DARCY ALDOUS, Darcy Aldous, CPA PC
CARNET A. BROWN, NYU Langone Health System
RUMBI BWERINOFA-PETROZZELLO, Rock Forensics, LLC
CATHERINE M. CENSULLO, Catherine M. Censullo, CPA/CMC Wealth Management
TIMOTHY J. HAMMOND, The Bonadio Group
JENNIFER A. KARTYCHAK, Lumsden & McCormick, LLP
GERARD J. LOVERDE, Cicero & LoVerde, P.C.
PATRICIA A. MCGRATH, Tronconi Segarra & Associates
STEVEN M. MORSE, The Bonadio Group
ITA M. RAHILLY, RBT CPAs, LLP
DAVID G. YOUNG, Young & Company CPAs, LLP

RESPECTFULLY SUBMITTED,
2017–2018 Nominating Committee

DAVID A. LIFSON (Chair)
ANTHONY CASSINELLA
ANTHONY S. CHAN
SHERYL L. DELLEBOVI
ELIZABETH A. HAYNIE
JOHN J. LAUCHERT
KENNETH J. PINK
JOEL SCHLEIFER
DENISE M. STEFANO
THOMAS D. WEDDELL
CHARLES J. WEINTRAUB
OFFICERS: To hold office for one year, from June 1, 2018

PRESIDENT-ELECT
ITA M. RAHILLY, Partner, RBT CPAs, LLP, Newburgh, N.Y. Member of the Society since 1988; member of the Mid Hudson Chapter. STATEWIDE: Past Vice President on the Board of Directors. Past Director as Chapter Representative on the Board of Directors. Past Vice President of the Executive Committee. Current Chair of the Investment Subcommittee of the Finance Committee. Current member of the Finance and Trust and Estate Administration committees. Past Chair of the Trust and Estate Administration and Member Relations committees. Past member of the Awards; New York, Multistate and Local Taxation; Quality Enhancement Policy, and Tax Division Oversight committees. Past member of the Rapid Response Subcommittee (TDOC). CHAPTER: Past Mid Hudson Chapter President, Secretary and Treasurer. Past Mid Hudson Chapter Executive Board member. Past Co-chair of the Mid Hudson Chapter Cooperation with the Bar, Bankers and Loan and Estate Planning committees. Past member of the New Paltz COAP Advisory Board.

VICE PRESIDENT
CHARLES V. ABRAM, Partner, Mazars USA LLP, New York, N.Y. Member of the Society since 2006; member of the Nassau Chapter. STATEWIDE: Current member of the Accounting and Auditing Oversight and SEC committees. Past Chair of the SEC Committee.

VICE PRESIDENT
SALVATORE A. COLLEMI, Partner, Marks Paneth LLP, New York, N.Y. Member of the Society since 1998; member of the Manhattan/Bronx Chapter. STATEWIDE: Current Director-at-Large on the Board of Directors. Current member of the FAE Curriculum Committee. Past Chair of the International Accounting and Auditing and Member Relations committees. Past member of the Accounting and Auditing Oversight and Professional Ethics committees.

VICE PRESIDENT
IRALMA POZO, Consultant and Adjunct Lecturer, City University of New York (CUNY) Colleges, New York, N.Y. Member of the Society since 2004; member of the Manhattan/Bronx Chapter. STATEWIDE: Current Director as Chapter Representative on the Board of Directors. Current member of the Executive Committee. Current member of the CPA Careers and Not-for-Profit Organizations committees. Past member of the Governance Subcommittee. Past member of the Academic Advancement and Higher Education Committee. CHAPTER: Past Manhattan/Bronx Chapter President, President-elect and Treasurer. Past Manhattan/Bronx Chapter Executive Board member. Past Chair of the Manhattan/Bronx Chapter One-on-One Committee. Past member of the Manhattan/Bronx Chapter NextGen Committee.

VICE PRESIDENT
JANEEN F. SCHRANN, Partner, Piaker & Lyons, Binghamton, N.Y. Member of the Society since 2002; member of the Southern Tier Chapter. STATEWIDE: Current Director as Chapter Representative on the Board of Directors. CHAPTER: Current Southern Tier Executive Board member. Past Southern Tier Chapter President, President-elect and Secretary/Treasurer. Past Chair of the Southern Tier Chapter One-on-One High School Outreach Committee.

SECRETARY/TREASURER
ANTHONY T. ABBOUD, Principal, Firley, Moran, Freer & Eassa, CPA, P.C., East Syracuse, N.Y. Member of the Society since 1998; member of the Syracuse Chapter. STATEWIDE: Current Secretary/Treasurer on the Board of Directors. Current member of the Executive Committee. Current Treasurer of the FAE Board of Trustees and the Moynihan Scholarship Fund Board of Trustees. Current Chair of the Finance Committee. Past member of the Audit Committee. CHAPTER: Past Syracuse Chapter President, President-elect and Vice President. Past Syracuse Chapter Executive Board member. Past Chair of the Syracuse Chapter Budget, NextGen and Young CPAs committees.

DIRECTORS-AT-LARGE: To hold office for three years, from June 1, 2018

RUMBI BWERINOFA-PETROZZELLO, Principal, Rock Forensics, LLC. Member of the Society since 2012; member of the Queens/Brooklyn Chapter. STATEWIDE: Current Chair of the Diversity and Inclusion Committee. Current member of the CPA Careers and Litigation Services committees. Past member of the CPA Exam Task Force. CHAPTER: Past Queens/Brooklyn Chapter President and President-elect. Current Chair of the Queens/Brooklyn Social Media Committee. Past member of the St. John’s COAP Advisory Board.

GERARD J. LOVERDE, Partner, Cicero & LoVerde, P.C., Staten Island, N.Y. Member of the Society since 1984; member of the Staten Island Chapter. STATEWIDE: Past member of the FAE Scholarship Awards, Legislation and Nominating committees. CHAPTER: Current Staten Island Chapter Executive Board member. Past Staten Island Chapter President, President-elect and Treasurer. Current Chair of the Staten Island Chapter Charitable Events Committee. Past Chair of the Staten Island Chapter Fundraising and MAP committees. Past member of the Staten Island Chapter One-on-One Program and Public Relations committees. Past member of the Staten Island COAP Advisory Board.

JENNIFER A. KARTYCHAK, Principal, Lumaden & McCormick, LLP, Buffalo, N.Y. Member of the Society since 2002, member of the Buffalo Chapter. STATEWIDE: Current member of the Technology Assurance Committee. CHAPTER: Current Buffalo Chapter Executive Board member.
2018–2019 NOMINEES

DIRECTORS-AT-LARGE: To hold office for three years, from June 1, 2018 (continued)

STEVEN M. MORSE, Principal, The Bonadio Group, Pittsford, N.Y. Member of the Society since 1991; member of the Rochester Chapter. STATEWIDE: Past Director as Chapter Representative on the Board of Directors. Past Secretary and member of the FAE Board of Trustees. Past member of the Selections Subcommittee. CHAPTER: Current Rochester Chapter Executive Board member. Past Rochester Chapter Vice President and Treasurer. Past Chair of the Rochester Chapter Community Service Committee. Past Co-chair of the Rochester Chapter Cooperation with Industry and World of Accounting committees. Past member of the SUNY Brockport COAP Advisory Board.

DAVID G. YOUNG, Partner, Young & Company CPAs, LLP, Rochester, N.Y. Member of the Society since 1998; member of the Rochester Chapter. STATEWIDE: Past Director as Chapter Representative on the Board of Directors. Past member of the Selections Subcommittee. CHAPTER: Current Rochester Chapter Executive Board member. Current Chair of the Rochester Chapter Public Relations Committee. Past member of the Rochester Chapter Taxation Committee.

DIRECTOR-AT-LARGE: To serve the remaining one-year term, from June 1, 2018

(if Salvatore A. Collemi is elected to the position of Vice President)

ROBERT M. ROLLMANN, Partner, PKF O’Connor Davies, LLP, Harrison, N.Y. Member of the Society since 1982; member of the Westchester Chapter. STATEWIDE: Current Chair of the Accounting and Auditing Oversight Committee. Current member of the Awards, Financial Accounting Standards, and International Accounting and Auditing committees. Past Vice Chair of the Accounting and Auditing Oversight Committee. Past Chair and Vice Chair of the Financial Accounting Standards Committee.

DIRECTORS AS CHAPTER REPRESENTATIVES: To hold office for three years, from June 1, 2018

BUFFALO
PATRICIA A. MCGRATH, Principal, Tronconi Segarra & Associates, Williamsville, N.Y. Member of the Society since 2002; member of the Buffalo Chapter. CHAPTER: Past Buffalo Chapter President and President-elect. Past Buffalo Chapter Executive Board member. Current Chair of the Buffalo Chapter Accounting and Auditing Committee. Past Member of the Buffalo Chapter Accounting and Auditing Committee.

MANHATTAN/BRONX
CARNET A. BROWN, Accountant, NYU Langone Health System, New York, N.Y. Member of the Society since 2010; member of the Manhattan/Bronx Chapter. STATEWIDE: Current member of the Taxation of Individuals and Employee Benefits committees. CHAPTER: Current Manhattan/Bronx Chapter President. Past Manhattan/Bronx Chapter President-elect and Treasurer. Past Manhattan/Bronx Chapter Executive Board member.

SOUTHERN TIER
DARCY ALDOUS, President, Darcy Aldous, CPA PC, Ithaca, N.Y. Member of the Society since 2003; member of the Southern Tier Chapter. STATEWIDE: Current member of the Awards Committee. CHAPTER: Current Southern Tier Chapter President. Past Southern Tier Chapter President-elect, Vice President and Treasurer.

SYRACUSE
TIMOTHY J. HAMMOND, Manager, The Bonadio Group, Syracuse, N.Y. Member of the Society since 2010; member of the Syracuse Chapter. STATEWIDE: Current member of the Exempt Organizations and Not-for-Profit Organizations committees. Past member of the NextGen Committee. CHAPTER: Current Syracuse Chapter President-elect. Past Syracuse Chapter Vice President, Secretary and Treasurer. Current Co-chair of the Syracuse Chapter Public Relations Committee. Current member of the Syracuse Chapter Budget Committee. Past Chair and Vice Chair of the Syracuse Chapter Young CPAs Committee. Past member of the Syracuse Chapter Young CPAs Committee.

WESTCHESTER
CATHERINE M. CENSULLO, Sole Practitioner, Catherine M. Censullo, CPA/CMA, Wealth Management, North White Plains, N.Y. Member of the Society since 1992; member of the Westchester Chapter. STATEWIDE: Current member of the Personal Financial Planning Committee. Past Chair and Vice Chair of the Personal Financial Planning Committee. Past member of the FAE Investment Committee. CHAPTER: Current Westchester Chapter Immediate Past President. Past Westchester Chapter President, President-elect, Vice President, Secretary and Treasurer. Past Westchester Chapter Executive Board member. Current Chair of the Westchester Chapter Local Practitioners Committee. Current member of the Westchester Chapter Taxation Committee.
At law or advocates for workers harnessing power of public pensions to influence boardroom decisions

By CHRIS GAETANO
Trusted Professional Staff

In his new book, The Rise of the Working-Class Shareholder: Labor’s Last Best Weapon, David Webber, a law professor at Boston University, looks at how public pension systems with trillions in assets have become potent tools for driving wider social reforms. Funds like the California Public Employees’ Retirement System (CalPERS) and the New York City Employees Retirement System have demonstrated the power of market pressure in bringing labor, environmental and other issues of social and economic justice into the boardroom, as well as in improving corporate governance more widely. At the same time, Webber warns that the decline of pensions in favor of individual retirement accounts like 401(k) plans makes collective action in the market much more difficult, which he believes has the effect of stifling middle- and working-class voices.

Economic inequality has a lot of mothers and fathers. I wouldn’t attribute it all to the decline of defined benefit funds, but I think it’s part of the story. I think the loss of defined benefit funds in the private sector has not been good for the retirement health of many Americans, and we know the public sector is the last holdout, where they still have substantial defined benefit plans. So, Part of my concern is that we’re pushing everyone to have individually managed retirement funds, which have a lot of problems such as high fees and lack of options for most workers.

You contrast the efficacy of traditional labor activist techniques, like strikes, against shareholder activism, which you feel is more effective, and you argue that activists must let go of their fears and embrace this new tool. Why do you feel it’s more effective?

