

The Trusted Professional

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FASB, IASB release final form of revenue recognition standard

BY CHRIS GAETANO
Trusted Professional Staff

After six years of discussion, outreach, exposure and re-exposure, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) have issued the final version of their revenue recognition standard, which introduces fundamental changes to how revenue is recorded in financial statements.

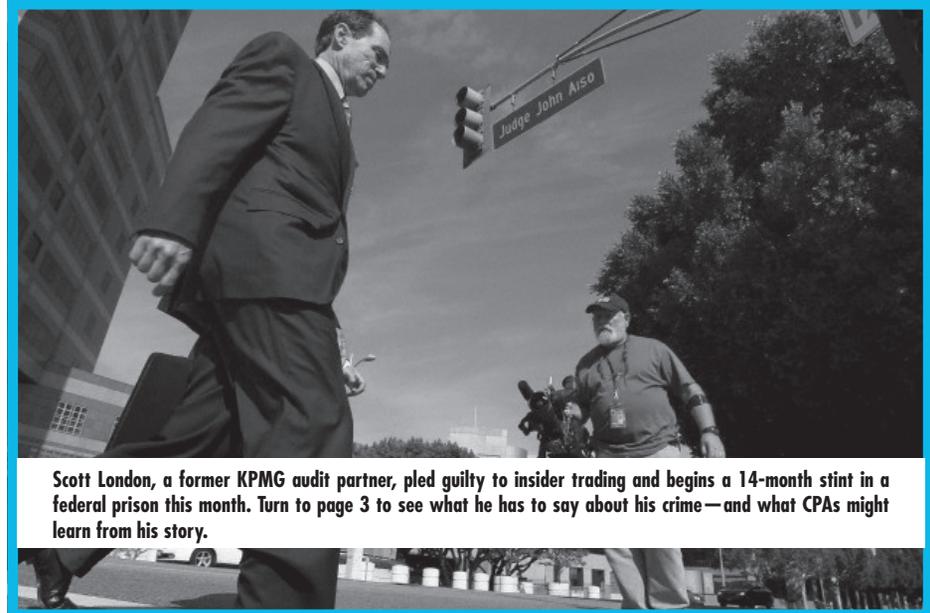
The standard, ASU-2014-09, *Revenue from Contracts with Customers* (Topic 606), was released on May 28. It is part of the FASB/IASB convergence project, which aims to produce a unified set of rules that can apply to both U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS).

Since it was first proposed in 2008, the standard has generated a significant amount

of attention, attracting some 1,500 comment letters from around the world. Indeed, the NYSSCPA has been among those watching the standard closely through its development, issuing comment letters on the matter both in 2010, when it was first exposed, and 2012, when it was re-exposed.

In response to the outpouring of feedback, the FASB and the IASB undertook an extensive outreach effort to gather opinions on the merits and flaws of their previous drafts. "It is important that we get this right," then-IASB Chair David Tweedie said in 2011. "That is why ... we are keen to treble-check that our conclusions are robust and can be implemented with minimal disruption."

The boards gave an overview of the final version of the standard, and explained some of the reasoning behind its provisions, in a June 5 webcast that featured Patricia McConnell, an IASB member; Allison McManus, senior technical manager for the



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Scott London, a former KPMG audit partner, pled guilty to insider trading and begins a 14-month stint in a federal prison this month. Turn to page 3 to see what he has to say about his crime—and what CPAs might learn from his story.

IASB; Kristen Bauer, a FASB practice fellow; and Larry Smith, a FASB member.

The revised standard is meant to address what both boards saw as deficiencies in their current approaches to recording revenue in financial statements. According to Smith, in the case of GAAP, the new standard will replace the myriad industry- and transaction-specific pieces of guidance with a singular approach, while in the case of IFRS,

it will address a lack of guidance altogether. Current IFRS practices can be difficult to apply to anything but simple transactions, Smith said, with practitioners sometimes using GAAP to fill in the gaps.

While the standard itself is quite complex, the core principle behind it is that entities

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The end of email as we know it? IRS pans overused Circular 230 disclaimers

BY CHRIS GAETANO
Trusted Professional Staff

Tax pros: Thanks to a recent rule change, your written communications just got 63 words lighter.

Practitioners who have sent an email in the past decade are familiar with this standard disclaimer: "Pursuant to Inter-

nal Revenue Service Circular 230, we hereby inform you that the advice set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and cannot be used, by you or any taxpayer, for the purpose of avoiding any penalties that may be imposed on you or any other person under the Internal Revenue Code."

But if you've ever wondered whether

there's any real use to sticking it at the bottom of your written communications, you're not alone: The Internal Revenue Service raised the same question, came to the conclusion that the practice is meaningless, and has effectively done away with it.

On June 9, the service released revisions to Circular 230, the U.S. Treasury Department publication that outlines rules governing

practice before the IRS for CPAs, attorneys, enrolled agents and all others who prepare tax returns and provide tax advice.

Among other things, the IRS eliminated the complicated covered opinion rules of Section 10.35, which it had implemented a decade ago in an attempt to cut down on abusive

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PRESIDENT'S COMMENTARY

Living our commitment

In June, I had the pleasure of speaking to more than 100 rising stars who had gathered on Long Island and in Rochester for NextGen: The Conference for Young CPAs. It was the second time that I've addressed this conference, which had previously been called the Young CPA Conference, and, I have to tell you, it's one of my absolute favorite things to do. I think I remember being in their shoes—worrying about passing the CPA Exam, trying to figure out which direction to take my career and looking for ways to amass the additional skills that would propel me forward.

Whether in your chapter or at your firm, I urge all of you seasoned professionals to think back to what it was like just starting out, and take younger colleagues under your wings. We have to make sure that we provide young CPAs with the valuable skills and tools they need to succeed—just as those skills and tools were provided to us. The NYSSCPA has made this a priority, with its NextGen initiative, which, beyond the conference, offers a range of professional development services and relationship-building opportunities for young

and aspiring CPAs. In addition, the Society's Young Leadership Circle, which identifies future leaders and exposes them to the inner workings of the Society's governance, is going strong in its second year, having inducted new members during the Annual Dinner in May. Still, think of the difference we could make in solidifying the futures of our firms, the Society and the profession as a whole if all of us in positions to do so made an effort to extend a hand to the next generation.

Though much of what I said to the NextGen crowd at the conference was specifically targeted to that audience, many of those principles apply to us all. For instance, I told the young CPAs that if they think about nothing else, they should think about getting more actively involved in the NYSSCPA—and I would say the same to any certified public accountant, of any age, in New York state.

From opportunities to network with peers and interact with decision makers, to the CPE

sessions that our chapters and statewide committees offer, active participation in the NYSSCPA can help you to realize your full potential and support your everyday work, whether you're a senior accountant or a CFO.

As we enter the new fiscal year, and our chapters and statewide committees hit their restart buttons, it's an exciting time for CPAs to either join the Society or, if they're already members, to become fully engaged and take advantage of all that the organization offers. I hope you'll share this message with your partners, your staff and your clients. We need you to ask and *insist* that people get involved in this profession and in this Society.

There are so many ways in which we can support each other and strengthen the profession, but we have to do more than talk about our commitment—we have to *live* it. I hope I can count on you.



Scott M. Adair

president@nysscpa.org

Nominating Committee aims to fill nine positions

BY F. MICHAEL ZOVISTOSKI
NYSSCPA Secretary/Treasurer

Are you interested in helping to select who will serve on next year's NYSSCPA Board of Directors? If so, consider serving on the Society's Nominating Committee.

This year's 11-person Nominating Committee will be recommending a president-elect, four vice presidents, a secretary/treasurer, five at-large directors and directors from the Buffalo, Manhattan/Bronx, Southern Tier, Syracuse and Westchester chapters. These nominees are then presented to the membership in a proxy ballot that is sent out in April.

Under Article IX of the Society's bylaws, the CPA membership-at-large fills nine Nominating Committee positions, and the Board of Directors designates the remaining two members. The NYSSCPA bylaws can be found online at www.nysscpa.org/page/about-us/society-overview/bylaws.

Nominations process

To be nominated for the Nominating Committee, petitions with original signatures must be received on or before Friday, Aug. 8, 2014, and shall be sent to: NYSSCPA Secretary/Treasurer, 14 Wall Street, 19th Floor, New York, NY 10005. Copies of the Nominating Committee petition can be downloaded online at nysscpa.org/downloads/petition/.

Petition signers are limited to signing only one petition, and signatures of members signing multiple petitions will be disregarded on all petitions they sign. Signers must also certify that the nominee would serve if elected. Petitions must be signed by at least 10 CPA members (other than the nominee), all of whom have been members for five consecutive years; however, submission of multiple petitions for one nominee will not cause the nominee to be disqualified, so long as there are at least 10 signers in the aggregate for that nominee.

Potential Nominating Committee members should know that they may not themselves be nominated for any position. If you hope to serve on the Board of Directors, you should not put yourself forward for the Nominating Committee.

A candidate for the Nominating Committee must not be a current member of the Board of Directors or have been a member of the Nominating Committee either for the two immediately preceding fiscal years or for any three years after June 1, 2003. A list of the members ineligible to serve on the Nominating Committee due to these restrictions can be found online on the Nominating Center Web page at www.nysscpa.org/page/about-us/governance/nomination-center.

Also, a candidate must have been a member of the Society for at least five continuous years, including at least two years of participation on

either a statewide committee or a chapter executive board, or a combination of both.

Once all the Nominating Committee petitions are received, if more than nine people are nominated, we hold a membership election to determine the nine petitioners to serve on the committee. If fewer than nine nominations are received, the Board will select the additional committee members, along with the two it designates under the bylaws.

Failure of the post office or any other person or entity to deliver a completed petition to the above address by 5 p.m. on Aug. 8, 2014, shall cause such petitions to be disregarded. In addition, any submission by email (including email submission of a petition in PDF format) or by fax shall be disregarded. Submission of a petition with any photocopied signature shall be disregarded.

First meeting date

The date set in the bylaws for the Nominating Committee to meet is Jan. 8, 2015. In recent years, the Nominating Committee has also met via conference call in December to prepare for the January meeting.

For more information

For additional information on the nomination process, contact NYSSCPA Secretary/Treasurer F. Michael Zovistoski at secretary-treasurer@nysscpa.org or NYSSCPA Counsel Brad Pryba at bpryba@nysscpa.org.

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NEWSMAKER

Former KPMG partner Scott London talks about his insider trading conviction

BY CHRIS GAETANO

Trusted Professional Staff

Last year, Scott London (pictured above), a former KPMG audit partner, pled guilty to sharing confidential data about firm clients with Bryan Shaw, a golfing buddy who used the information to buy and sell stocks. After cooperating with federal agents, Shaw was sentenced to five months behind bars; London, who had worked for KPMG for nearly three decades, reports for his own 14-month stint in a federal prison this month. *The Trusted Professional* caught up with London to discuss his very public downfall. What follows is an edited and condensed version of the interview.

Let's talk about Bryan Shaw, the friend to whom you gave inside information. How did you meet?

I met him at my country club, and we started playing golf around 1999, 2000 or so. Our kids are of somewhat similar ages, so we had common interests. We just hit it off and did things socially over a period of time, and advanced the relationship toward becoming very good friends. Sometime in 2010 ... I effectively crossed over a line and agreed to give him nonpublic information. That's when things changed.

Did you ever attempt to justify what you were doing?

I never really rationalized or justified it. If there was any rationalization, it was based upon my belief that the volume and activity of trading was low and therefore so small that, well, who could get hurt? Those types of thoughts would sometimes enter my mind, but most of the time I just wasn't thinking about it at all.

You had attempted to stop at one point but later started up again. What was going through your mind?

I've put a lot of thought into that. It started in November 2010 and then ended in May of 2012, and really, in defense, the reason we stopped was that his trading account was closed. He got a note from Fidelity that said they were very suspicious of some of his trading activity and didn't want him as a customer.

