The Kentucky

The Journal of the Kentucky Society of CPAs

YEAR *ANNIVERSARY*

Inside: audit issues STRONGER TOGETHER FOR 90 VEARS



Issue 2 2014



Two Great Universities One Exceptional MBA

Advance your career through the University of Kentucky and University of Louisville's new joint Executive MBA program. Designed for mid-level to C-level executives from forprofit, non-profit and government organizations, the joint EMBA program was created with your busy schedule in mind. The cohorted program will have weekend classes in both Louisville and Lexington over a course of 17 months where you'll network with other leaders and study with esteemed faculty members from both universities.



President's message



By Harry Freibert, CPA

In this issue of The Journal, CEO Penny Gold takes us back in time 90 years to the Society's founding. It is amazing to me how the forward-thinking

actions of these professionals way back in 1924 would directly impact my life, personally and professionally, today.

They knew our strength as a profession - and as professionals - was in numbers: not the literal financial figures we work with every day, but in collaboration of members as a whole toward a greater good. They knew we would be stronger together, and so the Kentucky Society of CPAs was born.

Dive in to the history lesson in Gold's column on p. 6.

While she looks back, I ask that we also look forward. Recently, as I was preparing my remarks for the Society's Spring Awards Banquet, I was trying to think of ways to inspire the audience of college scholarship recipients and new CPAs. I've been a CPA for a long time and wanted to pass along some bits of wisdom.

But the truth is, it is these young people and new professionals who inspire me. We all know what it takes to make our way in this profession and we all know it is not an easy task. The perseverance of these young people - many while balancing work, school, families and other competing priorities - is extraordinary.

I was in a room full of 360-plus of the best and brightest, and it was a good feeling. Over the next decade, many of us will be passing the torch to the next generation of leaders - to some of the young people in that room - and it is so good to know we will be leaving this profession in capable hands.

We already know they are good decision makers: their decision to go the extra mile and earn that certificate proves it. Studies show that those with the CPA certification make about \$1 million more than other accountants over the course of their careers. The saying, "There's no traffic when you travel the extra mile," certainly bodes well for these young people.

Having their CPA demonstrates their ability to learn and to think. But, the rest of their success will likely be based upon their own leadership in the workplace, the trust they build with clients, employers and co-workers, and their ability to thrive in an ever-changing and challenging environment.

This is where the rest of us come in.

Let's help shepherd these new professionals by actively mentoring them at the office and showing them the ropes. And by all means, encourage them to take advantage of all the Society has to offer: leadership development, competency building, committee service, networking and even some fun, celebratory events like the Spring and Fall Banquets.

By doing so, you continue the tradition of connectivity and cooperation established 90 years ago and help carry it into the next 90: *stronger together*.

About the author: Harry Freibert is the president of Freibert Bigg PLLC in Louisville.



What's inside

Administration

President's message	.Page 3
Across the Board	.Page 6

Business and Industry

Alignment is key	for interna	l audit	Page 11
------------------	-------------	---------	---------

Focus: Audit

Tax audit nightmares	. Page 14
New requirements for federal awards	. Page 17
ACH and EFT security controls	Page 19
New audit firm rotation recommendation	Page 21
Case study: court accounting	
triggers allegations	Page 22
Updated guidance on Peer Review scope	Page 24

CPE

Page 25
Page 26
Page 27
Page 28
Page 35

Accounting careers

Accounting Interview Day Sept. 23	. Page 36
Create a Legacy	Page 37

Legislative

0	
2013 KyCPA-PAC members	Page 39

Society

Thank you 2013-14 committee members	Page 44
KyCPA Firm Champions	.Page 50

Members

Members in motion	. Page 52
Meet KyCPA member Orla Pylant	. Page 54
Welcome new members	0

Classifieds	Page S	57
-------------	--------	----

Watercooler

By	the watercooler	Page 58	
----	-----------------	---------	--

Correction

In the last issue of The Journal (Issue 1, 2014), in the Tax in the Bluegrass column, we incorrectly stated the Kentucky Department of Revenue appealed the Pinkerton Tobacco case when it should have been stated that the Department *did not* appeal it. We apologize for the error.

2013-2014 KyCPA Board of Directors: President Harry Freibert of Freibert Bigg, Louisville; President-elect Kevin W. Schwartz, Myriad CPA Group, Owensboro; Immediate Past President William G. Meyer III, of Strothman & Company, Louisville; Secretary-treasurer Bob Patterson of Patterson & Co., Louisville; Jennifer Sanders of Stock Yards Bank & Trust Co., an at-large member of the executive committee; Melissa M. Buddeke of the Buddeke Company, Louisville, an at-large member of the executive committee; Stephen Allen of Ray Foley Hensley & Co., Lexington; Myron Fisher of Baldwin CPAs, Richmond; Jennifer Hughes, Deming, Malone, livesay & Ostroff, Louisville; William Jesse of Henderman Jessee & Co., Louisville; Kevin J. Joynt of Deloitte & Touche, LLP, Louisville; Harold T. Little, Jr. of Western Kentucky University, Bowling Green; Colleen Lyons of Ernst & Young Tax Services, Louisville; Allen Norvell of Blue & Co., Lexington; David Tate of BKD, Louisville.