Well, I wouldn’t necessarily say more effective; I think it’s just another tool overlooked. I think there are many different ways to protect various economic interests, and one is to be activists in terms of using your shareholder power to make sure that companies are being governed the right way, that CEO pay is not out of control, that fraud is being addressed, that managers and boards are accountable to shareholders. So that’s my goal, trying to put this other tool on the table and get people to focus on it a little more.

So, more “in addition to” rather than “instead of.”

I think so, that’s right. It is the case that markets are king these days, and many of the decisions affecting our lives are made in markets, and it’s important to have a voice inside. It doesn’t mean you don’t also want a voice in Congress or in courtrooms.

Shareholder activism is not a new idea. You mention that people have been discussing this technique since the 70s. Yet it seems unions have only recently awakened to its power. Why now? What’s changed?

That’s a good question. I think we’ve seen a rise in shareholder activism for a number of reasons. First, increased institutionalization of investment has made a big difference. You take it as far back as the 90s and the days when the major securities acts were passed, and most investors were individual investors. Today, most investors are institutions, and so you have more concentrated power, and so you can have those larger pension funds and other funds that can act with more voice and authority than they were able to do years ago.

I think that activism…is aided by communication technology and the increased availability of information that investors need to assess performance.

I also think there has been a decline in management ideology. I think when you go back to the ’90s and early 2000s, we had a little bit of a cult of the CEO, the superstar CEO like Al Dunlap [Sunbeam] and Jack Welch [General Electric]; you had these mythical superstar CEO types who could manage anything. … I think that view has really taken a beating, and took a further beating in the financial crisis, where very publicly we saw serious governance lapses, serious management failures, a sharpening disconnect between pay and performance—CEOs and others were making lots of money even though their companies were performing poorly. I think that battered the myth of the superstar CEO and opened the door more for the shareholders to take action in their own hands.

There are far fewer public companies now than there were even 15 years ago, and even at their mid-’90s height, the number of public companies has always been dwarfed by private ones. Does this tactic require a public company? Are private companies immune?

No, I wouldn’t say so. It’s true with public companies you see a lot of activity, but another interesting thing we’ve seen is good shareholder activism with hedge funds and private equity funds. In fact, pension funds, by conservative estimates, represent one-third of capital investment in private equity; some put it closer to 40 to 50 percent. So public pension funds are very important in the private equity space and have been able to exert influence there as well. One thing I talked about, for example, is the adoption of responsible contractor policies by the New York City pension fund, and others. When they make investments, they favor responsible contractors who pay fair wages and benefits and things like that. So I think they actually are able, through private equity, to have an effect on that space.

Many of the campaigns you talk about in your book involve companies and executives with an already established record of poor management that made them vulnerable to such activism. If companies are well run, and have cash to spare, are they impossible to influence? What do you need to wait until they make a mistake?

I don’t think they need to make a mistake. Look at things like proxy access and majority voting and destabilizing corporate boards. Union and pension investors have made almost every corporation for those shareholders and, for the most part, it may have been true they were targeting weaker companies, but basically these funds have largely pursued these changes across the board. … Pension funds and labor union funds are diversified investors and long-term shareholders. As diversified investors, people would say they’re universal owners. They own a lot of the market, thousands of stocks, and as a result they have a portfolio-level view of the market. Their interests correlate with long-term growth since they’ve got to pay out benefits 10, 20, 30, 40 years down the road, so they’re not in it for another quick hit. … I don’t think you have to wait for a mistake, a disaster, to begin making a difference sooner.

You talk a lot about the shareholder activist campaigns against Safeway [where a shareholder revolt following an unsuccessful strike by workers resulted in the replacement of three key board members] and JPMorgan Chase [where a public worker union campaigned for decoupling the board chair title from the CEO title]. But in the former campaign, the Safeway workers still had to make major concessions in their contract; as for the latter, Jamie Dimon is still CEO, and the concessions the campaigns were trying to do him came, possibly, from abandoning another campaign to split the CEO and chairman role. Is it just that shareholder activism produces different types of victories? That the labor movement must change its understanding of what constitutes a victory?

Part of what I wanted to show is this tool can sometimes be very powerful. No one always wins, and that’s going to be true here, too. I don’t want to be Pollyannish about this; I want to be realistic. I don’t think that it is capable of completely transforming the world. And that’s why I told stories of near misses. I think you’re right to point that out. I’m pretty open and clear about that. So part of what I’m trying to do is show: Look, there are [dare] different ways this power can be used, some more successful than others; some more appropriate than others. What I hope a reader reaching the end of this book thinks is that … if you’re not thinking clear...
NYSSCPA Board member Craig Goodman, a quiet force in accounting policy, remembered for intellect, heart

By CHRIS GAETANO
Trusted Professional Staff

NYSSCPA board member Craig T. Goodman, a partner at Marks Paneth who led the firm’s Professional Services Group, passed away on Feb. 5 at the age of 65. Known for his indefatigable work ethic and encyclopedic knowledge of technical accounting issues, Goodman was a principal drafter on dozens of Society comment letters over the years and contributed to dozens more. So known was his expertise on such matters, the Financial Accounting Standards Board (FASB) would sometimes seek him out for his opinion about them.

“He brought these outstanding qualities to his service on the NYSSCPA Board. All of us at the State Society sorely miss him.”

Neil A. Sonenberg, a longtime colleague, worked with Goodman for five years, most recently at Marks Paneth. He remembered Goodman as an “exemplary professional” and a “good, salt of the earth kind of person” with a modest and unassuming demeanor. Behind his humility, though, lay a sharp mind able to grasp the big picture behind any problem, and a will that let him face those problems head on.

“He knew how to cut through the red tape and, frankly, get the job done. ... A lot of the [quality control] guys are not as concerned about that. His high specialty was in the investment area, the broker-dealer area, a more highflutin specialty area [where] you need to really know your stuff … He didn’t shy away from those types of assignments,” Sonenberg said.

Goodman demonstrated this spirit time and again. Sonenberg brought up an instance when the firm was vexed by an investment income problem with a Beijing-based company. It was a problem so complex that two other firms had turned it down.

“Some of the other [quality control] guys were saying, ‘I don’t know if I want to touch this with a 10-foot pole,’” Sonenberg said. “And Craig said, ‘Let me diagnose it,’ and came up with a solution that was appropriate … and we accepted the client—and it was a $150,000 client, so everyone went home happy.”

Robert M. Rollmann, Goodman’s predecessor as the Society’s Financial Accounting Standards Committee chair, described him as “extremely soft-spoken” and “one of the most humble people I’ve ever met.” But behind this demeanor, Rollmann said, lay a powerful mind. While Goodman was more taciturn than most, whenever he did speak, people listened, including Rollmann, who said that Goodman was a frequent sounding board when he had a problem.

“Craig was always someone at the top of my list of people to call when I was looking for a different perspective or just to bounce some views off him, and he likewise would do the same [with me]. He just had a real wealth of knowledge,” he said.

Margaret A. Wood, chair of the Society’s Financial Accounting Standards Committee and NYSSCPA past president, said Goodman’s cool temperament, combined with his intelligence, enabled him to be able to talk about complex accounting issues in a way that got to the heart of the matter without being angry or argumentative, which came through in the comment letters he authored.

Wood said that he made sure the comments would “get to the point of the issue they were trying to bring up and not lose it in some of the hyperbole, because he was always very factual—Here are our agreements and comments, point by point.”

This dispassionate but laser-focused analysis of technical accounting issues gained Goodman the FASB’s respect. Wood said that he was a frequent guest at the board’s town halls, where staff would deliberately seek him out to learn his opinion, “partially because of the way he presented it was totally factual and not emotional.”

Rollmann noted that sometimes, as committee chair, he’d encounter people with very strong personalities, who could dominate discussions and try to control certain processes such as drafting comment letters. Yet, Rollmann said, Goodman excelled at finding consensus in a way that let people feel heard while, at the same time, tempering their more problematic excesses.

“People in our profession, typically they’re [type A people who] can be intense and sometimes not have a lot of patience for nonsense,” he said. “You can react calmly, or in a more escalated manner. Craig was always the one who would act calmly.”

Wood pointed out that Goodman was also skilled at drawing out members too shy to contribute to a discussion by asking them questions, directly: “Do you agree? Do you think something else? How do you feel about this? And what are you seeing in your job?” Wood said.

“They began to feel their contribution was important.”

Goodman was not reticent about sharing his expertise in other arenas as well. Beyond his considerable work with the Society, he was also the treasurer of the Queens Jewish Community Council and valued his Jewish heritage.

Sonenberg also remembered Goodman as a devoted family man who understood work-life balance, particularly when it came to his son, who had health problems early in his life. Sonenberg said that Goodman was adamant that, no matter how many other things he was involved with, family always came first for him. He also became very involved in the Boy Scouts and remained involved even after his son aged out of the program.

Rollmann said that Goodman was adept at making sure he left work at work and, unlike many professionals, did not let it eat into his family life, something he said we could all learn from. “When he was at home, his attention was 100 percent on family. That’s a lesson we could all take,” he said.

Goodman would likely feel uncomfortable with all the praise voiced by his colleagues, said Wood, noting that he generally didn’t like to talk about himself and was uneasy with self-promotion, something that was particularly noticeable when he wanted to join the Society board.

“We spent some time talking about the process of getting onto the board, and he … felt uncomfortable writing about himself because he was the type of guy who just didn’t toot his own horn,” she said. “But he knew he could contribute.”

Rollmann said that he misses being able to talk to his friend, but knows he’ll always carry with him the memories they shared.

“There [are] many times I think about Craig,” he said. “When faced with a difficult situation, I say, ‘What would Craig’s advice be on this?’ and, you know, I end up getting some sort of revelation that gets me to approach the situation a little bit in a more calm manner. Which is the way Craig approached everything.”

LETTER TO THE EDITOR

Questioning a new committee

I read “Cannabis Industry Committee to focus on networking, education and advocacy,” and it made me smile; what an interesting April Fool’s column. Then I checked the date of the publication and realized it is the January/February 2018 edition of The Trusted Professional. Apparently, this article is for real. To treat marijuana use in the same manner as eating a Big Mac shows a total lack of reality. I was educated in this profession and practiced it for over 40 years, and I always felt that the CPA profession was meant to demonstrate a higher level of social responsibility regarding our morals and the way we, as a profession, are perceived by the people who employ our services. To allocate the Society’s assets to the marketing, education and advocacy of cannabis is a mockery of these ideals.

Who in the Society’s hierarchy agreed with [Zachary] Gordon that this is a path the Society should take? I served in South Vietnam and saw the effects marijuana use had on the personalities of the soldiers who smoked it. What a shame! If you continue to follow your misguided agenda, you should change the name of the publication to The Stoned Professional.

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Society opposes proposed ethics CPE changes

By RUTH SINGLETON
Trusted Professional Staff

The NYSSCPA has expressed its opposition to a proposal by the New York State Board for Public Accountability that would require New York-licensed CPAs to obtain six, rather than four, ethics continuing professional education credits every three calendar years, with two to be taken each year.

The state board’s education committee proposed the changes last year in response to a review that found that 50 percent of CPAs were not in compliance with the current ethics CPE requirement. The board identified four root causes of noncompliance: sponsors not approved by the New York State Education Department to offer ethics CPE; behavioral ethics courses not approved for education Department to offer ethics CPE; out-of-state courses taken by CPAs not licensed in the outside state; and confusion over the registration cycle vs. the three-year period.

Under the proposed regulations, CPAs would have more flexibility in satisfying the six credits. While two credits would need to be in New York state-specific ethics, the other four credits could be satisfied by regulatory, other state-specific and behavioral ethics from in-state or out-of-state sponsors. But no more than two credits per period could be in behavioral ethics.

In the letter, the Society argues that it “does not believe that the proposed regulation to increase the triennial ethics CPE requirement to six credits and impose an annual 2 credit ethics requirement will result in a significant improvement in compliance based upon the root causes identified in the recent CPE audits.”

Elliot L. Hendler chairs the NYSSCPA Professional Ethics Committee (PEC), which submitted the letter. Victoria L. Pitkin, a member of the PEC, was its primary drafter.

“[T]here are better ways to get the outcome you’re looking for.” —Victoria L. Pitkin, member, Professional Ethics Committee

“[T]here are better ways to get the outcome you’re looking for,” Pitkin said. “I tried to address each [root cause] in turn.”