We said, 'This is stupid, we shouldn't do this,' and we mutually agreed to stop. And from May 2012 to January or early February of 2013 there was no discussion [about KPMG clients]. We went along with our friendship. We may have gone to Vegas for a Super Bowl trip. But then in late January, early February, it effectively started back up,

but only because he had been contacted by the FBI, who had set up the sting. [Ed. note: According to the New York Times, Shaw began to cooperate with authorities in order to catch London in the act of leaking information.] So the only reason we got back into it was the FBI. There was a series of phone calls, somewhere between four and six, from Shaw to myself, [with him] wanting to do this. I pushed back and said we were done and I didn't [want to continue]. ... He said, 'My business is still struggling, anything to help out,' and, ultimately, he just leveraged our friendship and I agreed to provide him with data again.

clusive events—I don't think you could attribute what went on with me to any weaknesses or flaws in the system of compliance that currently exists with firms, based on my experience with KPMG.

I think the bottom line is that firms do everything humanly possible to prevent violations. Normally, fraud is detected in a way that doesn't come through the audit process, and that's my situation here. It was detected by one of the regulators of unusual activity, but the bottom line is that the process at the firms is significantly robust to prevent typical activity.

lowered to do what I did, and almost every day I think, 'What the hell was I thinking—I know better!' It's something that will likely haunt me the rest of my life.

Beyond rules and regulations, though, did you think also of the morality of the situation?

I understood the moral consequences. I understood that I was using my position of trust, [of having] access to information other people didn't. I knew what I was doing was wrong. I acknowledge the lack of judgment, but I won't say I didn't know it was wrong. I knew that, and just like—if

"I knew those rules, I understood them, but I still allowed my professional standards to be lowered to do what I did, ... It's something that will likely haunt me the rest of my life."

—Scott London, former KPMG partner

What was it like breaking the news to your family?

My dad was a CPA. He passed away in 1999, which is a good thing, I think, because if he was alive to see what I did, I don't think he would be very proud of me.... It was hard telling my kids who I think had [me] up on a pedestal. They're in college and we always taught them pretty good morals and ethics. My kids are very well adjusted and understand values. And then I had to sit in front of them and say dad's going to get arrested and is going to lose his job. It was very difficult but, at the same time, my family has been very supportive, as have many of my friends. There is not one friend who was not supportive. So that's been a silver lining in this kind of thing.

In general, the CPA profession places a very strong emphasis on ethics and yet we clearly see that, in your case, there was a breakdown. Is there anything that you think could actually help to create more ethical CPAs?

I don't think there's anything wrong with the infrastructure and compliance processes at all the firms—I think the nature of the compliance process in KPMG and its systems are extremely robust. This is merely a case of one rogue individual making some personal mistakes and not seriously thinking through the repercussions they would have on friends, family, career, finances, clients and so forth. I believe these are mutually ex-

CPAs need to take ethics CPE every year. Do you think you failed it, it failed you, or both?

That is one of the things I'm least proud of. I took the ethics and compliance training for about 20 some odd years and I knew it—it was ingrained my head. I understood the independence rules, ethics and so forth. I was also in a position of having had to deal with noncompliance in my own firm, with people who had inadvertent independence issues, like taking out a loan from a bank that's a client—that's a serious independence violation.

I guess it was more perception over substance, though. I understood the rules, but there was just a complete lack of consideration of those rules when I did what I did. I knew those rules, I understood them, but I still allowed my professional standards to be

you want to throw in an analogy—if you have an affair and you're married, you know it's wrong, but there are reasons you want to do it. They're two completely different issues, but it's just human nature that sometimes you can't explain why you do what you do. I think the only explanation I have is I allowed personal emotions, vis-à-vis the friendship I had with Shaw, to get in the way of my ethical and moral standards, and that's part of being a human being. We make mistakes, and that is why I did it. It doesn't justify it—I know it was wrong. I'm totally to blame, but if you look for cause and effect, that could be it.

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Tweet Us!

Are Ethics CPE courses doing enough to prevent cases like Scott London's, or is there room for improvement?

Turn to our CPA Roundtable on page 22 to see what members had to say, and tweet us your thoughts @nysscpa #ethicsCPE.

Recognition

Continued from front page

would recognize revenue based on contracts: their creation, their breakdown into discrete performance obligations—that is, promises to transfer a distinct good or service—and their ultimate completion. Essentially, according to the standard, when performance

that not every step will be applicable to every transaction performed by every entity, and that the steps may not always be sequential.

New standard, new disclosures

Another big change stemming from the new standard is new disclosures. McConnell said that the boards tried to reach

mance obligations, and wondered whether it is logical to record a loss on the first day when, at the overall contract level, the entity is not expected to record a loss.

Though the boards did change the time-threshold provision, they did not switch to a materiality-based threshold. Instead, they said in the standard that “an entity need not

and one of the letter’s original authors, said she had positive feelings about the methodology proposed in the final standard.

“The whole concept of mapping—of going from point A to the final point of how you actually recognize revenue and disclose it—seemed to be pretty clear and seemed very thoughtful in terms of the way they took a look at this,” she said.

What she found interesting about the final product was that it seemed much more principles-based than rules-based, and could be compared more to guidance than rules. However, she also pointed out that it is the first major convergence standard to be completed by the two boards and was intended to be a new way of looking at things. She said it will be “interesting” to see how this plays out in the long run.

For public entities and certain nonprofits and employee benefit plans, the revised standard is effective for annual reporting periods beginning after Dec. 15, 2016. For nonpublic companies, the standard is effective for annual reporting periods beginning after Dec. 15, 2017, although earlier implementation is allowed back to years starting Dec. 15, 2016.

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The revised standard is meant to address what both boards saw as deficiencies in their current approaches to recording revenue in financial statements.

obligations are completed, the revenue is recognized. The boards offered a framework for conceptualizing the new standard, breaking things down to a five-step process.

The first step is to identify the contract with the customer. A customer is defined as a party contracted with an entity to obtain goods or services that are the output of the entity’s ordinary activities in exchange for payment, as opposed to a collaborator that shares the benefits, such as two entities that share development costs. Bauer said that nonrevenue contracts are scoped out of this standard, as are leases, insurance and financial instruments, which have their own rules. She added that guarantees and nonmonetary exchanges between entities that are in the same line of business are similarly scoped out.

Second, the entity identifies the performance obligations. These form the basic accounting unit to which entities allocate payment and recognize revenue. A performance obligation, Bauer continued, can be explicitly stated, as in a written contract, or implied through customary business practice.

“If a customer has a valid expectation of receiving a good or service, you may have a performance obligation,” she said.

Third, the entity determines the transaction price, which is the amount the entity expects to be paid in exchange for the promised good or service. It then allocates the transaction price to the performance obligations in the contract. The general rule, Bauer explained, is to allocate the price on a relative stand-alone selling basis; in limited circumstances, she added, discounts and variable consideration are allocated entirely to one or more performance obligations.

Finally, the entity will recognize revenue when it satisfies the performance obligation. Generally, the sale of a good will be recognized at a specific point in time, and the sale of a service will be recognized over time, though this may not always be the case.

Bauer said that, while the five-step process itself is not part of the standard, it helps to think of it in these terms. She also noted

a balance between the interests of users, who, for the most part, have wanted more disclosure, and preparers, who have generally expressed concern about the associated costs. In general, she said, the boards wanted to improve users’ ability to understand the judgments and decisions behind the entity’s accounting.

For example, she said, under the standard, the entity must disclose information about opening and closing balances of receivable contract assets and liabilities, rather than include a roll-forward. Moreover, an entity must disclose the transaction price related to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period—a requirement that can be satisfied by explaining when the entity expects to recognize that amount as revenue. And, according to the standard, the entity should disclose disaggregated revenue based on how the nature, timing and amount of revenue and cash flow are affected by economic factors. The implementation guidance, she added, includes several examples that may be used, sorted by factors such as types of good or service, geographical regions, market, or type of customer.

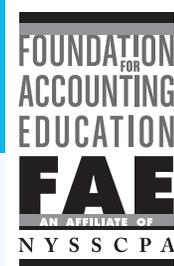
NYSSCPA members react

While the Society largely agreed with the proposal in its 2012 comment letter, it did express concerns over the standard’s application of performance obligations of more than a year (it felt that, instead of a time threshold, performance obligations should be booked based on materiality).

It also pointed out that an entity could reach different conclusions about nearly identical performance obligations, such as in a case where there is a performance obligation with anticipated completion in 11 months and another in 13 months, both estimated to incur a loss, allowing the entity to record the loss on one but to ignore the other. Further, the Society said an entity may have an overall profit on a contract but may still incur losses on individual perfor-

adjust the promised amount of consideration for the effects of a significant financing component” if the entity expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customer pays for that good or service will be a year or less.

In general, **Jo Ann Golden**, an NYSSCPA past president, a member of the Society’s Financial Accounting Standards Committee



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IRS

Continued from front page

practices. The section prescribed a series of rules and penalties for practitioners who offer a covered opinion—that is, written advice about a host of transactions or arrangements that the IRS considered outright, or within the ballpark of, tax avoidance or evasion.

Many complained that the criteria for what constituted a covered opinion was overly broad. To err on the side of safety, use of the disclaimer became ubiquitous, with practitioners hoping to protect themselves by prominently disclosing that the advice in a written communication is not intended to be used by the taxpayer to avoid tax penalties.

As it eliminated the covered opinions rules, the IRS noted that all the guidelines had done was increase the burden on practitioners and clients without actually improving the quality of work on the part of tax professionals.

“In many instances, these disclaimers are inserted without regard to whether the disclaimer is necessary or appropriate,” the IRS said in the updated regulation. “These types of disclaimers are routinely inserted in any written transmission, including writings that do not contain any tax advice.”

In place of Section 10.35, all written ad-

vice will now be covered by Section 10.37, which, rather than a set of specific standards, is described by the IRS as a collection of principles governing tax advice. Under the new rule, practitioners must “base all written advice on reasonable factual and legal assumptions, exercise reasonable reliance, and consider all relevant facts that the practitioner knows or reasonably should know. A practitioner must also use reasonable efforts to identify and ascertain the facts relevant to written advice on a Federal tax matter.”

Consequently, the service wrote, “Treasury and the IRS expect that these amendments will eliminate the use of a Circular 230 disclaimer in e-mail and other writings.”

The new guidance became effective as of June 12.

Barry S. Kleiman, chair of the Taxation of Individuals Committee, felt this was the right move, and agreed with the IRS that the disclaimers didn’t accomplish much.

“The disclaimer was being overused,” he said. “It would be on an email from my admin person telling me what the cafeteria had for lunch today, and on an email I sent to a client with a response to a question. It reduced the significance of it.”

David Sands, the liaison for the Rela-

tions with the Internal Revenue Service Committee, agreed.

The disclaimers, he said, were “very boilerplate,” and often ignored. “I’m not sure what protections it even gave you,” he added.

However, **Vincent J. Cosenza**, the immediate past chair of the Taxation of Individuals Committee, noted that the change also means that practitioners can’t use the disclaimer as a

shield and must be more cautious and aware of the nature of the advice that they give.

“You’ve got to put more thought into it to ensure it’s reasonable and that the purpose is not to avoid getting caught on an audit, which is a more aggressive approach,” he said. “They won’t catch it’ is something you can’t say.”

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UPCOMING INDUSTRY COMMITTEE MEETINGS

Construction Contractors	Thurs., July 24
Family Office	Tues., July 15
Internal Audit	Tues., July 22
Investment Management	Tues., July 8
Stock Brokerage	Tues., July 8

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

Interested in joining a committee?

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

UPCOMING CONFERENCES

CFOs, Controllers, Treasurers, and Financial Executives Conference	Wed., July 16
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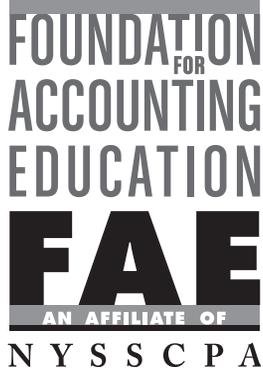
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September 23

October

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October 14

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October 20

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October 22

Anti-Money Laundering Conference

October 23

SEC Conference

October 28

Business and Industry Conference

October 30

November

Private Company Accounting and Auditing Conference

November 4

Investment Companies Conference

November 5

Public Schools Conference

November 12

Entertainment, Arts, and Sports Half-Day Conference

November 19

Auditing Conference

November 24

December

Real Estate Conference

December 4

Exempt Organizations Conference

December 9

Estate and Trust Administration Conference

December 11

Partnership Taxation Conference

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Society's ethics committee gives high praise to restructured conduct code

BY CHRIS GAETANO
Trusted Professional Staff

The AICPA launched its revised Code of Professional Conduct on June 2, via a new online platform designed to improve its ease-of-use. The code, which the NYSSCPA voted to adopt in May 2013, governs the conduct of every State Society member.