A call for clarifying regulations

The Society suggests that the problem is primarily a lack of clarity in the regulation and argues that issuing clarifying regulations would be a better way of addressing that than increasing the number of credits from four to six.

The letter notes that the current regulation “does not specify what constitutes ‘professional ethics’—NYS specific ethics, regulatory ethics, or behavioral ethics. … Only a revision and clear definition of what constitutes acceptable ‘professional ethics’ can do that.”

“Clearly there’s confusion there,” said Pitkin. She said that without those definitions in the regulation, “it’s kind of like punishing your children but you never told your children what [the rule] was.”

On the issue of CPAs taking out-of-state courses, current regulations do not specify that the CPE has to be New York state-specific. “If a licensee is working for a firm that has offices in several states, it is not unreasonable that he or she may believe that professional ethics is not state-specific and that any ethics course is the same as any other,” the letter states. “We believe a clarification of the language in the regulation … is required to resolve this root cause, not an increase in the number of hours.”

An adequate period of transition

The comment letter does acknowledge the possibility that the state accountability board will not reconsider its approval of the rule changes. In that case, the Society is also asking the board to provide an adequate period for transition. “Without timely, effective communication of any final change in the current CPE requirements, we believe the next round of CPE audit findings will be worse.”

Pitkin said that the public accountability board should let the “triennial period run its course” before the new regulation goes into effect. At the state board’s April 2018 meeting, ethics CPE was not on the agenda. The proposal has not been revisited or submitted to the New York State Board of Regents.

Pitkin did stress the importance of ethics CPE for practicing CPAs: “I think in general, ethics CPE is important part of maintaining [high ethical standards],” she said. “It’s very easy for people to become crowded by client wants and needs. It’s important to do the right thing from a professional ethics standard.”

rsingleton@nysscpa.org

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**Society comment letter takes issue with proposed ethics CPE changes**

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**four root causes of noncompliance: sponsors**

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**PITKIN DID STRESS THE IMPORTANCE OF ETHICS**

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Practical challenges in complying with NYS’s cybersecurity regulation

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

I t’s been a little over a year since New York’s cybersecurity regulation (23 NYCRR Part 500) went into effect. The New York State Department of Financial Services designed this regulation "to promote the protection of customer information as well as the information technology systems of regulated entities" in the financial services industry. It requires regulated companies to assess their specific risk profiles and design programs that address their risks in a robust fashion.

At the time of publication, covered entities, which included anyone "under or required to operate under a license, registration, charter, certificate, permit, accreditation or similar authorization under the Banking Law, the Insurance Law or the Financial Services Law," have already submitted their first certification, which was due on Feb. 15, and were required to be in compliance with additional requirements on March 1. So now is a good time for organizations to tune up their compliance efforts.

Larger insurance companies and heavily regulated banks appear to have adapted the regulation with minimal challenges and changes to their environment. However, smaller organizations and companies increasingly encounter challenges in implementing the regulation’s provisions, and they will need to develop appropriate solutions to these challenges in order to achieve compliance.

Here are some recommended actions for smaller covered entities to take in order to deal with some of the more common challenges as they strive toward the requisite compliance level.

Make sure that the incident response plan is complete. Companies have different types of incident response plans driven by business needs. The regulation requires that the plan contain specific features. Although many organizations readily accept the need for such a plan, they may rush to put a plan together that either does not contain the requisite details or insufficiently addresses those requirements.

These companies assume that the response plan can wait and that it is better to focus on the preventive requirements of the regulation. Additionally, they often ignore, or fail to provide for, the requirement to update the plan after a breach. Companies must avoid these pitfalls by planning and implementing a response plan that sufficiently addresses all requirements.

“Smaller organizations ... increasingly encounter challenges in implementing the regulation’s provisions, and they will need to develop appropriate solutions to these challenges.”

Monitor the status of implementation. Many organizations need to perform some level of remediation or initiate projects to implement the requirements. In these situations, executive managers can use an ongoing scorecard to facilitate their monitoring of anticipated gaps in the achievement of planned objectives. Such a scorecard is critical to ensuring prudent deployment of resources to achieve desired compliance objectives.

Use consistent language. The regulation includes definitions of terms. To help ensure consistent treatment, especially as it relates to the scope of a particular requirement, the organization should align its policies and terminology with the definitions used in the regulation. For example, many companies use technical terms such as “risk assessment,” “penetration testing” and “nonpublic informal information” inconsistently within the industry. Yet, if a company does not use these terms in the manner required by the regulation, the company can inadvertently fall outside compliance requirements.

Include the information security officer’s (ISO) job responsibilities in job descriptions. Although the regulation provides for the outsourcing of the ISO function, many organizations choose to retain the function in-house. In such situations, it is important that the formal job descriptions of those designated with ISO responsibilities, include expectations consistent with the regulation.

In addition, performance reviews of ISOs should reflect appropriate attention to, and assessment of, their effectiveness in meeting those expectations.

Communicate expectations to service providers and monitor their performance. Cloud computing and other outsourcing opportunities can provide covered entities with the short-term savings and technology know-how to grow. Yet the expertise of these service providers generally lies in technology and not necessarily in business requirements.

As the regulation expects service providers to maintain a cybersecurity program that protects covered entities in accordance with its requirements, covered entities need to ensure that their service providers are aware of these requirements and have established appropriate programs. Covered entities also need to ensure that they can monitor their service providers’ compliance with the expectations that they communicated.

Implement multifactor authentication. This requirement could well be the one that most covered entities find most difficult to implement, as it requires updated software and, in many cases, investments in new infrastructures. Multi- or two-factor authentication requires an additional level of security besides traditional use of passwords. In many situations, it may involve security tokens that generate a code on a predetermined device. To accommodate such access authentication, the organization’s infrastructure should have the capacity of including this feature. The company should use the results of the required risk assessment to focus on the most appropriate solution for this requirement.

The New York State Department of Financial Services issued this regulation to help protect personal information and limit the damage that its breach could cause. By trying to implement the spirit rather than just the letter of the law, organizations will also protect their own assets and property.

By JOEL LANZ, CPA/CITP, CFF, CISA, CISSP, CFE, the sole proprietor of Joel Lanz, CPA, PC, and an adjunct professor at SUNY College at Old Westbury. He is a member of the NYSSCPA’s Technology Assurance Committee and the CPA Journal Editorial Advisory Board.

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What speech is protected speech in the workplace?

By EMILY FRANCHI

Can employees really say what they want about what they believe when they’re at work? After all, it is a free country, right? The answer is yes. And no. Many employees believe their right to free speech under the First Amendment protects them from adverse employment actions taken against them when they speak their mind about personal beliefs (such as religious beliefs, political beliefs, etc.) in the workplace. While the First Amendment does protect a person’s freedom of speech, the protection is to prevent the government from suppressing a person’s right of speech or restricting what a person can or cannot say in a public forum. Unless the government is the employee’s employer, the First Amendment does not apply the same way in a work environment. An employer does have the right to ask employees to focus on their work while in the office and to refrain from discussion that is not related to work. Therefore, the employer always has the right to request that employees refrain from discussion that is not appropriate in the workplace. Employers also have the right to require employees to remain civil toward each other, and conversations about politics or religion can often spark an argument or a heated discussion.

Employees are free to discuss wages, working hours and conditions with co-workers, as those types of conversations are considered protected activity not under the First Amendment, but rather under the National Labor Relations Act (NLRA). Employees should be able to participate in such conversations without the fear of retaliation, provided they are not bullying, harassing or discriminating against one another in the course of their discussions, and they are engaging in “concerted activities” for their “mutual aid or protection.” Employees participating in these conversations should be mindful to avoid suggesting that they are speaking on behalf of others. Imagine a situation in which a CPA firm employee found a spreadsheet on the copier with information relating to post-tax season bonus payments. Understandably, he would be upset if he realized that his co-worker, who had far less seniority and had consistently not worked the extra hours that season, earned a substantially higher bonus. Suppose that he shared the confidential information with others in his department and then took to his Facebook page, claiming that the firm had unfair pay practices. Finally, suppose that he shared the information on the firm’s Facebook page. Suppose that, while this incident ultimately resulted in the firm revising its bonus payout criteria, the firm also terminated the employee. If so, he would not have been terminated for raising the issue, but rather for how he went about it, for making unauthorized edits to the firm’s Facebook page when he did not have administrator rights. Therefore, the NLRA would not have offered protection for his behavior. Had he stopped at sharing the information with other employees and then approached management as a group, his actions would have been protected under the NLRA.

Just this past summer, an engineer for Google was fired for expressing his beliefs about women in the tech world. After he posted a 3,000-word memo titled “Google’s Ideological Echo Chamber” on a company internal meme network, Google’s response clearly expressed that the opinions of the employee did not mirror those of the company and were completely against the ideology supported by Google. Regardless, the question remains: Did the employee have the right to share his beliefs with the entire organization? There are those who believe that the memo highlighted the concerns the employee had about Google’s diversity program, which he thought resulted in exclusion versus inclusion, and ultimately reverse discrimination. Let’s not forget that the NLRA provides protection for employees participating in conversations about wages, hours and working conditions, provided the conversations are for “mutual aid or protection.” Certainly, in this case, one could argue that this employee’s concerns about reverse discrimination could fall into that category. Ultimately, the tech giant terminated him for crossing the line by advancing harmful gender stereotypes. In January, the engineer filed a class action against Google, claiming the company unfairly discriminates against white, conservative men. Employers should note how this case plays out, since the decision may have wide-ranging implications on employee speech in the workplace. Staying ahead of the game is critical. Creating policies that outline boundaries is paramount, and it’s imperative that management “walk the walk” and model appropriate workplace behavior.

Emily Franchi is a loss prevention specialist for employment practices with Camico (www.camico.com). She provides Camico firms that have Employment Practices Liability coverage with support on a variety of human resources management issues, focusing on employee relations and legislative compliance for the workplace. Franchi works with firms to reduce exposure to potential employment practices claims, and she provides education and assistance in creating professional work environments. For information on the Camico program, call Camico directly at 800-652-1772, or contact: (Uptown) Reggie DeJean, Lawley Service, Inc., 716-849-8618, and (Downstate) Dan Hudson, Chesapeake Professional Liability Brokers, Inc., 410-757-1932.

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Speakers: Nonprofit CFOs must look beyond the spreadsheet

By CHRIS GAETANO
Trusted Professional Staff

The role of the nonprofit CFO has evolved well past simple debits and credits, and if modern finance chiefs want their organizations to be successful, they will need to expand their communication and leadership skills, according to a pair of speakers at the Foundation for Accounting Education’s 40th Annual Nonprofit Conference.

CFOs today will need these skills to meet growing challenges in funding and financial stability, speakers Ronald F. Ries and Amy West told their audience at the CUNY Graduate Center in Manhattan on Jan. 18.

CFOs are now expected to be able to “tell the organization’s story and bring the numbers to life,” Ries said.

“T’im not talking about spinning when telling the story, but when you talk to a banker or any third party, you really want to have a reality check on what the numbers mean, what they contribute to running the organization, and the best way to manage the organization as well,” he said.

To do this, the CFO needs to truly understand the nature of the organization as a whole and act as a nexus for its various parts—as well as be a leader. The CFO must not only be the trusted adviser to the CEO, but must also leverage that position to drive the direction of the organization in a positive way.

“Gone are the days when a CFO would just put the financial statement together, send it to the CEO and board and hope for the best,” Ries said.

Organizations as a whole are becoming more collaborative in nature, and CFOs must not only understand their organizations, but also know how to communicate what they know in ways that are understandable to people who may not be neck-deep in the finance world.

“Communicate with knowledge and authority, not arrogance. You want to get a broad feeling within the room that you understand what they’re talking about and you understand their concerns,” Ries said.

Nonprofit challenges

As a company leader and trusted adviser, the CFO must be able to grapple with the evolving challenges of the nonprofit universe.

West is the CFO of the AHRC of NYC, an organization that advocates on behalf of people with intellectual and developmental disabilities. She said that as of last September, the number of year-to-date donors to charities nationwide was about 5 percent less than at the same time in 2016, and that revenue decreased by 4 percent in the same time period.

Donors are contributing less, she said, partly because they’ve become more discerning as to what they’re talking about and you understand their particular situation.

“T道理 believe funding is going to go away. However, what we are seeing is a shift in funding, and really it’s being made to organizations able to prove desired outcomes,” she said.