Though the AICPA is encouraging early adoption, the revised code becomes effective on Dec. 15, to give users ample time to adapt to the change in structure.

Approved in January, the revised code is the product of a six-year-long effort by the AICPA's Professional Ethics Executive Committee (PEEC) to make the information more accessible, so that users can "reach correct conclusions more easily," according to the AICPA's site. Members can view the code at <http://bit.ly/1m5ovY6>.

Jack M. Carr, chair of the NYSSCPA's Professional Ethics Committee (PEC), was enthusiastic about the new format.

"The prior code wasn't intuitively organized," he said. "The revised code is definitely much easier to follow. Someone who is, say, a business member and got two tickets to a show from a client can look

and find [the relevant rules for handling such a scenario] in less than five minutes."

The most significant difference between the old and the new code, according to **Debbie A. Cutler**, a past chair of the PEC, is mainly in how it's organized. To make retrieving information easier, the code is now broken down into several parts by line of business: members in public practice, members in business, and other members (those seeking employment, students and retirees). Each part is then organized by topic and, where necessary, subtopic or section.

The revised code "is intuitively arranged ... all while retaining the substance of the existing AICPA ethics standards," said Ellen Gorla, a senior manager of Independence and Special Projects for the AICPA's Professional Ethics Division.

Moreover, though the code had previously been available as a simple PDF file, its new online platform comes with tools that allow CPAs to conduct searches (a function that had been absent in earlier incarnations) and make use of personalization features. For example, users can create notes, save and bookmark searches and email different sections. The code can also be converted to a printable, date-stamped PDF file. To gain complete ac-

cess to all of the features of the revised code online, users must complete a one-time free registration, even if they are already AICPA members, Cutler said.

In terms of the revised Code, there have been comparatively few substantive changes, she added. The most significant is the addition of two conceptual frameworks for individuals in public practice and those in business (i.e., the threats and safeguards approach). In order to give members time to become familiar with the conceptual frameworks, their effective date is Dec. 15, 2015, one-year after the effective date of the revised code.

Additionally, there were substantive changes to guidance on ethical conflicts, loans and lending institutions, and blind trusts, while a new definition of attest client and expanded application in the areas of self-review threats; director positions; false, misleading or deceptive acts; billing for a subcontractor's services; attest engagement performed with a former partner; and use of the AICPA awarded designation, were incorporated.

As it stands right now, Cutler believes that, like other codifications in recent years, the biggest initial learning curve for the revised code will be its new number-

ing and citation system. The old version is based on a three-digit system, with an additional dashed number in the event of an interpretation.

The new code is totally different, she said, and takes the following format: X.XXX.XXX, with the first number being either one (public accounting), two (business), or three (other), depending on the part it refers to, followed by three more digits that point to a topic within the section, and another three digits that refer to a subtopic or section. Fortunately, the revised code also includes a mapping document that allows people to reference the old number citation system in order to find their placement in the new rules.

Indeed, Carr added, the only downside to the new code is that CPAs who are used to the old version will "now have to reacquaint [themselves] with it." However, Cutler said, the AICPA is planning training webcasts—one of which she herself attended—as part of the rollout and is developing a conceptual framework toolkit. The AICPA is also offering a video, available at <http://bit.ly/1olyicP>, for help in understanding how to navigate the revised AICPA code.

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AICPA criticizes new voluntary IRS registration program

BY CHRIS GAETANO
Trusted Professional Staff

The AICPA expressed concern about a voluntary program that the Internal Revenue Service (IRS) has introduced in the wake of a federal court decision striking its ability to directly regulate paid tax preparers, saying that the new initiative could confuse the public and lead to litigation.

The AICPA expressed its views in a letter sent to IRS Commissioner John A. Koskinen on June 24.

The program in question would allow tax return preparers to complete a continuing education program that includes a comprehension assessment, in order to be able to represent clients before the IRS on tax matters and get a certificate from the IRS that they can display in their offices, though they would need to take the test every year to retain certification. This measure was instituted when the U.S. Supreme Court struck down a mandatory preparer registration program for unenrolled tax preparers and was officially launched June 26.

Koskinen, in a speech on June 26, said that the IRS saw this program as a temporary measure, to be used until Congress enacts a

proposal that would give the service authority for mandatory oversight of return preparers.

“This voluntary program is not the ideal solution. But until legislation is enacted, we still have a responsibility to taxpayers and to our tax system to keep moving forward with our efforts to improve service to taxpayers,” he said.

However, the AICPA noted that there is no statute that authorized the program, and

mandatory, it does give an “overwhelming, compelled incentive to participate,” meaning that it would be *de facto* mandatory.

The AICPA chastised the IRS for not following the notice and comment requirement that other administrative procedures generally need to go through. Moreover, the IRS program, the AICPA said, runs afoul of the Paperwork Reduction Act—as the IRS did not seek approval from the Office

most intended to address is the least likely to actually sign up for this volunteer program.

It also brought up the argument that the program could potentially confuse consumers, as they are unlikely to be able to distinguish the precise differences between various preparers’ qualifications. It will be a struggle, the AICPA said, to explain to clients the difference between individuals with a preparer tax identification, enrolled agents authorized

The AICPA said the program is “arbitrary and capricious because it fails to address the problems presented by unethical tax return preparers who defraud their clients.”

the IRS’s existing authority does not give it an adequate legal basis to proceed with it, as federal agencies can only act on the power that Congress gives them.

“This fatal flaw cannot be overcome by the IRS. That no statutory provision prohibits such a program does not legitimize an otherwise illegitimate act,” the AICPA said in its letter.

Further, the AICPA pointed out that the program will inevitably be viewed as a way for the IRS to get around the court decision—while the current program is not technically

of Management and Budget to begin collecting personal information from return tax preparers—as well as Executive Order 12,866, which requires the IRS to perform a cost-benefit analysis of the program and feasible alternatives, in addition to getting approval from the Office of Information and Regulatory Affairs.

Further, the AICPA said the program is “arbitrary and capricious because it fails to address the problems presented by unethical tax return preparers who defraud their clients.” It noted that the group the program is

to prepare returns and represent clients before the IRS, and people who have used this new voluntary program.

Finally, the AICPA felt that the IRS has not devoted enough time to exploring alternative approaches to ensure that paid tax preparers are qualified and competent.

“In sum, it is essential that any regulatory approach instituted by the IRS to address this issue has a firm legal basis and reflects sound policy,” the AICPA said.

To read the AICPA’s letter, visit aicpa.org.

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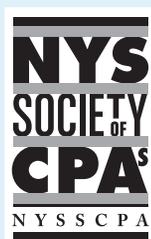
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Pressure builds for U.S. taxpayers with foreign accounts

BY ROBERT S. BARNETT, CPA, J.D., M.S. (TAXATION), and RENATO MATOS, J.D., LL.M (TAXATION)

The Foreign Account Tax Compliance Act of 2010 (FATCA) has manifested outside the United States in recent months, as a result of an agreement announced on Aug. 29, 2013, between the U.S. Department of Justice and the Swiss Federal Department of Finance (FDF). Recently, numerous Swiss banks have notified U.S. account holders that they must either provide evidence that their accounts have been properly disclosed to the IRS or confirm participation in the offshore voluntary disclosure program (OVDP). Failure to comply will likely result in the bank releasing information about the account and account holder to the Justice Department, which will then determine whether or not to pursue a criminal investigation and prosecution.

In addition to prompting international agreements, FATCA seeks to enforce U.S. tax and banking laws by requiring U.S. banks to withhold 30 percent of international fund transfers and by requesting that foreign financial institutions disclose account holders who might have failed to comply with U.S. tax obligations.

Under the Internal Revenue Code (IRC) and banking laws (i.e., the Bank Secrecy Act), U.S. residents and citizens—including those living outside the United States—have two primary reporting obligations to the Department of the Treasury. First, they must report all of their worldwide income (including income from wages and investments) and their interests in certain entities. Generally, such entities include corporations, partnerships and trusts organized outside the United States and not publicly traded. Second, pursuant to the Bank Secrecy Act, all U.S. taxpayers must file Form 114, Report of Foreign Bank and Financial Accounts (FBAR), reporting their financial interest in financial accounts outside the United States when the aggregate value of such accounts exceeds \$10,000.

Under U.S. law, noncompliant taxpayers face criminal prosecution and penalties that could exceed the undisclosed account's balance; however, taxpayers may become compliant and avoid criminal prosecution by entering into agreements with the IRS through the OVDP or related procedures, such as opting out or following the streamlined filing compliance procedures.

Offshore voluntary disclosure program

Under the OVDP, a U.S. taxpayer discloses

foreign bank accounts and amends returns for an eight-year voluntary disclosure period. Taxpayers must then pay taxes on all previously unreported income, along with a 20 percent accuracy-related penalty on such taxes. In addition, the taxpayer pays one of three nonnegotiable penalties based on the highest annual aggregate account balance that the taxpayer has previously failed to disclose. These OVDP penalties are applied in lieu of the FBAR penalty under the banking law, penalties under the tax code, and potential liabilities for years prior to the voluntary disclosure period:

- **27.5 percent OVDP penalty.** The standard penalty equals 27.5 percent of the highest annual aggregate account balance during the voluntary disclosure period. This penalty applies in the majority of OVDP cases and, while substantial, it provides amnesty from criminal prosecution for non-compliance.

- **12.5 percent OVDP penalty.** A taxpayer will qualify for a 12.5 percent penalty if the taxpayer's highest aggregate account balance, in each of the years within the voluntary disclosure period, is less than \$75,000.

- **5 percent OVDP penalty.** A taxpayer qualifies for a 5 percent penalty if the taxpayer falls within one of the following three

categories, two of which apply to U.S. taxpayers living outside the United States (foreign resident):

- **De minimis.** To qualify, the taxpayer 1) must not have opened or caused the account to be opened; 2) must have exercised minimal, infrequent contact with the account; 3) must not have withdrawn more than \$1,000 from the account in any year the taxpayer was noncompliant and 4) must establish that all applicable U.S. taxes were paid on funds initially deposited to the account.

- **Unaware foreign resident.** The taxpayer must be a foreign resident who was unaware of being a U.S. citizen.

- **Compliant foreign resident.** The taxpayer must 1) reside in a foreign country, 2) have shown good faith in that he timely complied with all tax reporting and payment requirements in the country of residence, and 3) have less than \$10,000 of U.S. source income each year.

Opting out

Before or after entering the OVDP, a taxpayer may irrevocably elect to opt out of the OVDP's rigid penalty structure. In such

See Foreign Accounts, on page 12



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Foreign Accounts

Continued from page 11

a case, the IRS will examine the taxpayer's former noncompliance under the IRC, the Bank Secrecy Act, and their accompanying regulations. Generally, a six-year statute of limitations applies, as opposed to the OVDP's eight-year disclosure period. Pro-

tection from criminal prosecution is generally provided to the taxpayer if the opt out occurs after entering the OVDP.

ment. Evidence of willfulness includes letters from the IRS (or other entities) to the taxpayer informing of the FBAR filing responsibility or the taxpayer's previous FBAR filings.

•**Nonwillful penalty.** Where the IRS cannot prove that the taxpayer was willful in failing to file, the penalty is \$10,000 per account annually.

Streamlined filing compliance procedures

The streamlined filing compliance procedures are designed for U.S. citizens living abroad. They require tax returns for a three-year period, as well as filing delinquent FBARs for a six-year period. Eligible taxpayers are only responsible for any U.S. back-taxes and do not pay any FBAR penalties.

tion is limited in scope, and only minimal IRS guidance for its use exists.

Implications

As FATCA and the Justice Department break down international legal barriers, it's important for noncompliant U.S. taxpayers living in the United States or abroad to consider the options discussed above.