This presents a challenge to many nonprofit organizations because it’s not always easy to demonstrate that programmatic outcomes are being achieved.

In cases where programmatic effectiveness is difficult to show, West said that nonprofit organizations must emphasize financial sustainability. Nonprofit organizations, she said, are still businesses, and that means they must still bring in money if they want to continue existing.

However, the more traditional metric of program expense over total expense, which “we’re no longer seeing,” won’t cut it anymore, she said. That means looking at things like lines of credit, cash flow, debt service ratios, capital cash outlays, accounts payable and receivable and revenue drivers—which Ries, a business consultant and adviser who specializes in nonprofit organizations, said are particularly important.

“We need to identify those revenue sources and activities that influence our revenue. So at a museum [that would be] a detailed report on attendance,” said Ries.

This focus on revenue sources and activities dovetails with a growth in donor-restricted funding, West said that unrestricted funds are less common, and donors are attaching specific conditions to their contributions. This often means specifically not funding overhead and administration, which can make it more difficult for organizations to operate.

“We are bombarded with all these unfunded mandates: We have the minimum wage, we have the Paid Family Leave act, and all those things require costs to implement. It requires additional IT costs, additional staff costs, often additional legal costs, and there is no funding for those mandates [as this often falls under overhead and administration],” said West.

These are areas in which it’s important for CFOs to exercise leadership and help steer the ship, said Ries. “When the CFO recognizes something that maybe they haven’t dealt with on a recurring basis but might be something they should jump on, it’s important to get in the CEO’s face and say, ‘This is something we should consider. Our constituents have leveled out or gone—why? That could affect your funding stream, obviously. Donations might be stagnant. There are things you see as a CFO you really feel in your gut, you have to start communicating to the rest of the people in the senior management team,’” he said.

Almost as important as understanding these things is setting the right tone.

“You’re the motivating person everyone looks up to,” he said. “You want to be the strong person, because that motivates your whole team. You can’t complain a lot. You want to make sure you’re the inspiration keeping everything going. If people aren’t getting an understanding of where the organization is or where it is going, they get very nervous about their particular situation.”

Chris Gaetano with an Azbee Award of Excellence for his work on “Beyond the spreadsheet: Technological changes mean industry innovations for CPAs,” published in 2017. Congratulations, Chris!
By CHRIS GAETANO
Trusted Professional Staff

Victoria Shoaf, winner of this year’s Dr. Emanuel Saxe Outstanding CPA in Education Award, has taught aspiring CPAs at St. John’s University in Queens for more than two decades. Over this time, she has become keenly aware of both the rapid change the profession is undergoing as well as the need for accounting education to change with it.

“I think one of the problems is that you’re training students today for jobs that don’t really exist. Because it’s evolving so quickly that when you’re working 10 years from now, what they will be doing is probably totally different from what people are doing today,” she said.

Shoaf, originally an English major, first entered the field not as an accountant but as a typist in an accounting department. Her employers thought she had an aptitude for the field and paid for her to get an MBA at Pace University.

After a career in industry, Shoaf, seeking a better work-life balance after starting a family, decided teaching would allow her to have the balance she sought. But then she found that, if she wanted to teach, the college would require her to get a Ph.D.

“So I said all right. How hard can that be?” she said with a laugh.

She earned her Ph.D. from Baruch College in 1997 and has been teaching at St. John’s ever since. Over those 21 years, including six years as dean of the university’s Peter J. Tobin College of Business, Shoaf has seen the profession go through great change, and she has long strived to make sure that her students are prepared for it.

For instance, she said, as the requirements for certification have changed, she worked with faculty to create more alternate paths within her own program.

“We’ve developed specializations where you can take, even within the master’s in accounting, specializations in fraud, in internal audit, in cyberaudit. Besides the typical accounting track, we actually now have a master’s degree in advisory services, where you can just take specializations,” she said.

Recognizing the growing role of consulting in the accounting world, Shoaf said that the business school has successfully incorporated consulting into its curriculum. At both the sophomore and senior level, as part of their required courses, students assume the role of consultants to actual nonprofit organizations. The nonprofits present the students with a real ongoing problem they have, and the students then form teams to come up with solutions. They then present the best ones to the nonprofits’ executives, “with power points and the whole hoo-ha.”

The program has been so helpful to local nonprofits, she said, that the college received a citation from the Nassau County executive praising it.

She also said the school has an Executive-in-Residence Program that invites seniors in its honors program to do an extended consultation with a business organization.

“I think anyone in accounting really gets to know things about business because you have so many relationships, [even with] disciplines I did not relate to directly, like marketing or management. So I think in talking to [colleagues] about developing programs, it was evident to me you need to [have] digital marketing, you need to think of supply chain management,” Shoaf said. “So I think I have a general business knowledge which, I think, is not just me but is common to the accountant.”

As dean, she said, she took a similar understanding when it came to overseeing all the disparate academic departments in the business school. She acknowledged that it can be difficult to fit everything a future CPA could possibly need into one program. With this in mind, her philosophy has been to produce, instead of CPAs who come out knowing everything there is to know, CPAs who can be flexible and handle different circumstances. While the curriculum is still very rigid, Shoaf said there is an active effort to loosen it up by offering more electives. She noted that, today, there’s so much information easily accessible to students that “maybe you don’t need to go into things to the level of painful detail we’ve done in the past.”

Beyond responding to changes in what CPAs actually do, she has also felt the need to respond to changes in who becomes a CPA in the first place.

“I think it’s always a challenge to maintain a good pipeline. I think accounting has had a bad problem at least for 40 years with having that pipeline be diverse and inclusive,” Shoaf said.

With this in mind, she has fostered numerous programs aimed at providing resources and support for young people entering the field.

Shoaf launched the St. John’s CPA Reimbursement Program, which gives students the ability to purchase a reduced-price CPA review program from the school and then receive reimbursement once they pass. This program led to a significant increase in exam pass rates among students and recent alumni. She assisted in creating the Accounting Scholars Program, which provides networking and internship opportunities to honors accounting majors during their fourth year of study. She also supported the development of the Global Destination Course program to let students travel internationally for a 7-to-10-day period and give students who couldn’t study abroad for a semester the ability to gain an international perspective of their own.

Right now, a big part of her focus is in shifting how the university prepares students for the CPA exam. She noted that the exam is becoming more focused on real-life problems versus abstract technical issues. The accounting program, she believes, must change to reflect this development.

“So, I have raised this issue several times in department meetings that we need to get some way to train them on simulations, and I think it’s important. [The students] hate cases because there’s no real right answer, and they’re accountants; they like bright lines. But I … would like them to have the opportunity to train on that because not only is it on the CPA exam, but I understand why—because it deals with a lot of available information and having to pick what’s important, what’s relevant, and I think they need the practice,” she said.

NYSSCPA member Mark Ulrich, a St. John’s professor who nominated her for the award, praised Shoaf for her tireless advocacy for her students and desire to do everything she can to help them succeed.

“Dr. Shoaf has completed 21 years of unmatched service to accounting education,” he said. “The list of her contributions is without end, as is the list of students who have been positively affected by her hard work and dedication.”

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Government Award winner
Scott Adair bridges worlds of finance and public sector

By CHRIS GAETANO
Trusted Professional Staff

Former NYSSCPA President Scott M. Adair, winner of this year’s Outstanding CPA in Government Award, has heard it all before: that government wastes time and money, that it’s slow and ponderous, that it’s completely disconnected from the people it’s meant to serve. Adair conceded that, before leaving public accounting to work for the Monroe County government, he himself was puzzled by the choices made by the entities he’d audit.

“When I was an auditor of government [at KPMG], I often said, ‘Why can’t they just do this? Why isn’t it just that simple to change that, to change how you process this transaction?’” he said. “It’s not until you get into the organization and see all the challenges the organization has, both from a personal and professional perspective, that you understand.”

Adair has become well familiar with these challenges over the 14 years he has been involved in the public sector, and he has met them with a CPA’s sober eye and attention to detail. Always good with numbers, a young Adair at first pondered becoming a math teacher, but he developed a passion for accounting after taking some bookkeeping courses. He entered public accounting after graduation, working for eight years at a local CPA firm where he spent all his time auditing local governments. He then joined KPMG, where he continued to specialize in audits of governmental entities. Over his eight years at KPMG, his clients included New York state government, the state dormitory authority, various colleges and universities, and numerous county governments.

It was one of these clients—his home county of Monroe, shortly after electing a new county executive in 2004—that asked whether he’d be interested in being controller. After some deliberation, he decided to take the job, saying he wanted to give back to the Rochester-area community in which he lived. He has been in government ever since.

“It was a unique spot to be able to make my mark, not only for me personally as far as giving back but for the profession as well: doing a good job and making folks realize the value in having a CPA on board, someone with the diverse skill set and knowledge that we have,” he said.

Adair spent four years overseeing Monroe’s finances as controller, then served four more years as the county CFO. In 2013, he began his current job as CFO of the Rochester-Genesee Regional Transportation Authority. He said that the transition to the regional transit authority was not as difficult as one might think, mainly because in 2010, then-Governor David Paterson had already appointed him to the board, so he was able to come in with some knowledge of the organization.

“I obviously had the challenges of understanding in great detail some of the unique things in transit finance, but had a good group of people to teach and show me the ropes,” said Adair.

Over the years as CFO, Adair said he has cultivated even more good people within the organization, saying that he feels confident about its “bench strength” right now. As a CFO, Adair works hard to ensure that his staff can grow, learn and develop professionally, to ensure that they’ll be ready when the next challenge or a new role comes into play.

In all his years in government, he has worked hard to impart the CPA’s ethic of efficiency and fiscal discipline, while at the same time challenging his own negative assumptions of how government works.

“People say all the time that government just spends money, but there’s a number of folks inside those entities that do continue, because of the pressure by the public and elected officials, to keep those costs down or find other ways to do more things with less money,” he said.

Through strategic planning, he is able to oversee the finances of a transit authority that serves an annual 17 million riders in eight counties across the state, and overcome its challenges. He is particularly proud of his work in developing county budgets that maintained services without raising taxes, reflecting his priority of controlling costs.

“The folks who use our service today cannot necessarily afford an increase to their fare all the time, so it’s really important [that] we keep our dollar fare for people who use our actual transit system,” he said.

It was this sort of mindset that convinced him to pursue local politics in 2015, when the local Republican Party asked him to run for councilman in his hometown of Henrietta, a community of about 42,000. He recalled the experience of campaigning as one where he needed to regularly get out of his comfort zone as an accountant.

“I spent the majority of my summer and fall going door to door meeting folks I’ve never met before, and it was a real challenge to get outside your normal accounting shell and put your personality and knowledge to work for you to try to get elected, because everyone is looking for something slightly different,” he said.

After winning the election, Adair found that his background as a CPA gave him an intuitive understanding of the town’s financial structure.

“You’re certainly able to look at the numbers much [more easily and quickly] than others sitting around the table, but sometimes you need to slow that train down because it is so basic a skill set to you,” he said, “but [there are] other folks on the board who don’t have that, and you can become a real helpful ally in educating your board members.”

And when confronted by a situation even he doesn’t understand, Adair has received help through his access to the NYSSCPA’s vast network of experts. He recalled that, during his first year as a councilman, a representative from Goldman Sachs approached the county about tax increment financing bonds, which municipalities often use for redevelopment, and that he “had no idea what they were about.” So, he called fellow former Society president J. Michael Kirkland, who put him in touch with an expert at Deutsche Bank. As a result of a phone call with the expert, Adair was able to brief other county decision makers on the issue.

“When Goldman Sachs wanted to talk about it, they were impressed with how much advance knowledge we had of it, and that was because I picked up the phone and was in contact with this person inside of a day, and the amount of knowledge I got from that phone call was invaluable,” he said.

Just as going from auditing governments to working for them gave him a better understanding of their challenges, becoming a local politician has given him insight into what sometimes frustrated him as a CFO. The biggest difference, he said, was that a CFO in the nitty-gritty of an organization and understands what happens on a day-to-day basis. By contrast, serving on a town board, like serving on a corporate board, offers a less comprehensive perspective. Adair said that he “trusts the folks who are dealing with the issue on a full-time basis but never loses that CPA perspective on verification.”

As much as he is challenged by these sorts of issues, Adair believes in his ability to make a difference in people’s lives, a faith that is shared by many of his fellow CPAs.

“Scott’s commitment to government and his role as a steward for the public emanates from all facets of his life,” wrote fellow past NYSSCPA President Joseph M. Falbo Jr. in his letter nominating Adair for the award. “If our communities each had just a few more Scott Adairs involved in government, I have no doubt we would all be better because of it.”

Falbo wrote that a bevy of past and present Society officers joined him in supporting the nomination. “Many more members of the NYSSCPA have expressed their support in recognizing Scott’s enormous contributions,” he said. “Unfortunately, due to space constraints, I am unable to detail them all for you.”

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A working group of the NYSSCPA’s Not-for-Profit Organizations Committee recently concluded a collaborative project with four state agencies to change the certification language of an independent accountant’s report (CFR-ii and CFR-iiA) to be compliant with attestation standards issued in 2016.

Social services organizations that contract with any of the four agencies—the New York State Office of Mental Health, Office of People with Developmental Disabilities, Office of Alcohol and Substance Abuse Services and Education Department—to provide a range of services are required to certify the accuracy of their financial information. CFR-ii and ii-A provide the certification language that auditors must sign. … They recognize that, as auditors, we have to sign this. … They required modification to the certification,” said Rottkamp. “In this process, the state reached out to me. … It was a matter of incorporating certification language from the standards into the cost report certification document. … They identify that, as auditors, we have to sign this. … They don’t want to force us to sign something that would go against professional standards.”

“When SSAE 18 came out last year, it required modification to the certification,” said Rottkamp. “In this process, the state reached out to me. … It was a matter of incorporating certification language from the standards into the cost report certification document. … They recognize that, as auditors, we have to sign this. … They don’t want to force us to sign something that would go against professional standards.”

The other members of the CFR working group are: Allan M. Blum, Kenneth R. Cerini, Peter R. Epp, Derek A. Flanagan, S. Ethan Kahn, Joseph J. Kanjamala, Mitchell Lewis, Howard B. Lorch, Yossi Messafi, Brian S. O’Reilly, Brian D. Sackstein, Steven D. Schwartz and Patrick Yu.

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They’re counting on you.
TCJA changes incentives for corporate behavior

By CHRIS GAETANO
Trusted Professional Staff

The Tax Cuts and Jobs Act presents domestic and international corporations with a wave of new opportunities—and challenges—as the law’s changes call old tactics into question while bringing new ones to the fore.

Take, for instance, the popular tax avoidance maneuver of setting up a foreign subsidiary in a low-tax country like Ireland, transferring intellectual property (IP) to the new subsidiary, and then licensing it to a U.S. parent company. This maneuver is now less appealing, according to Michael J. Gargiulo, a partner at Meridian Consulting LLP and a member of the Society’s C Corporations Committee. For one thing, the new law replaced the graduated corporate rate tax with a flat 21 percent rate. It also introduced three new tax concepts—the base erosion and anti-abuse tax (BEAT), the global intangible low tax income (GILTI), and the foreign derived intangibles income (FDII) benefit—to make the use of foreign subsidiaries less remunerative. The BEAT and GILTI essentially penalize the use of foreign subsidiaries to house IP, and the FDII benefit rewards domestic companies that move intangible assets such as IP back to the United States.

“In the past, there was always planning around putting company IP offshore, because of the benefit of the lower rates,” Gargiulo said; “as a result of these new provisions, ‘that has become less attractive now.’

Ronald Carlen, a partner at Citrin Cooperman and the chair of the International Taxation Committee, said that the new tax law also changes conventional wisdom on how companies should be structured internationally. Companies with branch structures will now be at a disadvantage compared to those that create separate foreign corporate entities. Under the new law, companies can take a 100 percent deduction for the foreign-sourced portion of any dividend from a U.S. corporation with a 10 percent foreign ownership.

This provision effectively switches the United States from a global taxation system to a territorial one. Under the previous system, the United States would tax a company’s global income, both domestically and foreign sourced. Under a territorial system, a company is taxed only on domestic income. Thus, U.S. corporations will pay far less in taxes and stand on a more equal footing with companies in other countries, most of which already use the territorial system.

“Any U.S. entity that has operations overseas, in a branch as opposed to a separate incorporated entity, needs to incorporate, because 100 percent of what is generated in the branch needs to be in the U.S. tax return,” Carlen said. “Granted, it’s a 21 percent rate, but there’s no deferral, no play on that. If it’s now a foreign subsidiary, they get the exemption, and there will never be a U.S. tax on it. So we went from 35 percent to, basically, zero percent.”

While the switch from a worldwide to a territorial tax system is advantageous for multinational businesses, Carlen said it does present a challenge from a planning perspective. He said that this switch means that tax planning for multinational corporations must now be done on a country-by-country basis. This means that “we can’t go by what we’re used to here.

“In the past, to the extent you were dividing everything up, if the U.S. rate equaled or exceeded, which it likely did, the foreign rate, you would get a full credit, and you really didn’t care so much what the foreign tax was because for so many countries it was lower than our rate. Now if you’re bringing it back to a zero rate effectively, a dividend exception system, the overall effective rate will be [more dependent on] what you plan to do in the foreign country.”

Carlen said that firms will likely need to depend on their international affiliates even more for assistance and resources in helping clients do business in other countries.

Pros and cons of converting to a C corporation

Given all the benefits, why not become a C corporation and take advantage of the lowered rate plus all the new deductions and exemptions? This is a question that Bradley H. Smallberg, a tax partner at Schissel Smallberg and chair of the Partnerships and LLCs Committee, has heard from S corporation clients in service-based industries that do not qualify for the 20 percent deduction.

Jack Vivinnetto, the CFO of Sugar Foods Corporation and a member of the CFO Committee, said that he predicts that many S corporations will mull such a change. While C corporations definitely got a better tax rate deal in the new law than S corporations and pass-through entities, he said, it’s still not a simple decision.

“The decision to change to a C corporation is much broader than simply comparing rates,” he said. “In particular, will profits be retained or distributed?”

The process of becoming a C corporation is often much more complicated than clients think, and carries with it the potential for unintended consequences, said Ronald B. Hegt, a tax partner at Citrin Cooperman and a member of the Taxation of Individuals Committee.

“The basic answer is that, ‘OK, you’ve put your business in a C corporation, and [it pays] a 21 percent tax,’” he said. “How are you getting your money out of the corporation? You’ll have to take it out as a dividend and pay a second tax on the earnings. These are things that are sort of turning what we have done for decades on its head and making us rethink what we’re going to do for 2018.”

Attorney Jerald David August, a tax partner at Kostelanetz & Fink, LLP, who spoke at the Foundation for Accounting Education conference “Impact of the New Tax Law: A Sid Kess Workshop” on Jan. 31, also pointed out that while “clients love the idea of 21 percent,” C corporations still have to contend with the accumulated earnings tax and the personal holding company tax, provisions that carry over under the new tax law.

SEC filings

Calculating and reporting the tax impact of the new law in mandatory filings with the Securities and Exchange Commission (SEC) is another tricky area for companies and their CPAs. Since the bill passed in late December, there’s little time to adjust—and Gargiulo said this has led to a good deal of stress on CPAs with public company clients.

“They have an obligation to report it, but since it’s such a tight timeline, a lot of multinational have gone to the SEC and said, ‘This is kind of crazy since everything is brand new and most companies file by March with their statements,’” he said. Jeffrey F. Allen, a partner at Eisner Amper and a member of the C Corporations Committee, reported similar struggles with his own clients.

“Calendar-year companies, which [are] most U.S. companies, certainly have huge reporting responsibilities effective as of Dec. 31, 2017. For them, trying to figure out the impact of all the law, like the rate cut and all these international provisions, and how do we record this and how do we adjust our deferred taxes, is the most immediate need … trying to figure out what it means for each taxpayer,” he said.

Allen pointed out that it will be difficult to make these determinations without further IRS guidance. “Right now, the information is somewhat lacking,” he said.

Allen noted that the 1986 reforms took much longer for Congress to pass, by the time they were signed into law, there had already been a wealth of analysis so firms could more easily determine the impact. With this change, there are many more open questions that CPAs will, absent IRS guidance, need to work through.

“But you’ve got a client [for whom] you’ve got to do something [now],” he said. “So you’ve got to impact those financials now, and analyze that and get the information.”
TAX CUTS AND JOBS ACT

Individual taxes

Continued from page 1

Due to the $24K standard deduction, “planning now becomes: Let’s do all our charity in one year.”

—David M. Barral, vice chair, Personal Financial Planning Committee

Financial Planning Committee.

“New York clients are more scared than excited, because New Yorkers are paying a heavier price because of all the changes from itemized deductions. ... The miscellaneous itemized deductions have been removed from availability in the tax laws, so that's something gone right now. That's gotten them concerned,” she said. The New York state budget for fiscal year 2019 formally lays out a set of fixes to reduce the impact of the TCJA's doubling of the standard deduction, and its cap on state and local tax (SALT) deductions. (See page 1 for an analysis of New York state's response to the TCJA.)

Censullo added that the alternative minimum tax, while eliminated for corporations, still applies to individuals. The law did modify it by increasing the exemption to $109,400 for single filers with a million-dollar phaseout threshold and $70,300 for individuals with a $500,000 phaseout threshold. While Censullo said this modification will certainly help, she estimated that many clients will still get caught within its boundaries, which only adds to client worries.

In response to these changes, many CPAs have talked about grouping two years' worth of the deductions they still can take in order to achieve maximum effect. David M. Barral, a senior financial planning associate with Mariner Wealth Advisors and the vice chair of the Personal Financial Planning Committee, called this technique “bunching.”

"You get all your medical expenses [where the floor went from 10 percent to 7.5 percent of adjusted gross income] done in one year, and the charity you want to do, let's also do that this year," he explained. "If you say, 'I like to give $5,000 to charity every year,' if you have now this $24,000 [standard deduction threshold], you're not going to get any benefit for the charity. So planning now becomes: Let's do all our charity in one year." Barral mentioned another area where old strategies no longer work: Roth IRAs. Previously, if individual taxpayers converted from a traditional IRA to a Roth IRA but later changed their minds (for example, if the market became unfavorable), they could switch back, provided they did so before the tax filing deadline.

The new law, though, has eliminated this option, which she said has made clients much more cautious about converting. This means that Roth conversions are now more of a long-term strategy for growth than a short-term tactic for immediate gain.

"Before, if you did it and the market went down, you could change your mind. Now, people are more reluctant to do Roth conversions since they can't change their mind," she said. Still, the tax law has created new opportunities for clients as well. The child tax credit has been doubled to $2,000 per qualifying child, the tax on a child's investment and other unearned income in excess of $2,100 (known as the 'kiddie tax') has been simplified to follow the ordinary and capital gains rates of trusts and estates; $29 investment account plans now apply to elementary and secondary school as well as college; and the charitable contribution limit was raised to 60 percent of adjusted gross income, among many other changes.

The TCJA's change in the tax brackets from 10, 15, 25, 28, 33, 35 and 39.6 percent to 10, 12, 22, 24, 32, 35 and 37 percent, and its near elimination of the marriage penalty also will benefit individual taxpayers. John Paul Crocenzu, a tax principal at Raich Ende Malter and Company and a member of the Taxation of Individuals Committee, said that these changes, based on computer projections, will largely balance out the deduction losses for his clients.

"We actually compared 2016 to 2018 returns, and even though they're losing the deductions, they're still saving money, and it was a considerable amount of savings in federal taxes," he said.

Hegt reported a similar outcome, saying, "It's not all doom and gloom," though he stressed that assessments of who's up or down will vary on a case-by-case basis—he explained that geography can be a key factor.

"Because all the tax brackets from the bottom up have been cut, we're finding New York state residents ... that have salaries upwards of $3, $4 million are actually going to pay less tax," he said. "Now, it's a different result for the New York City person, because they're paying significantly more income taxes because of the city tax on top of the state tax." Overall, the new tax law presents a wealth of planning opportunities for clients, as many people's once-stable situations have changed, according to Censullo. CPAs will be spending a lot of time sitting down with their clients and running the numbers on how this will all impact them.

"When something ... happens that changes the numbers, you obviously need to tweak your plan and re-look at it, and wonder what the impact will be," she said. "So I see that as a big focus for this year—just looking at how this will impact people, ...how you will reposition assets, and what things you want to strategize to help with that.”