There are many complexities associated with becoming compliant with U.S. tax laws and banking laws. Each taxpayer's situation is different and requires a thorough, individual analysis. For this reason, noncompliant individuals are urged to seek legal advice from U.S. counsel knowledgeable regarding the relevant U.S. laws and IRS procedures

As FATCA and the Justice Department break down international legal barriers, it's important for noncompliant U.S. taxpayers living in the United States or abroad to consider their options.

tection from criminal prosecution is generally provided to the taxpayer if the opt out occurs after entering the OVDP.

Generally, under the Bank Secrecy Act, there are three levels of penalties for the failure to file FBARs:

•**Willful penalty.** The penalty equals the greater of 50 percent of the highest account balance or \$100,000 per account annually. The burden is on the IRS to prove that the taxpayer was willful (i.e., knew of or was willfully blind) concerning the FBAR filing require-

•**Nonwillful penalty with reasonable cause.** Where the taxpayer had reasonable cause for failure to file, the IRS will not impose penalties. The taxpayer must show proof of reasonable cause, which includes reliance on a tax professional.

At all three penalty levels, taxpayers can negotiate based on facts and circumstances in their particular case. The willful and non-willful penalties can be mitigated or lowered based upon certain criteria, including the size of the undisclosed account.

To be eligible, a taxpayer must 1) have resided outside the United States since Jan. 1, 2009, 2) have not filed a U.S. tax return during the same period and 3) present a low compliance risk. A variety of factors apply in determining the existence of low compliance risk, including whether the taxpayer owes less than \$1,500 in taxes for each year being disclosed, has declared all income in the country of residence, and has a financial interest in an account located outside the resident country. Although seemingly "streamlined," this op-

Robert S. Barnett, CPA, J.D., M.S. (Taxation), and Renato Matos, J.D., LL.M. (Taxation), are partners at Capell Barnett Matalon & Schoenfeld LLP, where they focus primarily on taxation matters, both domestic and international. The authors would like to thank Mikhail Lezhnev, J.D., an associate at their firm, for his assistance in preparing this article.



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War Story: when no good deed goes unpunished

Sometimes, fulfilling a client's request to share information with a third party can be trickier than it sounds

BY SUZANNE M. HOLL, CPA

Editor's Note: "War Stories," drawn from Camico claims files, illustrate some of the dangers and pitfalls in the accounting profession. All names have been changed.

T eddy Easley, a CPA, was contacted by one of his larger tax clients, Bill Hugo, who said that in order to qualify for a mortgage refinance, he would need Easley to write a letter verifying that Hugo was self-employed, his business was financially sound and that he was creditworthy.

At first blush, Easley gave little thought to his client's request. He had been preparing Hugo's tax returns for several years, and from all appearances, Hugo was the successful owner of an appliance dealership that had been a fixture in the region for more than two decades.

When Easley began to compose the letter, though, he started to think about the fact that he had never really verified the tax return figures that Hugo had provided for him. Easley realized that a letter verifying the sound financial footing of Hugo's dealership was more of a business projection or forecast, since all he had ever done for Hugo was tax preparation based on the information Hugo gave him.

As Easley considered his own misgivings, he received a call from Hugo's mortgage broker, Sam Leghorn, who had been doing

business in the area for many years. Easley mentioned his concerns to Leghorn, who told him that the dealership was obviously a financially sound business and had been for the 20 years that Leghorn had known Hugo. Leghorn also asserted that Hugo would not qualify for the refinancing unless Easley provided the verification letter.

Soon after Easley's conversation with Leghorn, Easley received a call from Hugo imploring him to provide the letter. Hugo also mentioned the possibility of going to a more cooperative CPA firm, not only to obtain such a letter, but for other services as well—a clear implication that Easley might lose Hugo as a client.

Easley ultimately provided the letter, stating, in part, that Hugo was self-employed in the appliance business and that his business would continue to operate on a sound financial footing. The mortgage company, Creative Financial Group, approved the refinancing, based, in part, on Easley's letter, but Hugo did not receive nearly as much in proceeds from the refinancing as Leghorn had led him to believe.

Hugo's appliance business had actually taken a turn for the worse, and he needed all of the proceeds he thought he was going to receive in order to pay some large debts and keep his business afloat. He was now unable to make his loan payments, and Creative Financial Group foreclosed on the loan.

Creative also filed a lawsuit against Easley,

alleging damages of \$85,000 from Easley's negligent misrepresentation of Hugo's finances.

How to mitigate risks when responding to third-party requests

There are a number of protective measures a CPA should take when responding to a third party's request for information about a client:

- Be sure to receive written consent from the client before disclosing tax return information in a context other than the preparation and filing of tax returns, as directed by Section 7216 of the Internal Revenue Code (IRC).

- Document only facts, including the services performed. Refrain from speculation or comments regarding future events (e.g., forecasted future income or contingencies).

- Avoid making conclusions that were not part of the services rendered to the client (i.e., do not make assurances regarding the accuracy or completeness of the information provided, unless the scope of services enables you to provide such assurances).

- Do not provide any form of assurance regarding matters of solvency.

- Stay away from words that expand—rather than narrow—your responsibilities. Keep the language of the letter simple and clear.

Conveying limits to clients

In addition to taking the steps above, CPAs should also educate their clients about

what can and cannot be provided to a third party. This includes—

- having a conversation with the client regarding the scope and limits of the services rendered,

- clarifying for the client what can and cannot be provided under the scope and limits of the services rendered,

- explaining that you are unable to provide an assurance opinion on the client's financial position when you have not performed the requisite scope of services to do so, and

- stating that professional standards for CPAs prevent you from providing any form of assurance regarding matters of solvency.

It's important to follow these guidelines—even when the client or financial institution gives you little or no time to act.

Suzanne M. Holl, CPA, is senior vice president of loss prevention services at Camico (www.camico.com). With more than 18 years of experience in accounting, she draws on her Big Four public accounting and private industry background to provide Camico policyholders with information on a wide variety of loss prevention and accounting issues.

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

As an adjunct professor, I consider it my good fortune to be in regular contact with the next generation of CPAs because it has taught me a valuable lesson: Sharing experiences and transferring knowledge can be a two-way street. Though we veteran professionals have accumulated expertise to share with aspiring and younger CPAs, we can also learn a few tricks from them as well.

One area where I've found this to be true is in NextGeners' street-smart use of Excel. Like many professionals, I first learned Excel on the job. As a result, I often feel like I'm playing a game of catch-up—I continue to discover features that I wish I had learned a long time ago. On the other hand, I find that younger people, whether they're students or staff, have an intuitive sense about this and other applications, and have identified productive ways to use Excel that I wouldn't have thought of.

I've listed a few of my favorite Excel features below. (I actually found out about them while doing statistical research to improve my fantasy baseball team!) In addition, I asked four NextGeners to share some of their favorite tips as well. These aren't complicated tricks—I like them in part because they're so simple; if you're not already using these features, you can easily incorporate them into your routine. Thanks to my students at SUNY-College at Old Westbury, for their help with this column.

1 Import table data from the Web

The Internet has an endless supply of tables with useful data that can be analyzed, such as government economic research tables or financial tables used for investment decisions. When working in Excel, if you first select the "Data" tab and then hit the

"From Web" tab, you'll get a Web prompt query. Enter the Web address containing the data you wish to drop in. You'll be prompted to click on the tab you're interested in (it will turn green once you have) and select "Import." The table will then be downloaded into your spreadsheet, allowing further analysis.

2 Make conditional formatting your friend

Sometimes, you need to interpret data at a glance. For example, you might be presenting information to a client who prefers visuals to words. Located on the Home rib-

bon, the conditional formatting tab allows you to automatically color code conditions that appear in the data, using, for example, top-bottom analysis (e.g., top 10 percent, bottom 10 percent). You can also create bar graphs that compare one cell to a range of cells or quickly identify and color code duplicates and other relationships.

3 Filter by color

OK—it isn't the most complex feature, but it's a great convenience and an especially useful tool for those of us (yes, myself included) who have simple sorting needs. You assign a color to a particular type of record and then filter records based on the color,

rather than traditional filter focuses. You can find this feature on the Data>Sort ribbon.

Now, here's some advice from my Next-Gen friends:

Ryan Steinberg

Student, SUNY-College at Old Westbury, M.S. in Accounting, Class of 2015

For help in mastering Excel, visit ExcelExposure.com, which offers a free online class designed to help the user learn the application. The site provides lectures

or sometimes complex formulas, can get very confusing when you're trying to figure out exactly where all the numbers come from. However, Excel supplies helpful tools called Trace Precedents/Dependents, which can be found on the formula auditing toolbar of the "Formulas" tab. In order to use these tools, simply highlight the cell in question and click the button. The Trace Precedents button will create arrows to every cell that is used in the specified formula, while the Trace Dependents button will point to every formula that uses that cell. If the formula uses cells on a different tab, a little box will appear. Double clicking the box will give you the option of going to those cells.

Another tool that Excel has to help with complex spreadsheets is the Name Manager. It's located under the defined names toolbar of the "Formulas" tab. It allows you to give a name to a cell or range of cells, and then use that name in any formula referencing the cell(s). Using this, you can more easily identify the different elements that are in play in a formula, instead of trying to figure out which cell or range is being referred to.

Alyssa Contarino

Audit Intern at a top-20 firm in New York City

The Excel functions SUMIF, COUNTIF and AVERAGEIF can be used to analyze large amounts of data by grouping identical characters within a certain range. In order to do this, the criteria you're looking for must be defined. When analyzing data, you can use SUMIF to add, COUNTIF to count the cells or AVERAGEIF to average the criteria you are looking for. The data will only be summed, counted and averaged if the criterion for the range is true. By using this tool, the amount of time spent analyzing

Tweet Us!



Do you have any Excel tips or tricks up your sleeve?

Share them with us @nysscpa #Excel.

and tutorials on everything from basic formatting to the VLOOKUP function, which retrieves information based on a unique identifier, and Pivot Tables, a data summarization tool. The lessons are in-depth and can help beginners as well as more advanced Excel users in refining their skills. This, paired with the master workbook that is provided, makes for an indispensable tool that any accounting professional can utilize.

Mica Fink

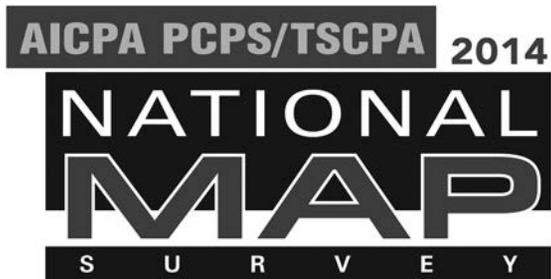
IT Auditor, CohnReznick LLP

Excel spreadsheets, especially ones with many

Continued on page 15

DID YOU KNOW?

Last year, a University of Hawaii study revealed that the vast majority of spreadsheets—88 percent—have errors in at least 1 percent of all formula cells. Given the size of many spreadsheets, having just one error can cause cascades of inaccuracies that can lead to conclusions that are themselves erroneous. This isn't a case of a computer glitch, either—in most instances, the problem was simple human error, such as basic arithmetic mistakes, according to the study.



The country's largest CPA firm practice management benchmarking survey is now live!

This survey is brought to you by AICPA's PCPS (Private Companies Practice Section) and the TSCPA (Texas Society of CPAs), who are pleased to welcome back Aon Insurance Services as a proud survey sponsor.

Targeted benchmarks will include billing rates, chargeability ratios, compensation, and other key performance indicators. The value of these benchmarks depends on broad participation among CPA firms.

The survey is open to all public accounting firms* — please participate!

You can access the survey here: map.pcps.org. You'll be prompted for your information, and an email with personalized sign on information will be sent to you at that time.

The survey will close Thursday, July 31.

For more information, please visit www.aicpa.org/mapsurvey.

*You do not need to be a member of AICPA PCPS or TSCPA to participate.

Tech

Continued from page 14

ing data is significantly reduced, and you are able to work more efficiently in Excel.

Lauren Rendina

Staff Auditor, Marks Paneth LLP

Though the DATEDIF function is undocumented in Excel, it's one of the most useful date-related calculations formulas that can be used by an auditor in many of his or her audit procedures.

The syntax of the DATEDIF function is as follows: “=DATEDIF (Start Date, End Date, Interval).” It calculates the difference between time intervals by using a start date and end date, along with an interval of time. The interval is expressed in either “d” for days, “m” for months or “y” for years, depending on what you are trying to calculate.