Due to the $24K standard deduction, “planning now becomes: Let’s do all our charity in one year.”

Estate tax changes benefit higher-net-worth individuals

Another benefit of the Tax Cut and Jobs Act of 2017 (TCJA) for higher-net-worth clients has been the doubling of the federal estate tax thresholds, a provision that sunsets in 2026. The TCJA increased the basic exclusion amount from $5 million to $10 million for individuals and $22 million for married couples. This means that the estate tax no longer applies to many clients who before had fallen within its range.

Of course, said attorney Kevin Matz, a partner at Stroock & Stroock & Lavan and the chair of the NYSSCPA Estate Planning Committee, this doesn’t mean that everyone can just relax. The changes, indeed, create an even bigger impetus for people to take a hard look at their estate plans, according to Matz.

“There is now an immediate need for many wealthy individuals to review their estate planning documents (e.g., their wills and trusts), to ensure that their formula provisions do not create a ‘distortion’ that produces results in terms of ‘who gets what when you die’ that are significantly different than what the person had in mind,” said Matz.

Philip J. London, a tax partner emeritus at Wiss and Company, LLC, and chair of the New York, Multistate and Local Taxation Committee, pointed out that while many have now been placed outside the federal estate tax threshold, planning must still account for New York’s own laws, which have a $5.2 million threshold as well as a significant cliff once that is exceeded. London said that this conflict raises many questions. (See the article on New York state taxes, beginning on page 1, for an analysis of how the federal estate tax conflicts with New York’s.)

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New York state taxes
Continued from page 1

One of the biggest issues is the imposition of a new $10,000 cap on deductions for state and local taxes (SALT), which was previously unlimited. Residents of states with higher taxes, such as New York, had long used this deduction to balance out their federal and state tax burdens. Capping the deduction, however, means that New Yorkers must pay an additional $14.3 billion per year, according to a report from the New York State Department of Taxation and Finance. Catherine M. Censullo, founder and head of Catherine M. Censullo, CPA/CMC Wealth Management, said this has her clients very concerned.

"A lot of people were upset about losing the property tax, local income tax [deduction]. People were very, very upset about that. People were asking about paying next year’s taxes, and that’s not really something you can pay in advance if it hasn’t been billed for subsequent years,” she said.

Many practitioners are trying to find ways they can make up for the loss, such as by experimenting with the use of trusts. John Paul Crocenzi, a tax principal at Raich Ende Malter & Co. LLP, and a member of the Taxation of Individuals Committee, said that this is something his own firm is considering.

“Our plan...is to actually have a person set up a trust and have that trust own the real estate for the residence, so that way, if there are taxes, it will be fully deductible in the trust return. Because the way the law was written, it doesn’t specify what ‘individuals’ are,” he said.

New York state workarounds
New York state Gov. Andrew Cuomo said that the deductions cap would increase New Yorkers’ tax burden by an unacceptable amount, and called the cap a way to rob blue states in order to finance tax cuts in red states. In his fiscal year 2019 budget, Cuomo laid out a set of proposed fixes to address the cap on SALT deductions, as well as the TCJA’s doubling of the standard deduction. The state Legislature approved those proposals on March 31. The three workarounds are as follows:

• Giving businesses the option to participate in a new opt-in Employer Compensation Expense Program. Those who choose to take part would be subject to a 5 percent tax on all annual payroll expenses over $40,000 per employee. Since the progressive personal income tax system would remain in place, workers would get a new tax credit meant to ensure that they do not experience a reduction in take-home pay. This would be phased in over three years, beginning on Jan. 1, 2019.

• Creating two new state-operated charitable contribution funds that will accept donations for improving health care and education in New York. The intention is for taxpayers to be able to itemize these contributions as deductions on their state and federal tax returns. Those who make such donations will also be eligible to claim a state tax credit equal to 85 percent of the donation amount made in the year the donation is made. The new budget also authorizes local government bodies like school districts to create similar charitable funds, donations to which would yield a local property tax credit.

• Decoupling the state and federal tax code. Currently, New Yorkers can itemize deductions on their personal income tax only if they also itemize on their federal returns. Because the TCJA doubles the standard deduction to $12,000 for single filers and $24,000 for married couples, it eliminates the option of itemizing for many federal taxpayers. This new provision will allow New York taxpayers to itemize their New York taxes, even if they can’t do so for their federal taxes. It essentially says that any reference to the laws of the United States mentioned in the state tax law actually means the provisions contained in the Internal Revenue Code and any amendments to it made prior to Dec. 1, 2017.

Society efforts
In the wake of the new federal law, the NYSSCPA has formed a Tax Cuts and Jobs Act (TCJA) Ad Hoc Committee devoted to reviewing and analyzing proposed changes that may develop in New York tax regimes and policy as a result of the legislation. Kevin J. McCoy, the chair of this committee, said that the Society is not currently taking a position on any of the specific proposals coming out of Albany, but has expressed concern about the specifics of their possible implementation.

"Our major concern goes with the complications involved with implementing any of the potential changes," he said.

The one that raises the most questions, he said, is the payroll tax, because it will involve employers tracking those taxes for their employees and determining the degree to which the new tax would affect their compensation. ‘People also believe that somehow adjust their spending and tax structure to the taxes, in order to be more in line with the states that are not as affected by this. However I don’t know if New York state residents would be happy with a reduction in services if there was a reduction in income[ given the cap],” he said.

London also said that many New Yorkers hadn’t been able to benefit from the SALT deductions cap on the real estate market, entertainment industry

A nother major item affecting New Yorkers, in particular, are the changes to the mortgage interest deduction and home equity loan interest deduction. Philip J. London, a tax partner emeritus at Wiss and Company, LLP, pointed out that the mortgage interest deduction cap has been lowered from $1 million to $750,000 until 2026, when it reverts back. He also said that home equity loan interest is no longer deductible. These two changes, when combined with New York’s notoriously high real estate rates, mean that homeowners and prospective homeowners will both be paying more taxes.

However, he didn’t think this tax impact would be particularly devastating. “Many New York City residences are over $1 million, and Westchester and Nassau County, as well, have many multimilllion-dollar residences that could be affected, … but it’s only reducing it by $250,000 to $350,000— the interest on that amount. So I don’t think it’s a major effect, but it’s an effect,” he said.

Yet Chaim V. Kofinas, a senior tax manager at Beacon Partners and a member of the National Taxpayer Committee, is not confident that plans like those in the Cuomo budget would work as intended. The proposed payroll tax, he said, essentially moves the burden from the employee to the employer. This, combined with the increased administrative burden that will come with the tax, would likely make it unpopular with employers. He also noted that it’s far from a comprehensive fix to the problem that Cuomo was addressing.

“This only solves the deduction limitation problem for employees. Sole proprietors and partners are still left without a viable alternative to deduct the payment of state income taxes,” he said.

He then added that it was uncertain that the IRS would accept the idea of making a charitable contribution to New York state. In order for the plan to work, it would need to clear two hurdles: First, the charitable foundation created and administered by the state must pass muster and qualify under Internal Revenue Code Section 501(c)(3). Then, the IRS must still allow a charitable contribution for contributions when the donor (aka, the taxpayer) receives a credit equal to 85 percent of the contribution. “The exposure here is on the taxpayer, not the state,” Kofinas said.

But Philip J. London, a tax partner emeritus at Wiss and Company, LLP, chair of the New York, Multistate and Local Taxation Committee for the Tax Foundation of Accounting Education’s “Impact of the New Tax Law: A Sid Kess Workshop” recently, also pointed out that making a charitable contribution to New York state might not pass muster and qualify under Internal Revenue Code Section 501(c)(3). Then, the IRS must still allow a charitable contribution for contributions when the donor (aka, the taxpayer) receives a credit equal to 85 percent of the contribution. “The exposure here is on the taxpayer, not the state,” Kofinas said.

Kevin J. McCoy also said that many New Yorkers hadn’t been able to benefit from the SALT deduction cap, creating a negative impact on the entertainment industry. The increased tax burden for New Yorkers and the potential changes in their tax strategies, he said, would have a negative impact on the entertainment industry, which is very strong in New York. Speaking at the Foundation for Accounting Education’s “Impact of the New Tax Law: A Sid Kess Workshop” recently, he said that, for years, entertainers were able to deduct most of their agents’ fees, which typically make up 20 percent of whatever it is they make. This is no longer the case, however.

“So, under the new laws, actors, actresses, folks that pay that commission, will pay tax on 100 percent of their income, even though they only get to keep 80 percent,” he said.

cgaetano@nysscpa.org
## FAE Events Calendar

**LEARN, REFRESH AND GROW WITH THESE CPE-QUALIFYING EVENTS**

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Register at [nysscpa.org/events](http://nysscpa.org/events) or call 800-537-3635
Newmaker

Continued from page 6

Given that the current administration has expressed a strong desire to roll back financial regulations, such as those that might enable more shareholder activism, what does the current landscape look like to you?

I remain hopeful. There is legislation [the Financial Choice Act] … designed to undercut shareholder proposals—which are an important tool, but by no means the only tool—but from what I’ve been told, it’s not going to pass the Senate. So we’ll have to wait and see. I am concerned about the possible rise of mandatory arbitration provisions for shareholder lawsuits. On the other hand, there are some challenging things going on in D.C. It’s worth noting that many important players are state-based players that don’t always have to answer to D.C. They answer to Albany or Sacramento, and in those places the political climate is more favorable. But I’m also very worried about the spillover effects of the Janus vs. AFSCME case at the Supreme Court [which will decide whether the Janus vs. AFSCME case at the Supreme Court [which will decide whether the Janus vs. AFSCME case at the Supreme Court]. For example, the estate tax, which had generally followed federal rules, now heavily conflicts with the state statute. The federal tax law doubled the estate tax threshold to $11 million for individuals and $22 million for couples (though the threshold then reverts to its 2017 rate in 2026). New York’s estate tax, on the other hand, is currently $5.2 million for individuals. London said that the way things are set up, however, leaves a lot of questions.

Will they double the phase-in to meet the new federal threshold? And then, with the federal law, when … [in 2026] it reverts back to the current levels, is there going to be a clawback on any gifts made in that time period? The answer is that our esteemed Congress delegated that answer to the secretary of the Treasury,” said London, who noted that there has not been guidance out of the Treasury Department regarding these questions.

Then there are unknowns that can only be properly understood with time, such as how the pass-through entities provision will impact the state. London noted that while a 20 percent deduction on certain qualified business income from a pass-through entity is a federal law, it also leaves open questions on the state level, particularly when it comes to calculating how much exactly someone owes. It’s easy to calculate tax liability for people on salary—just look at their W-2. Similarly, items like investment income or interest income are also easy to calculate, given the clear rules around them. The new pass-through provision, though, is something new, and London said it will be difficult to predict how it affects taxes on a state level without further guidance from the IRS. He added that it was unlikely that the state would adopt a similar provision in order to harmonize with federal law, meaning that the deduction would be calculated after doing itemized deductions but before taxable income.

Still, he noted that much will probably change over the course of a year, and many of the tactics used in reacting to the new tax law will probably wind up being different, as further guidance and clarification are released. “As I look into the federal law, it was done so quickly and haphazardly that there’s going to be a need for regulations or corrective legislation, technical corrections acts,” he said.

cgaetano@nysscpa.org

New York state taxes

Continued from page 19

Members mingle at Tacos and Tequila Networking Night

On April 24, to celebrate the end of tax season, the NYSSCPA hosted Tacos and Tequila Networking Night, a festive evening for members to meet, sample varieties of tequila and enjoy DIY tacos.

cgaetano@nysscpa.org
Given rapid technological changes and shifting client demand, how are you future-proofing your career to remain relevant over time?

MIKHAIL E. SHUSTER | Manager | Manhattan

I work specifically in the real estate industry, which, like the accounting industry, had been slow to adapt to new technology but is now seeing rapid change. With this, the industry is very interested in any intersection between real estate and technology, whether it’s in using analytics to find efficiencies in property management or web platforms that can better manage properties. At our firm, we have a specific group that goes over different plans and ways we can assist our real estate clients with their needs, and our increasing familiarity with these kinds of technologies has been a big help.

Within the firm itself, we’re also looking for ways to work smarter. Many firms have increased their capacities for remote work, and ours is no different—we can work from different locations and easily share information between colleagues or with clients. We’re also making increased use of analytics technology that we can use as auditors to gain better insights into our clients’ financial information.

ORUMÉ A. HAYS | Sole Practitioner | Manhattan

I am keeping up with current and future trends by engaging in continuing education in areas like big data, artificial intelligence, cryptocurrencies and blockchain accounting, so that I will not be displaced by emerging technologies currently affecting the profession. This means adapting to the changing landscape and leveraging technology to provide proactive and value-based advisory services, rather than transactional services, to my clients. In addition to [taking] CPE seminars, I also try to dedicate 30 to 45 minutes daily to browsing industry-related headlines and read a couple of articles about current issues, regulations and taxation-related court cases.

AKSHAY T. SHRIMANKER | Sole Practitioner | Queens

What we’re doing as a firm is trying to stay up to date with the latest technology. We’re pretty much a paperless firm—we use e-signatures and certify QuickBooks online, so we use the most high-tech software we can. My office is based in Queens, and most of our clients are in either Manhattan or downtown Brooklyn, so, since we don’t see them face to face a lot, most of our work is over the phone using screen-share programs. Another way to future-proof [the firm] is to just offer really, really great customer service. We offer 24/7, 365-day support. Our clients have our phone number. They text us, they send us Facebook messages, WhatsApp messages, and they know they can expect a response back quickly, regardless of the time of year.

A lot of this is driven by the fact that a lot of our clients are tech startups run by people in their 20s and early 30s, and so they’re part of a generation very used to having everything at the touch of their fingertips and on-demand access to information. They want a firm that understands their needs and has the technological capabilities to meet them—like, for example, being able to instantly access all of their financial information and tax returns, and for us to work with them in real time. A client base like this also provides a lot of opportunities for offering business development services. The tech world is highly competitive, with a very high attrition rate, and so our clients need guidance and advice at every stage along the way, whether they’re just starting a business, expanding after initial success, negotiating an acquisition, or even winding down a failed venture.
Why you should become more involved as a member of the NYSSCPA

By CARNET A. BROWN
Manhattan/Bronx Chapter President

There are numerous reasons for becoming more involved as a member of the NYSSCPA.

The Mendelow Matrix is a tool that classifies stakeholders based on the power they hold and their likelihood to show interest in a particular activity or strategy. There are two axes (power and level of interest) with four stakeholder groups mapped:

1. Stakeholders with high power and a high level of interest are considered to be key players, and the strategy must be acceptable to them.
2. Stakeholders with high power and a low level of interest should be kept satisfied.
3. Stakeholders with low power and a high level of interest should be kept informed.
4. Stakeholders with low power and a low level of interest require only minimal effort to be expended.

Our level of interest will always be high for any strategies that will affect our profession, whether in a positive or negative way. With a large membership, our power is likely to be high. This means that instead of merely being kept informed about a legislation that will affect our profession, it must be acceptable to us. One way to become more involved would be supporting the NYSSCPA’s Political Action Committee, which advocates for the profession in Albany.

There are many other benefits to becoming more involved. Increased involvement can provide not only leadership opportunities, but also a tremendous opportunity to help shape this remarkable profession that you belong to. You will be in a position to assist the NYSSCPA in achieving its goals and objectives.

Becoming more involved by joining one of our committees will allow you to benefit from the expertise of committee members on new or emerging issues. Finally, you will get to experience the fulfilling feeling that comes with providing community service.

We hosted three events at the NYSSCPA offices at 14 Wall Street, right after tax season. On April 20, we hosted our “Spring Career Day” event. On April 23, we hosted our Legislative Breakfast. On May 17, we hosted a two-hour CPE event, “The Real Estate Industry—The Current State and Career Path.” We are grateful for your continued support and are looking forward to seeing you at our upcoming events.

Our chapter is continually looking for members to get involved or more involved. With more, we can achieve more. Whether it is an event that you want us to host on a particular topic or whether you would like to speak on a particular topic, we will be more than happy to partner with you. Are you ready to make your contribution? If so, please visit the Manhattan/Bronx Chapter website at www.nysscpa.org/membership/chapters/manhattan-bronx, or contact me at the email address below.

carnet1020@yahoo.com
A successful CPA-Banker-Attorney Event

By CHRISTOPHER M. CANNUCCIARI
Northeast Chapter Cooperation with Bankers Committee Chair

Our board would like to thank all the attendees, presenters and sponsors of our Nov. 29 CPA-Banker-Attorney Event. We were pleased to see the event was well attended, and want to extend our gratitude to Thomas J. Collura at Hodgson Russ LLP for joining the committee that planned and hosted the gathering, Kevin J. McCoy at Marvin and Company, P.C. and Michelle Merola at Hodgson Russ LLP did a great job presenting an ethics update in our continuing professional education sessions. The Alber- ny Capital Center and Mazzone Hospitality managed the reception very well, and we all enjoyed the Taste of Mazzone menu. We also owe special thanks to our sponsors: Capital Bank, GTM Payroll Services, Hodgson Russ LLP and LCS&Z, LLP.

Every year, we look forward to this event because it’s an opportunity to build relationships with other centers of influence. By inviting attorneys to the reception last November, we were able to expand those networking opportunities. We look forward to seeing everyone at this year’s event!

cmc@lcszpc.com

An active fall and winter, thanks to the efforts of officers, board members and committee chairs

By ANTHONY BASILE
Nassau Chapter President

We are one of the busiest and most successful chapters in the NYSSCPA because of the dedication of the volunteer leadership. On Dec. 2-3, our Tax Committee held its annual ‘All-Day Taxation Conference’ at the Long Island Marriott in Uniondale, the first conference taking place literally six hours after the Senate passed its tax bill. Thank you to committee chairs Robert J. Schaffer and Robert Barnett for a great event, and thank you to speakers Neil D. Katz, Eric M. Kramer, Robert Barnett, Karen J. Tenenbaum, Yvonne R. Cort, and Scott Sanders.

At our last board meeting, we invited Professor Eugene T. Maccarrone, professor of accounting and legal studies, as well as campus champion and advisor at Hofstra University, to join the Hofstra University Chapter of the NYSSCPA, an affiliate of the Nassau Chapter. This is the first campus chapter in the Society, and discussions have started for adding more campus chapters. This is a vital effort to get younger people involved earlier with the NYSSCPA, and thanks to Gene for offering to help us figure out ways for the chapters to do things together.

As a result of that board meeting, on Dec. 12, the chapter took a table at the Hofstra University Beta Alpha Psi dinner at Chateau Briand in Carle Place. It was a great night, when students could interact with practitioners from the firms that recruit from campus and also with our chapter contingent. We look forward to doing more of those events with more schools.

We have also added two new members to our Sponsorship Committee—Elizabeth “Liz” M. Oberg and Rosann Murphy-Almeida—who have already started bringing in sponsors. Great job, and thank you for your help on this important committee.

On Jan. 11, our Women’s Focus Group had a post-holiday cocktail party at the Garden City Hotel. Thank you to co-chairs Geri A. Gregor, Natalie Verbanac, Lisa Haynie and Liz Oberg for planning the event.

Our annual Ethics/Town Hall meeting was held at Chateau Briand on Jan. 31, and we are happy to have had our friend Ernest P. Smith as the speaker again.

Our committees were busy as well. The Real Estate Chapter held a meeting on Tuesday, Jan. 9 on titled “Depreciation on Real Estate, including Recapture,” and the speaker was Neil Katz. The CFO & Financial Executives Committee held a meeting on Jan. 18 titled “Trust, Estates and Gift Taxes,” and our Litigation and Forensic Services Committee held a joint event with the Association of Certified Fraud Examiners (ACFE) that evening at Westbury Manor titled “Digital Evidence.” The Small Firm MAP [Management of an Accounting Practice] Committee met on Jan. 19 to discuss the “Role of Social Security in a CPA’s Retirement Plan”; the committee met again on Feb. 16 to discuss “Early-Season Tax Issues.”

On Jan. 25, our Networking with Accountants Committee held its semi-annual joint event with the Suffolk Chapter at the Fox Hollow Inn in Woodbury. It was another huge success for our joint chapter effort.

On Feb. 7, we held a joint tax seminar along with the Suffolk Chapter, titled “How will the New Tax Laws Affect Your Clients,” given by Neil Katz, Robert Barnett and Eric Kramer. It was a great night full of information about the new tax landscape which promises to be both challenging and evolving.

Please save the date for our 2018 Installa-
dination Dinner, which is set for May 30, at the Crest Hollow Country Club in Woodbury. Please remember the Robert Katz Endowment at Hofstra; checks can be made payable to Hofstra University, memo line Katz Endowment or online at www.hofstra.edu/katzendowment. (Please check with your employer about your company’s matching gift policy.)

We want to encourage our members to try to attend as many seminars and events as possible and visit our chapter website, www.nysscpa.org/membership/chapters/nassau. Please review the latest newsletter for more information on those and other events that we have coming up.

Please feel free to email me at the address below with any thoughts or suggestions you have for improving our chapter, and I will bring the suggestions to our board directly for consideration. I am happy to help in any way I can.

Thank you all for the honor of serving as your president.

abasile@basilecpa.com

Harvest time for CPAs

By KENNETH O. HALL
Rochester Chapter President

And it was not just a regular harvest time, add to this one the newly enacted Tax Cuts and Jobs Act, and we were all in for a bumper crop. I want to thank all of the Rochester Chapter members who took time out and used up some of their 15 minutes of fame) responding to media on the impact of the new tax law on citizens. (Go to the chapter site at www.nysscpa.org/membership/chapters/rochester to see replays.)

I am especially proud of the "murderers' row" of CPAs who fielded questions for WROC TV-S for 90 minutes in early February: David G. Young, Thomas P. Walpole, Antoinette "Toni" Spina, Barry Jenck and Kevin G. Conlon. I was told that the phones were busy the whole time, and one of the panelists remarked that it gave him a chance to connect to folks who probably would not otherwise be walking through his doors for tax return prep. I believe that we provided a great service to the Rochester community, and the folks whom we did help will hopefully strike the stereotype of the "accountant from..."
Suggestions for taking care of yourself during crunch periods—such as busy season

By AMANDA SEXTON
Suffolk Chapter President

I hope your busy season went well, and I am imagining that for many of you, it was a much busier one, with more questions to the impact of the new tax bill. I hope each of you had at least a few minutes of “downtime” each day to think, unwind and do something enjoyable.

Here are a few things to consider for the next crazy time of tax season, or any crunch period, to help you get through.

\section*{Eat healthy}

- Purchase a blender to make yourself smoothies full of fruits, veggies, nuts and pretty much anything you want; in our office, about six of us purchased one together. We then share in the cost of bringing in fruit, veggies, Vitamin C, chia seeds, almonds, milk, etc., which has led to fewer sicknesses during busy season. We then share in the cost of bringing in fruit, veggies, Vitamin C, chia seeds, almonds, milk, etc., which has led to fewer sicknesses.
- Drink lots of water. This will make you walk more to the bathroom—a double benefit!

\section*{Exercise}

- Stand up: Some firms have standing desks; this is good, but if you don’t have that, try setting an alarm on your phone/watch or your calendar to make you stand up for a minute each hour. Trust me, it feels great to stand and stretch a bit, and you don’t even have to take your eyes off your screen.
- Take a walk: You might not have time for a long walk, but if the weather is nice, take a quick walk to move a bit and grab some Vitamin D. This will allow you to re-prioritize the rest of your day and the tasks left on your to do list.
- Recap of events

Here’s a quick summary of events we held earlier this year:

- Jan. 17: Our Members in Industry Committee provided the group with its annual tax and economic update at Empire National Bank in Islandia.
- Jan. 25: The Nassau and Suffolk Chapters hosted two 3-credit CPE sessions on the new tax bill; a special thank you to the Nassau Chapter, our Suffolk Chapter General Taxation Committee, our three speakers and our sponsors for making this happen in such a short period of time. These presentations gave us a lot of clarity as to the new tax bill in preparation of meeting with our clients.
- May 17: A 3-credit CPE class on Excel, designed for both introductory and advanced users and open to anyone: accountants, bankers, attorneys, business owners and their staff, students, etc.
- May 20: 3-credit CPE class on Excel, designed for both introductory and advanced users and open to anyone: accountants, bankers, attorneys, business owners and their staff, students, etc.
- Jun 25: The Nassau and Suffolk Chapters hosted their joint semi-annual networking event at the Fox Hollow in Woodbury. Over 100 attendees were present, comprising accountants, attorneys, bankers and other professionals. The food, drink and company were great!
- Feb. 7: The Nassau and Suffolk Chapters hosted their joint semi-annual networking event at the Fox Hollow in Woodbury.
- Feb. 14: Our Employee Benefits Committee held its second annual “Networking on the East End” event in between the North and South Fours.
- Feb. 17: The New York State Society of CPAs held its annual Junior Professionals Night at historic Oak Hill Country Club, in Pittsford. This was the premier event for students and educators, when we recognized future stars of the CPA profession and those who are preparing them for the journey—i.e., the educators!