The most common application of the formula for auditors is for testing the accuracy of dates in an aging report. For instance, a practitioner may use the function to determine the accuracy of an accounts receivable aging report. The purpose of using the DATEDIF function is to verify that each accounts receivable transaction has been aged correctly and is in the correct aging “bucket.”

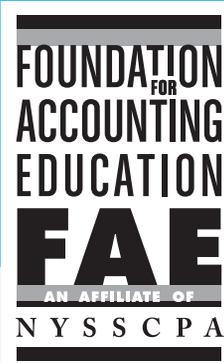
Here's how it works:

If the invoice date is 11/15/13 and the aging report date is 12/31/13, we would express the DATEDIF formula interval in days, and the formula would be written as “=DATEDIF (11/15/13, 12/31/13, d).” The result of the calculation is 46 days—the number of days between the invoice date of 11/15/13 and the date the aging was run, or 12/31/13. The auditor would then verify that this invoice is included in the correct bucket, which would be 31 to 60 days outstanding.

When the DATEDIF function produces a negative amount or an error message, the auditor should review these invoices, as the error or negative amount indicates that the invoice date is after the audit period and could be a prebilling.

Other applications of the DATEDIF function include interest calculations, as well as the ability to calculate the amount of time between when products are purchased and payment is made. By using the formula, practitioners are given useful, accurate data in a short amount of time.

Joel Lanz, CPA/CITP, CFF, CISA, CISM, CISSP, CFE, is the sole proprietor of Joel Lanz, CPA P.C., and an adjunct professor at SUNY-College at Old Westbury. He is a member of the NYSSCPA's Technology Assurance Committee and The CPA Journal Editorial Board.



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Adair to Young CPAs: leadership is a verb, not a noun

BY CHRIS GAETANO
Trusted Professional Staff

You can hit the management books, sign up for the executive coaching and attend the weekend leadership retreats. But according to NYSSCPA President **Scott M. Adair**, when it comes to sharpening leadership skills, information is useless unless it's paired with action. Speaking before an audience of budding professionals at NextGen: The Conference for Young CPAs in June, Adair said that leadership is less about what you are and more about what you do. It's not an identity, he explained, but rather, a manifestation of actions you've taken that make people want to follow you.

"Being an effective leader is ultimately about getting things done," he explained.

The NextGen Conference was hosted by the Society's Foundation for Accounting Education, with identical sessions held in two locations—Melville, N.Y., and Rochester.

As part of the NYSSCPA's broader NextGen initiative, which arms those at the start of their careers with professional development services and networking opportunities,

the conference offered practical advice on preparing for the CPA Exam and understanding various types of certifications. It also focused on soft skills, such as leadership, time management and business communications—areas in which young people often come up short. Indeed, in a recent survey of more than 3,000 people by Bentley University that included millennial students, recent grads and employers, 55 percent of business managers and 60 percent of corporate recruiters said they wish that new grads had honed more of their soft skills in college.

During his talk, Adair said that the business world looks to CPAs for leadership because they, by nature, are smart, level-headed people who aren't "going to go off on some half-baked idea." Rather, he said, as trusted professionals, they can be counted on to provide reasonable assurance that something can be done—and be done in a way that is in the best interests of the organization.

"People think you're just a numbers cruncher, but we are so much more than that to our communities," he said. "Who do [the leaders in our communities] go to when they need something done? They turn

SPECIAL CONFERENCE COVERAGE



Speaking before an audience of budding professionals at NextGen: The Conference for Young CPAs in June, NYSSCPA President Scott M. Adair said that leadership is less about what you are and more about what you do.

to the accountants."

To prove his point, he asked the audience to name the last time they had missed a deadline. No one raised his or her hand. "If I give you a project, you're going to get it done, one way or another. That is being a leader in and of itself."

Still, while Adair said that he learned about leadership largely by doing his best to be a good CPA, he added that it also pays to find role models and study the positive examples around you.

"Watch partners, watch presidents of companies, watch vice presidents of compa-

nies," he advised. "Take from the multitudes of them."

Moreover, though CPAs tend to be a risk-averse crowd, a natural component of leadership is learning how to stick your neck out, he added. Using himself as an example, he explained that he's generally not one to raise his voice. So, when he did decide to speak up, both in the office and at the Society, he knew it would mean stepping out of his comfort zone.

See YCPA, on page 17

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CPAs who volunteer give a little, get a lot

BY CHRIS GAETANO
Trusted Professional Staff

Nonprofit organizations across New York state are in dire need of CPA volunteers, especially in light of recent changes to the state's nonprofit laws that call for more active financial oversight, said **Stephen T. Surace**, a past Utica Chapter president, at NextGen: The Conference for Young CPAs, on June 6.

Surace, who is the CFO and vice president of Adjusters International, Inc., a disaster recovery consulting organization, sits on the boards of several community groups, including the United Way, and is a member of his church's finance committee. He led a session at the conference entitled, "How to Use Your Skills to Give Back to the Community."

He said that, in his experience, while many members of nonprofit boards are adept in different areas, they often have a

have intense day jobs, Surace said that it's important to give back. If we don't do it, he said, who will?

Volunteering your time as a CPA can also yield benefits, he added. For example, it can be great for networking because people not only learn your name, but they also learn to associate it with competence, which may lead to client referrals. Moreover, he said, it can be great for professional development, especially if you're new to the profession.

By volunteering, "[you can] be involved in a lot of high-level conversations that can add so much value ... this is a great way to develop skill sets at an early age," he said.

Of course, he added, it's important that you approach these things with the right mindset: Your goal can't be just to network. He also said that it's important to have fun volunteering by getting involved in something that you care about and are interested in. For example, he continued, outdoorsy types



Stephen T. Surace, a past Utica Chapter president who led a workshop on volunteering at the NextGen Conference, said that giving time to a worthy cause can also yield benefits.



contact information at nysscpa.org/page/about-us/chapters or by contacting Lelia Dickenson, the NYSSCPA's Manager

it's the [Political Action Committee], the Real Estate Committee or the Construction Committee," Surace said.

Though volunteering might seem exhausting for professionals who already have intense day jobs, it's important to give back. "If we don't do it, who will?" —Stephen T. Surace, NextGen Conference speaker

hard time making sense of an organization's financial issues. On numerous occasions, he explained, he's received a call from one of his friends in the community complaining about a huge problem, only to find that they were struggling with something that, for a CPA, is trivial and easy.

"All these nonprofit boards are saying, 'Oh my god, I need help, and I need people with specific financial backgrounds!' i.e., CPAs," Surace said.

Though volunteering might seem exhausting for professionals who already

might consider volunteering with a land management corporation. "That buys all the land in the park."

In addition to lending a helping hand to nonprofits in the community, Surace also encouraged young professionals to give back by volunteering their time with the NYSSCPA.

At the next chapter CPE event you attend, he said, "Go to the person collecting signatures out front and say, 'Hey, do you guys need any help?' ... You're there anyway." (Members can find chapter

of Chapter Relations, at ldickenson@nysscpa.org.)

The same is true for statewide committees, he said. "Being involved in any of the committees is pretty simple, and you gain a lot of knowledge when you're on it, whether

For more information on committees, visit www.nysscpa.org/epass/Committees/CommitteeListing.aspx or email Nellie Gomez, Manager, Committees, at ngomez@nysscpa.org.

cgaetano@nysscpa.org

YCPA

Continued from page 16

"I never expected to be the president of the State Society. I never had a desire to be president," he said. "I always thought that was too much work, or I didn't have time for it. But if the opportunity presents itself, [you've] got to step outside [your] box and do it."

He encouraged attendees to start finding and creating their own opportunities by becoming active participants in the Society themselves, and taking leadership roles in a chapter or committee.

"If you think about nothing else, think about getting more actively involved in the

NYSSCPA," he said.

In the end, Adair shared that he was happy simply to see all the young professionals in the audience. NextGen Conference attendees, he said, made the active decision to invest in their own future and put their best foot forward.

"I'm not concerned about the people in this room. I'm worried about the people outside of it," he said. "You want to be the next generation of CPA leaders. And you will be."

cgaetano@nysscpa.org

The NextGen has its say

Where do young CPAs stand on some of the hot-button issues the profession is grappling with? *The CPA Journal*, the NYSSCPA's flagship publication, will take an in-depth look in its August 2014 issue, with a special cover story on the accounting world's next generation. As part of the package, the *Journal* held a roundtable discussion with young CPAs **Somya R. Munjal**, **Jordan Frey**, **Rumbi Bwerinofa-Petrozzello** and **Michael R. Durant** on June 25 at the NYSSCPA's Wall Street office. Moderated by *Journal* Editor-in-chief **Maria L. Murphy**, the discussion explored what the profession can do to attract new members, the role of technology in a rapidly changing professional environment, and lessons that can be learned on both sides of the generational divide, among other things. "We wanted to give our young members a forum to discuss the issues," Murphy said. To read the conversation, be sure to grab your copy of *The CPA Journal* in August.

—Chris Gaetano



CHAPTER NEWS

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Buffalo to tackle PCC and more at annual Summer Symposium

BY THOMAS BURNS
Buffalo Chapter President

As I prepare to start my term as Buffalo Chapter president, I am excited to have the opportunity to influence and encourage young CPAs in Western New York and eager to attend more chapter events and meet with members. I look forward to the summer months ahead and to attending our 12th annual Summer Symposium.

The Symposium, which will be held at the Millennium Hotel on July 22–23, will feature a variety of topics including ethics, audit efficiency, insurance, Service Organization Control (SOC) reports and Private Company Council (PCC) updates from Michael Cheng, the PCC Coordinator for the Fi-

ancial Accounting Standards Board. It will also offer updates on the financial reporting framework for small and medium-sized entities, business valuations and the ABCs of executive presence. Thank you to the A&A Committee for another outstanding lineup.

The Buffalo Chapter sponsored the attendance of six individuals at the Foundation for Accounting Education's NextGen Conference held last month in Rochester. The young CPAs also hosted a CPE and networking event on June 12 at Classics V in Amherst. Jonna L. Martin of AdvanceMe Associates gave a presentation on the topic of personal branding. Thank you to everyone who attended the events and the firms that supported these efforts.

Our Cooperation with the Risk Management Association (RMA) Committee,

headed by **Paul E. Kiel**, held its annual Banker and CPA mixer on June 11 at Frank Lloyd Wright's Fontana Boathouse on the Niagara River.

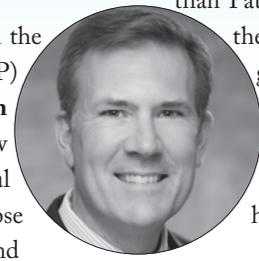
Our Career Opportunities in the Accounting Profession (COAP) program, led by **Ann Burstein Cohen**, was held in June. Now in its ninth year, this successful program offers students a glimpse of the accounting profession and encourages them to choose a career in accounting. I look forward to the banquet on July 2 at the historic Hotel Lafayette.

I would like to thank **Patricia A. McGrath** once again for her dedicated service to the Buffalo Chapter as the 2013/2014 president. She has been a great leader and

role model and is a strong supporter of the young CPAs. I plan to continue that mission. Although I am a little more reserved than Pat, I still have a strong passion for the State Society. I am awed by the great people who came before me and hope to follow the example they've set. I'm still trying to find the answer to Pat's riddle from her President's Message in the May *Trusted Professional!*

The Buffalo Chapter needs more interested people like you to bring fresh ideas and a commitment to excellence. Let me know if you are interested in joining one of our committees, and I will get you involved!

tburns@lumsdencpa.com



THOMAS BURNS
Buffalo Chapter President

Nassau boosts levels of interaction

BY ROBERT S. BARNETT
Nassau Chapter President

I look forward to the upcoming year as the 61st president of the Nassau Chapter and to working with my chapter officers, board and committee members. I would like to thank all those who attended and supported the installation on May 8 and helped to make the event a positive reflection of our chapter and the Society. With the support of our sponsors and attendees, we were able to raise more than \$75,000 at our Installation Dinner, which will benefit charities such as the Long Island Community Foundation, Long Island GLBT Services Network, the ASPCA and the Crohn's & Colitis Foundation of America. I hope to have as much success with all of the other events to be held in the upcoming year.