Looking ahead

Although we are pretty quiet during busy season, we do have a few things in the works already:
- Wednesday, Aug. 8: Our “Annual Super-sized Networking Event” with 100 plus young professionals (but anyone of any age is welcome). Details to follow!
- Thursday, Aug. 23: The East End Committee is holding its first Riverboat Tour at the Fox Hollow in Sayville.

\section*{Schedule a vacation}

While it is nice to daydream about going somewhere warm and sunny while the office air vent is blowing hot air through your hair, reserving your plane tickets and hotel months ahead will give you something exciting to look forward to and will be one less thing to do later.
MANHATTAN/BRONX

ACCOUNTING
5/31
Race Toward Implementation: Tackling the Tough Issues in Adopting the New Revenue Recognition Standard
The effective date of the new revenue recognition standard is right around the corner. The time to execute your implementation plan is now. This course, in addition to reviewing the five-step revenue recognition model and the recent updates that impact the standard, will explore some industry-specific topics that have been challenging for entities adopting the new standard. Topics covered include identifying performance obligations, licenses, customer loyalty programs, other “material right” options, plus other transition issues, such as the impact on income taxes and financial systems.

AC/8
FAE Learning Center
Surgent McCoy CPE LLC
$279/$349

6/1
Auditing, Accounting, and Attest Update for Practitioners with Small Business Clients
Specifically tailored for practitioners who do not perform audits, but provide other attest and non-attest services to small and medium-sized businesses, this course is a comprehensive update covering recently issued standards, compliance, and review standards, as well as other professional guidance impacting small and medium-sized business accountants. The course uses practical examples and illustrations to help you understand and apply the material in practice.

AC/5, AU/3
FAE Learning Center
Surgent McCoy CPE LLC
$279/$379

6/7
Employee Benefits Conference
AD/1, AU/8
CF Executive Conference Center
Foundation for Accounting Education
$385/$480

6/8
Government Accounting and Auditing Conference
AC/4, AU/3, E1
FAE Conference Center
Foundation for Accounting Education
$335/$420

5/13
Leasing: Mastering the New FASB Requirements
How do the leasing requirements in the new standard differ from current GAAP? This course addresses that question by examining the core principles of the new standard, including identification, recognition, measurement, presentation and disclosure requirements. Examples are included to illustrate application of the new standard. The course explains the lease accounting model, including lease classification, amortization of the right of use asset, and interest on the lease liability. It also explains the lessor accounting model, including transfer of risk, profit recognition, and collectability.

AC/8
32104911

FOR MAY 21, 2018, THROUGH JUNE 30, 2018

ACCOUNTING
5/30
Integrating Audit Data Analytics into the Audit Process
This course will provide a brief overview of what audit data analytics are and illustrate how insights can be integrated into the current audit process (i.e., it will show a few examples of how these tools can be used in risk assessment, planning, control testing, and substantive testing). The course will show examples of simple analytic tools that could help automate a traditional audit procedure that is currently being performed manually. It is helpful for beginners, or those who are looking for additional training on how to apply content from the new AICPA Audit Data Analytics guide.

AU/8
FAE Learning Center
$279/$349/$249/$349

6/4
Audits of 401(K) Plans
Since 401(K) plans make a popular option for employee benefit plans, auditors of employee benefit plans must have the proper skills to audit these plans effectively. You will work through how to audit a 401(k) plan and prepare financial statements that satisfy ERISA and SEC requirements. Tap into ways to plan and conduct 401(k) audits more efficiently and effectively, and understand the differences between 401(k) audits and other employee benefit plan audits.

AU/8
FAE Learning Center
$279/$379/$249/$349

6/5
Audit Working Papers: Documenting and Reviewing Field Work
Working papers are the building blocks of an audit. If it’s not in the working papers, audit quality may suffer, as the manager and partner might not know about it or its ramifications may not be fully considered. Understand the professionals’ standards regarding working documentation. Make this course part of your firm’s quality control system. Learn the fundamentals of working paper preparation – form and content – to make sure audit considerations, work performed, and conclusions reached are properly documented. You will also explore examples which show field work supervisors what factors to consider and what steps to follow when reviewing working papers. In addition, typical working paper deficiencies are explained to help minimize potential liability.

AU/8
FAE Learning Center
$279/$379/$249/$349

6/6
Employee Benefits Workshop
AU/5
FAE Learning Center
Foundation for Accounting Education
$279/$349

ADVISING
5/22
Forensic Accounting and Litigation Services Conference
See course listing under Advisory Services.

5/30
Accounting, Advisory Services, Auditing, Ethics
According to New York State Regulations, courses may only be categorized as the following fields of study for CPE accreditation:

Accounting
AC
Advisory Services
AD
Auditing
AU
Ethics
E
Specialized Knowledge
SK
Taxation
T

Courses that have a concentration in more than one field of study are listed with the quantity of credits that apply to each category.
SPECIALIZED KNOWLEDGE
5/22 Forensic Accounting and Litigation Services Conference
See course listing under Advisory Services.
5/24 Estate Planning Conference
See course listing under Specialized Knowledge.

TAXATION
5/23 Form 990: Mastering Its Unique Characteristics
Explore the tax information and inherent not-for-profit organization issues to be mastered in properly preparing the current Form 990. This course covers the numerous reporting demands the Form 990 imposes, including how to respond to the form’s demands for narrative answers. Participants will gain an understanding of the tax and practical points essential to appropriate completion of the Form 990 and be guided on advising exempt clients on the form’s complexities and diverse demands.
T/B 32060811
FAE Learning Center
AICPA
$279/$349/$249/$319
5/24 Estate Planning Conference
See course listing under Specialized Knowledge.

WEBCASTS
ACCOUNTING
5/31 Race Toward Implementation: Tackling the Tough Issues in Adopting the New Revenue Recognition Standard
The effective date of the new revenue recognition standard is right around the corner. The time to execute your implementation plan is now. This course, in addition to reviewing the five step revenue recognition model and the recent updates that impact the standard, will explore some industry-specific topics that have been challenging for entities adopting the new standard. Topics covered include identifying performance obligations, licenses, customer loyalty programs, other “material right” options, plus other transition issues such as the impact on income taxes and financial systems.
AICB 34601911
Surgent McCoy CPE LLC
$229/$279
6/1 Accounting, Audit, and Attest Update for Practitioners with Small Business Clients
Specifically tailored for practitioners who do not perform audits, but provide other attest and non attest services to small and medium sized businesses, this course is a comprehensive update covering recently issued accounting, compilation, and review standards, as well as other professional guidance impacting small and medium sized business accountants. The course uses practical examples and illustrations to help you understand and apply the material in practice.
ACIS / AU / 3
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AUDITING
5/22 Forensic Accounting and Litigation Services Conference
See course listing under Advisory Services.
5/30 Integrating Audit Data Analytics into the Audit Process
This course will provide a brief overview of how audit data analytics are and illustrate how these tools can be integrated into the current audit process (i.e., it will show a few examples of how these tools can be used in risk assessment, planning, control testing, and substantive testing). It will show examples of simple analytic tools that can help automate a traditional audit procedure that is currently being performed manually.
The course is right for beginners, or those who are looking for additional training on how to apply content from the new AICPA Audit Data Analytics guide.
AICPA
$229/$279/$199/$249
6/1 Accounting, Audit, and Attest Update for Practitioners With Small Business Clients
See course listing under Accounting.
6/4 Audits of 401(k) Plans
Since 401(k) plans may include employer benefit plans, audits of employer benefit plans must have the proper skills to audit plans effectively. You will work through how to audit a 401(k) plan and prepare financial statements that satisfy ERISA and SEC requirements. Take it easy to plan and conduct 401(k) audits more efficiently and effectively, and understand the differences between 401(k) audits and other employer benefit plan audits.
AICPA
$229/$279/$349/$349
6/5 Audit Working Papers: Documenting and Reviewing Field Work
Working papers are the building blocks of an audit. If it’s not in the working papers, audit quality may suffer, as the manager and partner might not know about it or its ramifications may not be fully considered. Understand the professional standards regarding working paper documentation. Make this course part of the firm’s quality control system. Learn the fundamentals of working paper preparation – form and content – to make sure audit considerations, work performed, and conclusions reached are properly documented. You will also explore examples which show field work supervisors what factors to consider and what steps to follow when reviewing working papers. In addition, typical working paper deficiencies are explained to help minimize potential liability.
AICPA
$229/$279/$199/$249
6/7 Employee Benefits Conference
See course listing under Accounting.
6/8 Government Accounting and Auditing Conference
See course listing under Accounting.
6/18 Advanced Audits of 401(k) Plans
As we saw from the recent U.S. Department of Labor review of employer benefit plan audits, auditors need to raise their game in order to provide the quality audits that plan stakeholders demand. The AICPA has reacted by issuing a proposed Statement on Auditing Standards (SAS) that will significantly impact how audits of these plans will be performed. In this advanced course, we will discuss both the existing and new rules and regulations unique to employer benefit plans as well as provide practical guidance on their application. All common compliance issues identified in 401(k) audits will be explored along with recommended corrections. Auditors will identify best practices for handling specific issues that arise during the course of the engagement related to payroll and compensation, participant loans, hardship distributions, investments, plan mergers/acquisitions, etc.
AICPA
$229/$279/$199/$249
5/19 Advanced Concepts in SSARS 21 and Nonattest Services: Are You Certain You Are in Compliance?
Practitioners that provide non audit services must strike the right balance between complying with relevant professional and regulatory standards, providing value-added client service, and mitigating litigation and other practice management risks. This course contains many case studies to reinforce best practices for managing the accounting, reporting, and performance issues associated with the attest services of compilations and reviews where reports are issued, as well as the (SSARS 21) preparation of financial statements service and other nonattest engagements.
AICPA
$229/$279/$349
5/22 Estate Planning Conference
See course listing under Advisory Services.

SPECIALIZED KNOWLEDGE
5/22 Forensic Accounting and Litigation Services Conference
See course listing under Accounting.
5/24 Estate Planning Conference
See course listing under Advisory Services.

TAXATION
6/18 Partnership and LLC Taxation: Advanced Issues
Congress has modified the audit rules for partnerships, adding additional complexity to the already complex area. This program covers allocation of basis in debt, step up in basis upon transfer, disguised sales, abandonment of partnership interest, special allocations of income and deductions, realization of depreciation among partners, reporting income from forgivenness of indebtedness, determining an LLC member’s self employment income, and more. This is the program that gets practitioners ready to help their clients plan partnership and limited liability company transactions to minimize taxes.
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FAE Learning Center
$279/$379

5/24 Specialized Knowledge
See course listing under Advisory Services.
5/25 Estate Planning Conference
See course listing under Specialized Knowledge.
**PENALTIES? ASSESSMENTS?**

Workers' Compensation?
Independent Contractor Status?
Department of Labor Penalties?
Wages - Hours - Overtime Issues?
Unemployment Insurance Taxes?

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**Do You Have Any of These Issues? Can Help!**

**NYS DOL UI DIVISION** – Manufacturer assessed $212K for UI taxes after exiting PEO. Arnold Standard results: UI refund of $135K; UI Reserve Account Balance positive $204K. UI Tax Rate lowered from 9.5% to 2.1% on $2MM of annual taxable payroll. Savings in excess of $600,000.

**US DOL WAGE & HOUR DIVISION** – Distributor assessed in excess of $575K for alleged wage and hour violations. Arnold Standard results: Assessment lowered significantly. Savings in excess of $300,000.

**NYS WCB** – Homeowner with Domestic Worker assessed penalty of $50,000. Arnold Standard results:
Settled for $2,500.
Savings of $47,500.

**NYS WCB** – Construction firm assessed penalty of $83,000. Arnold Standard results:
Settled for $3,500.
Savings of $79,500.

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**Call Bob Arnold or Bob Arnold, Jr.**
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