The Nassau Chapter Golf Outing was held on June 12. Following that we had another great charity event, the Ellen Gordon CPAs 4(a) Cause 5K Run/Walk to End Hunger, on June 14 at Eisenhower Park. All funds raised will benefit the hunger relief organization Island Harvest. We were anticipating up to 300 participants, but the turnout exceeded our expectations—we had 350 attendees instead.

We hope that attendance at the next year's event will continue this upward momentum.

I wish to thank my predecessor, **Scott Sanders**, for his leadership and vision. Our new Financial Literacy Committee is off to a great start. We held a successful event to introduce financial literacy to children and young adults.

Our Career Opportunities in the Accounting Profession (COAP) program at Adelphi University started on June 28 and culminated with a banquet on July 2. This year, our program includes diverse events spanning an array of topics, from business technology to professional presentation and etiquette. The students had an opportunity to visit local CPA firms. Nassau and Suffolk Chapter young CPAs will be hosting our Third Annual Super-Sized Networking event on Aug. 7. Please invite anyone you know who would benefit from this opportunity.

In the upcoming year, I hope to introduce intercommittee events in order to generate better attendance and interactivity. We are also anticipating various new member activities and promotions. I look forward to an exciting and productive year. I am honored by this opportunity and look forward to working with everyone throughout the year.

rbarnett.nassauchapter@cbmslaw.com



ROBERT S. BARNETT
Nassau Chapter President



Headlines

Tax Stringer. The Trusted Professional. The CPA Journal. CPA Blog.



Get all your accounting news in one place.

The E-Zine has gotten a new look, feel and name—NYSSCPA Headlines.

Check bit.ly/SocietyHeadlines to ensure that you're signed up for it, and news about the profession from publications you trust will hit your inbox each Tuesday.

CHAPTER EVENTS AND CPE

BUFFALO

Young CPA Taste of Buffalo Event

When: July 12–13
Where: One M&T Plaza, Audit, 16th Floor
Contact: Ashley Blecha at asmigelski@mtb.com

Buffalo Summer Symposium

When: July 22–23
Where: Millennium Hotel, 2040 Walden Ave.
Contact: Gregory Altman at GAltman@somerset1.com

MANHATTAN/BRONX

Asset Preservation and Estate Planning for Seniors and Their Families

When: July 29, 6–8 p.m. (5:30 p.m. registration)
Where: FAE Learning Center, 14 Wall St., 19th Floor
Cost: \$25 members; \$35 nonmembers; \$45 walk-ins
CPE: 2 (accounting)
Course Code: 29156504

2014 Economic Outlook Update—National and Regional

When: Aug. 20, 6:20–8:10 p.m.
Where: FAE Learning Center, 14 Wall St., 19th Floor
Cost: \$20 members; \$25 nonmembers. Attendees must register in advance.
CPE: 2 (specialized knowledge and applications)
Course Code: 29150503

Creating and Actualizing Vision (2014/2015 Professional Skills Enhancement Series, 3 of 3)

When: Sept. 9, 6–8 p.m.
Where: FAE Learning Center, 14 Wall St., 19th Floor
Cost: \$25 members; \$35 nonmembers; \$45 walk-ins
CPE: 2 (advisory services)
Course Code: 29152502
Contact: Barbara Marino at bmarino@thehackettgroup.com

QUEENS/BROOKLYN

Joint Queens/Brooklyn/Northeast Chapter Event: SBA

Business Lending
When: July 17, 9–10 a.m.
Where: Liberty Warehouse, 260 Conover St., Bklyn.
CPE: 1 (advisory services)
Course Code: 29163501
Cost: Free
Contact: Akshay Shrimanker at shaycpa@gmail.com

SOUTHERN TIER

Young CPA Picnic at the Binghamton Mets

When: July 9, 6:35 p.m. (game time); 7 p.m. (in-game picnic in the left field picnic area)
Where: NYSEG Stadium, 211 Henry St., Binghamton
Cost: \$20 per person
Contact: Marisa Colonna-Garrow at mcolonna@pnlcpa.com

Private Company Accounting and Auditing Update

When: July 23, 8 a.m.–4 p.m.
Where: DoubleTree Hotel, 225 Water St., Binghamton
Cost: \$250 members; \$275 nonmembers
CPE: 8 (4 accounting, 4 auditing)
Course Code: 11112561
Contact: Miranda Klish at mklisk@jlscca.com (607-723-8216)

STATEN ISLAND

Staten Island Chapter Annual Staten Island Bus Trip

When: Aug. 14, 8:15 a.m.–7:45 p.m. (Bus leaves at 8:30 a.m. sharp. Return time is approximate.)
Where: Showboat Resort (Bus leaves from Luten Ave., off Ambay Road.)
Cost: \$30 per person
Contact: Rosemarie Giovinazzo-Barnickel at rgbcpa@nysscpa.org

Income Taxation of Trusts and Estates

When: Oct. 8, 6:30–8:30 p.m.
Where: Bocelli Restaurant
CPE: 2 (taxation)
Course Code: 29076501
Contact: Rosemarie Giovinazzo-Barnickel at rgbcpa@nysscpa.org

SUFFOLK

Tax Planning Under the Revised New York State Trust Accounting Income and Principal Rules

When: July 16, 8:30–11 a.m.
Where: Capital One Bank, Executive Dining Room, 275 Broad Hollow Road, Melville
Cost: Free
Contact: Seymour Goldberg at info.goldbergira@gmail.com

Nine and Dine in Riverhead

When: July 16, 2 p.m.
Where: Cherry Creek Golf Links, 900 Reeves Ave.
Cost: \$50 per person (includes golf and a BBQ dinner)
Contact: John Spatola at jspatola@nslpcpa.com

Tax Planning Under the Revised New York State Estate Tax

When: Aug. 5., 8:30–11:00 a.m.
Where: Capital One Bank, 131 Portion Road, Ronkonkoma
CPE: 2 (taxation)
Course Code: 29086504
Cost: Free
Contact: Seymour Goldberg at info.goldbergira@gmail.com

Young Professionals Golf Classic

When: Sept. 23, 8:30 a.m.
Where: Hamlet Willow Creek
Contact: John Manley at jmanley@avz.com

SYRACUSE

Annual Ethics Update/Clambake

When: Aug. 19, 2–4 p.m. (ethics); 4–7 p.m. (clambake)
Where: Hinerwadel's, 5300 W. Taft Road, North Syracuse

UTICA

New York State Estate Tax Changes

When: July 16, 8:30–10:30 a.m.
Where: Radisson Utica
Cost: \$30 members; \$40 nonmembers
CPE: 2 (taxation)
Course Code: 45106501
Contact: Brian Reese at brian@rfcpa.net

Utica Annual Golf Outing and CPA Ethics Update

When: Aug. 25, 10am (12:00pm Shotgun Start)
Where: Skenandoa Club, Clinton NY
Cost: \$100 per person golf, \$40 for CPE session
Contact: Robert Ritz at rritz@darangelo-cny.com



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- Hear case studies from cyber security leaders
- Gain need-to-know info on assurance and privacy
- CPE Credit: 8

FAEVP

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Get ready! Chapter meetings are coming

BY EDWARD F. ESPOSITO
Queens/Brooklyn Chapter President

The Queens/Brooklyn Chapter just hosted its first CPA and Attorney Networking Party at a fine restaurant in Brooklyn and plans on hosting another one at the end of the year. In May, **Adrian P. Fitzsimons**, a chapter director and a professor at St. John's University, chaired the annual Accounting and Auditing Conference, which was held at the university's Queens campus. We



EDWARD F. ESPOSITO
Queens/Bk Chapter President

also held our organizational meeting on May 28 and have some exciting new events and ideas planned for this year.

Professor **Mark Ulrich**, a chapter director, State Society director and chair of the Career Opportunities in the Accounting Profession (COAP) Committee, oversaw yet another successful summer of COAP programs. The Queens program, held at St. John's University, and the Brooklyn program, held at Long Island University in Brooklyn, kicked off on June 29 and ran through July 3. Both programs featured visits to accounting firms and other

organizations, on-campus seminars and lectures, interactive career panels with young CPAs and accounting professionals, and soft skills workshops.

Two of my goals this year are: 1) to move the Oct. 29 tax conference, led by our director and Tax Committee Chair **Brian J. Gordon**, to Brooklyn; and 2) to host six chapter meetings, which will be held at the State Society's offices, starting at 6:30 p.m., on the following dates:

- July 16
- Aug. 13
- Sept. 17
- Nov. 6 (will take place before our annual Ethics Seminar)

- Jan. 14, 2015
- April 29, 2015

All Queens/Brooklyn Chapter members are invited. We are also looking for chapter members who would like to take on leadership roles. So mark your calendars and get involved. If you are coming to our meetings, please RSVP with our treasurer, **Rosslyn Khunovich** (rkhunovich@odpkf.com), so she can order food for you.

edcpa@me.com

Rochester YCPAs prove that the "NextGen" is full of future leaders

BY ANTOINETTE SPINA
Rochester Chapter President

The summer is finally here and the Rochester Chapter is off and running. By the time this goes to print, the chapter will have already participated in the Counselor's Cup, a golf tournament that brings together CPAs, attorneys and financial executives from all over the city for golf and networking. The young CPAs will be re-



ANTOINETTE SPINA
Rochester Chapter President

scheduling their golf tournament due to a weather-related postponement. They have already held the seminar, "Presentation Skills for the Accounting Professional," led by Jonna L. Martin of Advance Me Associates. All in all, there has been a wonderful assortment of activities to choose from to be active in your chapter.

The Rochester young CPAs played host to "NextGen: The Conference for Young Professionals" by sponsoring a cocktail hour. They are also

well on their way to sponsoring a "Habitat for Humanity" house, having raised more than \$30,000 so far.

If you read back over this list of activities, you cannot help but get a picture of how enriched our chapter is by our YCPAs group. They truly are our rising stars.

As chapter president, I want the chapter to take full advantage of our YCPAs' energy, enthusiasm and tremendous knowledge. With the help of **Matthew J. Taylor**, the chair of our Young CPAs Committee, I asked the committee for volunteers to join our board and/or its committees. Within a

couple of hours, I had five bright, energetic and capable volunteers to do everything from chairing a committee to energizing a couple of committees and volunteering this year at our Career Opportunities in the Accounting Profession (COAP) program. I welcome other young professionals to join them.

I intend to include their activities and achievements in future columns. I hope this will recognize their efforts and encourage more participation.

Stay tuned for future developments!

tspina@baileycarrcpa.com

For the Southern Tier Chapter, a time of new beginnings

BY KRISTI L. EMPETT
Southern Tier Chapter President

This time of year we think of new beginnings—whether it's the start of an accounting career, the growth of flowers and vegetables in our garden, or just a time to regroup and refocus on our goals. One of the beginnings I'm excited about is the new chapter year. We have several things to look forward to in the Southern Tier.

First, I'd like to thank **Scott Hotalen**, our immediate past president, for his years of leadership. We ended our last chapter year with an awesome Educator's Night Dinner in April, where we recognized 13 accounting students from local colleges for their outstanding accounting achievements. I want to thank **Cheryl M. DiStefano** for organizing the event, and all those who came out and supported the next generation of leaders in the profession. In May, we had our Officer Installation Dinner where we approved our new officers and

board members. I would like to recognize President-Elect **Tera A. Stanton**; Vice President **Santo D. Caracciolo**; Secretary/Treasurer **Darcy Aldous**; and Past President **Hotalen**. Our board members are **Alan Piaker**, **Marisa J. Colonna-Garrow**, **Emily L. Gardner**, **Brandon M. Sunderlin**, **William J. Scannell** and **Jody A. Calvasina**. I want to thank **Penny Z. Wightman**, **Ernest Skiadas**, **Teresa F. Allen** and **Robert J. Tomaka**, who are coming off our board, for their service.

We began our year with our chapter organizational meeting in June. We would like to thank **Scott D. Hosler**, NYSSCPA vice president of chapters, Alex Metz, manager of recruitment and retention, and Lelia Dickenson, manager of chapter relations.

Our chapter also has a couple of events to look forward to this summer. On July 9, we'll hold our Young CPA Picnic at NYSEG Stadium and watch a Binghamton Mets game, which is always loads of fun. We also have our annual Accounting & Auditing

Update with **Renee Rampulla**, scheduled for July 23. Please visit our chapter Web page (www.nysscpa.org/southerntier) for the latest information on this and other upcoming events.

I look forward to hearing your thoughts and ideas for chapter activities and CPE sessions—feel free to contact me at the address below.

kempett@co.broome.ny.us

Rockland to host series of seminars

BY MICHAEL E. MILISITS
Rockland Chapter President

Tax season is behind us and our workdays are a little less hectic... hopefully—so what better time than now to get a jump-start on CPE? The Rockland Chapter is anxious to fulfill some of your CPE requirements, and we have some great seminars lined up on topics such as Social Security benefits planning, estate tax planning and sales tax updates, to mention a few. We are happy to offer seminars on any topics that our members are interested in mastering. Our main concern is provid-

ing CPE on topics that are valuable to our members. If there is a topic of interest, please email me at the address below and let me know. I welcome any ideas you might have. Also, please remember to regularly check the chapter Web page, www.nysscpa.org/rockland, for upcoming Rockland Chapter seminars, and make sure your contact information is correct and up-to-date. If you wish to be added to the Rockland Chapter email blasts, just send me a quick email and I will make sure you are added to the list. Have a happy and safe summer, and I look forward to seeing you at our seminars.

mem@thehuntergroup.com

Syracuse Chapter prepares to sizzle at summer event

BY TODD KLABEN
Syracuse Chapter President

As we enjoy the beginning of summer, it is that time of year to think of two things: clambakes and ethics CPE. The Syracuse Chapter will continue a longstanding tradition and hold its annual Summer Sizzler on Tuesday, Aug. 19, at Hinerwadel's Grove (5300 West Taft Road, North Syracuse). Come and join your fellow CPAs in earning two hours of CPE, reconnecting with peers, having a few drinks and eating a bunch of clams. This is a reasonably priced event—I am proud to

announce that we have lowered the costs this year for our members. Keep a close eye out for sign-up information soon. A special thank you to committee chair **Karen M. Matticio** for once again coordinating this popular event. For more information, please contact Karen at kmm@dbllc.com.

Each year, the chapter's Young CPA Committee hosts a food and fund-raising drive among regional accounting firms to benefit the Food Bank of Central New York, which fights to end hunger in the Central New York community. Cash and nonperishable food items, including dry and canned foods, are collected during the months of July and Au-

gust by participating firms. Last year, the Syracuse YCPAs raised approximately \$2,000 and 300 pounds of food from participating regional accounting firms. I want to give a special thank you to **Alanna J. Abreu** for, once again, coordinating this annual event. Please join our efforts this year and let us see if we can exceed last year's contribution.

This past month, our chapter held two wonderful events: On June 23 we had our Annual Golf Outing at Beaver Meadows Golf and Country Club, and from June 29–July 2, our Career Op-

portunities in the Accounting Profession (COAP) program took place on the campus of SUNY Oswego. I will report the results of these terrific events next month, but in the meantime, I would like to thank the committees for putting them together.

Also keep in mind that the chapter is always seeking individuals who are interested in getting involved. Feel free to contact me, at the email address below, or any current officer if you are interested.

tklaben@tmdcpas.com



TODD KLABEN
Syracuse Chapter President

Westchester Chapter honors past leaders and looks to the future

BY WILLIAM ZEBORIS
Westchester Chapter President

On May 21, our chapter held its Installation Dinner, an event that embodies change.

First, we recognized a changing of the guard as my colleague **Gina Linss** completed her term as chapter president. With our offices being literally 20 feet apart, I had a front row seat in seeing what it takes to make a great president. Gina, you carried out your responsibilities diligently and professionally while still maintaining a significant client load and, of course, being an active parent. You led this chapter flawlessly and have certainly raised the bar for all who follow. Congratulations on a job well done.

Secondly, congratulations to the very talented and motivated winners of our George Mandel Scholarship. The Westchester Chapter gives this annual award to deserving high school seniors who intend to study accounting in college. George Mandel was a former Westchester Chapter president who also received an NYSSCPA Lifetime Achievement Award. He was truly a fixture in the Westchester business community and represented our profession with dignity. George passed away in 2012 at the age of 94.

To the scholarship winners: you and your families are in for a big change as well. Soon you will morph from high school seniors to college freshman in pursuit of an accounting degree. While the road may seem long, the rewards at the end of the rainbow will be plentiful. Don't get discouraged, work hard and, as soon as you possibly can, take and pass the CPA Exam. Unfortunately, those of us who have been in the business for a while know that the longer the period of time there is between the completion of college and sitting for the exam, the harder it is to pass. So make it a priority. Having the initials CPA after your name gives you instant credibility in the market place, regardless of your career path.

From early on in my career, I have worked with firms that supported the NYSSCPA and had partners in leadership positions both at the chapter and the state wide levels. In my office today I interact on a daily basis with five past Westchester Chapter presidents: **Roberta Bernhardt, Spencer L. Barback, Alan G. Badey, Howard P. Klein** and, of course, Gina. In addition, Citrin Cooperman's representatives currently fill four seats on the 2014/2015 board. Chapter involvement is part of the firm's culture. Staff members are encouraged to participate in whatever capacity they desire. Even our administrative staff is there to lend a hand with event planning or registration at a moment's notice.

The chapter has something for everyone. We present numerous non-CPE events, including sessions on improving soft skills, CPA Exam overviews, high school visitations to discuss career opportunities in accounting, and various kinds of public outreach, to name a few. I would encourage all of you to take a fresh look at the offerings and to encourage your staff to check us out and see what it is all about.

For the upcoming year, we will be pushing hard to increase the number of members and firms participating in chapter activities. I have three ideas that I hope will help us to achieve that goal.

First, I will be working with **Gina Goodenow** and Spencer Barback on organizing a chapterwide charity event aimed at giving back to our communities. We have tried in the past to field a team of walkers or to assist in a food drive, but to date the results have been less than stellar. We will be organizing an event where we can come together as a chapter, leave our firm affiliations behind for a few hours and do some good for others as a way to polish our image with the community at large.

The second initiative I am calling the CPA Challenge Cup. I envision a series of friendly competitions to be held over the next year which will be designed to bring firms to-

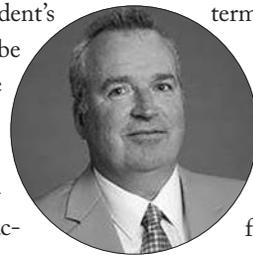
gether to do battle in events such as bowling, bocce ball, darts and trivia. These events will be designed for teams of four to five players. Over the course of the competition, team members can be changed as needed. Points will be rewarded based on order of finish with the eventual winning team being presented with a trophy at next year's President's Dinner. A small entry fee will be required from each team, and the money collected will be used for additional college scholarships and to support chapter charitable efforts. Small firms, sole practitioners and members in industry can join together to form teams and all are encouraged to come to support their co-workers.

Finally, while our young CPAs are very active and growing in number, we have a responsibility to serve our more experienced constituents as well. Practice transition is a major agenda item facing many smaller firms and sole practitioners. Often, there is not a viable in-house solution, and firms are

forced to look outside the organization. I will work with some of our past presidents who have been involved in accounting firm merger and acquisition activity to present an informational session covering the basics of a typical accounting firm deal. We will gauge the interest level of the participants and determine the appropriate next steps.

Westchester is a very active chapter that presents numerous programs throughout the year. No one person can pull together all that this chapter offers. I am so fortunate to be going into the new fiscal year with a talented and dedicated board of directors and my committee chairs. In addition, we have numerous friends in the business community, some of whom we honored at our Installation Dinner with a Chapter Appreciation Award. I thank you for all that you do and am confident that together we can make 2014/2015 a very successful year.

wzeboris@citrincooperman.com



WILLIAM ZEBORIS
Westchester Chapter President



Headlines

Tax Stringer. The Trusted Professional. The CPA Journal. CPA Blog.



Get all your accounting news in one place.

The E-Zine has gotten a new look, feel and name—NYSSCPA Headlines. Check bit.ly/SocietyHeadlines to ensure that you're signed up for it, and news about the profession from publications you trust will hit your inbox each Tuesday.

CPA ROUNDTABLE

Scott London, a former KPMG audit partner, pled guilty to insider trading and was sentenced to 14 months in federal prison (see Newsmaker, “Former KPMG partner Scott London talks insider trading conviction,” on page 3).

In light of this and other stories in the news, should we rethink our approach to ethics CPE, so that it places an even greater emphasis on the profession’s ethical standards?



ELLIOT L. HENDLER | Manhattan/Bronx Chapter

Scott London’s guilty plea on insider trading charges, and his probable violation of provisions of the AICPA’s Code of Professional Conduct and PCAOB ethics standards, should not be attributed in any way to shortcomings in continuing professional education in ethics that need to be addressed. Mr. London was a senior audit partner in a Big Four firm, and knew that what he was doing was wrong and what the potential consequences of his actions were. Frequency and/or content of CPE programs in ethics should not be blamed for violations by individuals of ethics provisions, regardless of the level of the individuals in their firms or organizations. Accountants, whether CPAs or non-CPAs, learn about ethics requirements and standards, including those governing confidential client information, in numerous ways, including college courses, firm orientations, newsletters and memoranda, personnel manuals, quality control documents and continuing education programs. Included at some point is the need for a timely discussion with a supervisor, quality control department person, or other organizations (AICPA, PCAOB, NYSSCPA, etc.), as appropriate, about any situations raising potential ethical issues. Unfortunately, even with the ongoing attention given to ethics, all too often we see instances of egregious violations, such as the one involving Mr. London, and they are not the result of anything that would be fixed by improving CPE programs.

Highly-publicized cases such as this one should cause firms to review how they keep all partners and professional staff up-to-date on ethics standards, and whether any changes are needed in related firm policies. Developers of CPE courses should also determine if any enhancements and updates are appropriate for their courses.

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JACK M. CARR | Rochester Chapter

Not adhering to professional ethics and the Code of [Professional] Conduct can have a huge impact on your capabilities to provide for yourself and your family—namely through you losing your license. Despite this, however, we only have four hours of ethics CPE every few years. I would increase the amount of training that’s required. We could start with eight hours, though really I think we’d need more than that. This would make ethics issues, hopefully, more visible to CPAs.

There’s also the matter of the content. The last few ethics CPE sessions I went to were very rules oriented. While that’s fine—people should be aware of the rules and their responsibilities as professionals—we would be well served to also look at consequences, especially through the use of more case studies. In general, I think a more intuitive approach, vs. a rules-based approach, in ethics training will serve CPAs better.

Beyond CPE, though, there also needs to be a change in the mindset regarding ethics training. I’ve served on an accounting advisory board for a college and helped institute master’s programs in accounting, and about half the people in academia I meet say that ethics can’t be taught. But I think ethics *can* be taught, and doing so will bring more awareness and visibility to the issues at hand and will make people, at the very least, think before they act and understand that a short-term gain is not worth the long-term pain of losing your license or going to jail.

Finally, firms themselves also need to make sure they set an example and that the tone at the top makes it clear that ethical behavior is expected. Even if young people get the best ethics training in school, if they go on to a firm where ethics is not at the top of the totem pole, and the leadership sends a message that it all comes down to dollars—independence or conflicts be damned—all of that can be undone.

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GINA GOODENOW | Westchester Chapter

Whenever I go to my annual ethics training, it always seems to be focused on the public accounting sector. Since I’ve been in industry for over four years now, I’d like to see something a little more focused on that. I think the best lessons, too, have included some real-world examples to better illustrate what they mean when they talk about things like ethics and the Code of [Professional] Conduct.

A scenario, a case study—these go a long way in helping to solidify certain ideas. Otherwise, it’s a lot like reading a tax law without ever having filled out—or even seen—a tax return. It just doesn’t mesh.

These are really just examples of what I think ethics CPE needs more of, which is audience engagement. Right now, it’s so focused on ‘You shouldn’t do this’ and ‘Don’t do that.’ Engaging the audience and making it interesting might get more people to pay attention. There could even be different types of ethics sessions with different focuses, as opposed to the one-size-fits-all standard ethics course that we see a lot of today. I think it would be a great benefit.

ggoodenow@marchofdimmes.com



DEBBIE A. CUTLER | Nassau Chapter

There are a lot of people who come to ethics CPE thinking, ‘A few bad apples, and now I need ethics training? My parents brought me up right; what is someone going to tell me, how to behave?’ But ethics training is much more complex than just ‘Don’t be unethical.’ We live in a world where there’s a lot going on and we, as professionals, need to be knowledgeable about all the areas in which we’re going to be held accountable, including “professional” ethics. Some of the challenge is a perspective problem. People need to be more aware that learning about professional ethics that is relevant to their practice goes beyond the basics of “I know how to act,” since a lot of what we do is technical and requires judgment. The Code of [Professional] Conduct provides a framework that gives you tools and guidance that help you practice as a CPA. But many CPAs have overlooked it because it was not part of our core curriculum for licensure, and CPE has only been a New York state requirement since the early 2000s.

There’s also the question of how much you can really fit into the four-hour requirement every three years, which in real time is 3.5 hours. There are a lot of topics that New York state regulators would like us to include in the general studies ethics classes, including an introduction to ethics concepts, the sociology of professions, the psychology of moral development, judgment and values, and public expectations of CPA responsibilities and ethical dilemmas, in addition to covering the role of the Board of Regents and the State Education Department, highlighting the state’s laws, rules and regulations, and more. The curriculum for concentrated subject area ethics have some similar topics, but also include discussion of case studies in the field relating to ethical issues. You’re talking about piling on a lot in a short amount of time. Some extra time would probably help with this.

dac@cutlerforensics.com

FAE LISTINGS

AICPA Pricing Schedule

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

If you are:	8-hour course	16-hour course
A member of both AICPA and NYSSCPA:	\$269	\$439
Only a member of the NYSSCPA:	\$299	\$499
Only a member of the AICPA:	\$394	\$564
A member of neither AICPA nor NYSSCPA:	\$424	\$624

For 4-hour courses, see course description for price information.

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

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 labeled with the quantity of credits that apply to each category.

KEY GEOGRAPHIC AREA

LOCATION FIELD OF STUDY

Date	
Course Title	
Course Description	
Field of Study	Course Code
Site	
Developer	
Member Fee/Nonmember Fee	

The FAE delivers the following professional education programs for CPAs and other financial professionals in all areas of business, including all public accounting practice areas, and those working in government, industry and academia, to help satisfy their New York state calendar-year continuing professional education requirements. To search within New York City, refer to Manhattan/Bronx. To search within Albany, refer to Northeast.

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

FOR AUGUST 1, 2014, THROUGH AUGUST 28, 2014

MANHATTAN/BRONX..... ACCOUNTING

08/12
IFRS Essentials—GAAP Comparison
 AC/16 32209511
 FAE Learning Center
 AICPA
\$499\624\439\564

08/18
FAE's Accounting Update
 This course delivers information about current and emerging accounting guidance and recent developments. Participants will receive an overview of new and proposed relevant accounting guidance, along with practical application through a variety of discussions and questions.
 AC/8 21111511
 FAE Learning Center
 Foundation for Accounting Education
\$299\424

08/26
FAE's Compilation and Review Through Case Studies
 Through the use of case studies, this course will teach you how to apply the requirements of SSARS and will discuss the different levels of assurance provided by compilation and review services, including the minimum documentation requirements of each.
 AC/8 21137511
 FAE Learning Center
 Foundation for Accounting Education
\$299\424

ADVISORY SERVICES

08/27
Determining How Much Money You Need to Retire, and Tax Ideas and Money Management in Retirement
 The purpose of this course is to give CPAs the tools and knowledge required to help their clients implement tax-effective investment and portfolio strategies for successful wealth accumulation and real after-tax retirement income maintenance. The course discusses specific investment tax planning and money management issues and topics, both before and after retirement.
 AD/4, T/4 33642541
 Albany Marriot
 Surgent McCoy CPE LLC
\$299\424

AUDITING

08/11
FAE's FASB Industry Update
 AU/8 21196511
 FAE Learning Center
 Foundation for Accounting Education
\$299\424

08/19
FAE's Auditing Update
 In a changing global and domestic economy, this course helps in staying ahead of emerging and current auditing guidance. Participants will receive overviews of new and auditing guidance, along with practical application of that guidance through a variety of discussions and questions.
 AU/4 21112511
 FAE Learning Center
 Foundation for Accounting Education
\$149\209

08/19
FAE's Compilation and Review Update 2014
 Participants will hear discussions and receive tools designed to help them better perform compilation and review engagements. Recently issued Statements on Standards for Accounting and Review Services (SSARS) and the challenges arising from these engagements will be addressed through a variety of discussions and questions.
 AU/4 21113511
 FAE Learning Center
 Foundation for Accounting Education
\$149\209

08/22
Audits of 401(k) Plans
 This course focuses on issues related to accounting, auditing, and reporting on 401(k) employee benefit plans. The requirements of ERISA and the SEC are explored, as the provided materials demonstrate ways to plan and conduct an efficient and effective audit of 401(k) plans.
 AU/8 22214512
 FAE Learning Center
 AICPA
\$299\424\269\394

08/25
Audit Workpapers: Documenting and Reviewing Field Work
 This course will teach you the basics of workpaper preparation—form and content—to make sure everything is properly documented. Case examples show field work supervisors what to consider and steps to follow when reviewing working papers. Participants will learn to identify typical deficiencies and will find out how to minimize potential liability by making certain that reports are fully and accurately supported by documentation.
 AU/8 32250511
 FAE Learning Center
 AICPA
\$299\424\269\394

08/28
FAE's Financial Statement Disclosures for Small to Medium-Sized Businesses
 This course will familiarize you with the most frequently encountered measurement and disclosure issues associated with preparing financial statements for nonpublic small to medium-sized businesses, including the discussion of and solution to problems that may arise.
 AU/8 21123511
 FAE Learning Center
 Foundation for Accounting Education
\$299\424

ETHICS

08/21
FAE's Ethics Update 2014
 This course provides you with the basic understanding of the fundamental concepts underlying ethical responsibilities and increases your awareness of critical standards and regulations. Available tools and resources that will help you understand and comply with relevant requirements are also highlighted.
 E/4 21277511
 FAE Learning Center
 Foundation for Accounting Education
\$149\209

SPECIALIZED KNOWLEDGE AND APPLICATIONS

08/12
FAE's Business Writing for CPAs
 SK/8 31206511
 FAE Learning Center
 Foundation for Accounting Education
\$299\424

08/20
2014 Economic Outlook Update—Regional and National
 SK/2 29150503
 FAE Learning Center
 Foundation for Accounting Education
\$20\25

08/25
Excel Tips, Tricks, and Techniques for Accountants
 Excel is the accountant's tool of choice for analyzing and reporting financial data, yet most accountants have never received any formal Excel training. This course contains hundreds of tips, tricks, and techniques to improve your productivity and accuracy. Participants will have access to sample data files and will cover six major areas: productivity tips and tricks, formatting essentials, customizing Excel,

formula-building essentials, three-dimensional workbooks, and printing essentials.
 SK/8 34424511
 FAE Learning Center
 K2 Enterprises Inc.
\$299\424

08/26
Excel Budgeting and Forecasting Techniques
 SK/8 34433511
 FAE Learning Center
 K2 Enterprises Inc.
\$299\424

TAXATION

08/22
International Taxation
 Get a solid understanding of international tax terminology and regulations that apply to a U.S. entity involved in global operations or to a foreign entity doing business in the United States. Whether your organization is contemplating a global move or is already involved in international business, you need to know about the activities that create multijurisdictional tax exposure and the required tax reporting for each relevant jurisdiction.
 T/8 32690511
 FAE Learning Center
 AICPA
\$299\424\269\394

08/27
Determining How Much Money You Need to Retire, and Tax Ideas and Money Management in Retirement
 See course listing under Advisory Services.

08/27
Investment Taxation: The Medicare Tax and Beyond
 T/8 34624511
 FAE Learning Center
 Nichols Patrick CPE, Inc.
\$299\424

NORTHEAST..... TAXATION

08/22
Federal Estate and Gift Tax Returns: Forms 706 and 709 Workshop
 The estate tax and generation-skipping transfer tax have returned. This course will teach you how to prepare Forms 706 and 709 for these circumstances, and the course's practical manual will guide you through the complex issues that arise when completing these forms.
 T/8 23672541
 Albany Marriot
 Surgent McCoy CPE LLC
\$299\424

ROCHESTER..... SPECIALIZED KNOWLEDGE AND APPLICATIONS

08/14
FAE's Business Writing for CPAs
 SK/8 31206711
 Holiday Inn Rochester Airport
 Foundation for Accounting Education
\$299\424

WEB EVENTS..... ACCOUNTING

08/12
IFRS Essentials—GAAP Comparison (WEBCAST)
 AC/16 35209511
 AICPA
\$399\524\339\464

08/18
FAE's Accounting Update (WEBCAST)
 This course delivers information about current and emerging accounting guidance and recent developments. Participants will receive an overview of new and proposed relevant accounting guidance, along with practical

application through a variety of discussions and questions.

AC/8 35111511

Foundation for Accounting Education
\$249\374

08/26

FAE's Compilation and Review Through Case Studies (WEBCAST)

Through the use of case studies, this course will teach you how to apply the requirements of SSARS and will discuss the different levels of assurance provided by compilation and review services, including the minimum documentation requirements of each.

AC/8 35137511

Foundation for Accounting Education
\$249\374

AUDITING

08/11

FAE's FASB Industry Review (WEBCAST)

AU/8 35196511

Foundation for Accounting Education
\$249\374

08/19

FAE's Auditing Update 2014 (WEBCAST)

In a changing global and domestic economy, this course helps in staying ahead of the emerging and current auditing guidance. Participants will receive overviews of new and auditing guidance, along with practical application of that guidance through a variety of discussions and questions.

AU/4 35112511

Foundation for Accounting Education
\$149\212

08/19

FAE's Compilation and Review Update 2014 (WEBCAST)

Participants will receive discussion and tools designed to help them better perform compilation and review engagements. Recently issued Statements on Standards for Accounting and Review Services (SSARS) and the challenges arising from these engagements will be addressed through a variety of discussions and questions.

AU/4 35113511

Foundation for Accounting Education
\$149\212

08/22

Audits of 401(k) Plans (WEBCAST)

This course focuses on issues related to accounting, auditing, and reporting on 401(k) employee benefit plans. The requirements of ERISA and the SEC are explored, as the provided materials demonstrate ways to plan and conduct an efficient and effective audit of 401(k) plans.

AU/8 35214511

AICPA
\$249\374\219\344

08/25

Audit Workpapers: Documenting and Reviewing Field Work (WEBCAST)

This course will teach you the basics of workpaper preparation—form and content—to make sure everything is properly documented. Case examples show fieldwork supervisors what factors to consider and steps to follow when reviewing working papers. Participants will learn to identify typical deficiencies and will find out how to minimize potential liability by making certain that reports are fully and accurately supported by documentation.

AU/8 35250511

AICPA
\$249\374\219\344

08/28

FAE's Financial Statement Disclosures for Small to Medium-Sized Businesses (WEBCAST)

This course will familiarize you with the most frequently encountered measurement and disclosure issues associated with preparing financial statements for nonpublic small to medium-sized business, including the discussion of and solution to problems that may arise.

AU/8 35123511

Foundation for Accounting Education
\$249\374

ETHICS

08/21

FAE's Ethics Update 2014 (WEBCAST)

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Leadership Styles: Applied Leadership Skills for Business Managers (WEBCAST)

In business, effective leaders have integrity, inspire people with a shared vision of the future, set clear goals, motivate people toward these goals, and communicate well with their teams. However, since leadership is not "one size fits all," this session will look at some common leadership styles and explore situations where these styles will be most effective.

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08/27

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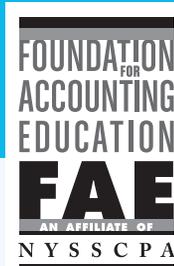


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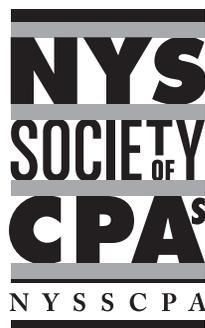
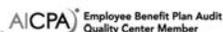
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