2013-2014 Editorial Board: Mark Loyd of Bingham Greenebaum Doll, Louisville, chair; Brian Breidenbach of Breidenbach Capital Consulting, Louisville; Jan Colbert of Eastern Kentucky University, Richmond; Gordon Crowley of Eastern Kentucky University, Richmond; Renee Fulton of Talis Group, Louisville; Sheri Henson of Western Kentucky University, Bowling Green; Michelle Musacchio of FitMoney CPA, Louisville; and Esther Thompson-Long of LG&E and KU Services, Louisville.

CEO - Penelope P. Gold Editor - Lorri Malone Associate editor/Art director - Kimberly Lindsey

Letters to the editor: If you have ideas to share, opinions to express or suggestions for future stories, please email Editor Lorri Malone, KyCPA communications director, at <u>lmalone@kycpa.org</u>.

Advertising: If you would like to advertise in *The Kentucky CPA Journal*, please contact Amanda Gettelfinger at <u>agettelfinger@kycpa.org</u>; 502.266.5272.

Please note: this publication is not technically reviewed. Opinions expressed in The Kentucky CPA are those of the authors and do not necessarily reflect Society policy or editorial concurrence. Publication of advertisements does

not constitute an endorsement of products or services. The editor reserves the right to accept or reject advertising and editorial material in accordance with editorial judgment and publication guidelines.



The mobile edition of <u>kycpa.org</u> is now live.



Contact Us | Directions | Search | View Full Site



MOBILE EDITION

۶

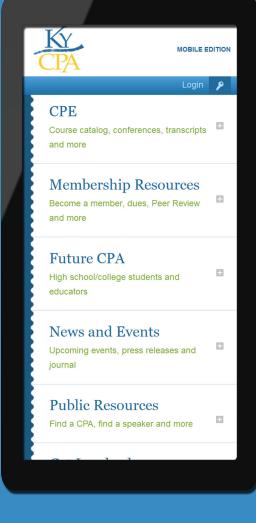
LLET KyCPA Home > News & Events > LLET

LLET

KyCPA pushing HB 136 to clarify cost of goods sold definition

Published Jan. 29, 2014

Shortly after the 2014 General Assembly began in Frankfort on January 7, the Kentucky Society of CPAs got to work advocating for its number-one priority: amending the cost of goods sold definition in the limited liability entity tax (LLET). KyCPA has heard from numerous members whose clients have dealt with surprising assessments related to the recent treatment of cost of goods sold by the Department of Revenue. This definition needs clarification to make it simple, fair and easy for businesses and CPAs to comply.



Now from your mobile <u>devic</u>e you can:

- easily read and select from drop-down menus.
- register for CPE on the go.
- stay abreast on the latest updates with the LLET and other important news.
- and much more.

Just go to <u>kycpa.org</u> from your mobile device and it will take you directly to the mobile edition.

Across the Board



By Penny Gold

his year, we celebrate KyCPA's 90th birthday. While hard to imagine, the Kentucky Society of CPAs was founded in 1924, five years before the Great Depression, in a year of unparalleled prosperity. Calvin Coolidge was elected president that same year and delivered the first presidential radio address to the nation. In 1924, federal spending topped out at \$2.91 billion. To put that in perspective, Kentucky's estimated expenditures for 2014 alone is \$24.4 billion. And in 1924, the cost of a first-class postage stamp was 2 cents.

The Kentucky Society was founded when flappers, bootleggers and speakeasies were coming of age. CPA W. A. Hifner, Jr. was inducted as the Society's first president, followed by M.B. McMullen, who served two terms, followed again by W.A. Hifner, Jr., then Samuel W. Eskew in 1928. Other early leaders included J. Bernard Brown, William Cotton and O.S. Meldrum.

The Kentucky Society has such a proud history. As early as 1916, Kentucky's governor and legislators were consulting with CPAs as they developed such landmark laws as the Kentucky Budget Act, the State Reorganization Act, the Unemployment Insurance Act and the Income Tax Act. During the depression years, CPAs were key advisors to the Kentucky State banking commissioner as he struggled to reorganize or liquidate Kentucky banks.

Unfortunately, Kentucky did not license a woman CPA until 1935, when the daughter of W.A. Hifner, Helen Fortune, received her certificate. Today, 49.4 percent of all CPA licensees are women. In a 2011 study, women were half of newly hired accounting graduates at CPA firms, and 40 percent of all CPAs. It is interesting to note, however, that roughly 18 percent held equity partnership status in the Big Four firms that year.

In 1933, L.C.J. Yeager established the accounting firm of Yeager Ford & Warren along with Gordon



Gordon Ford in 1948.

Ford, each serving as president of the Kentucky Society of CPAs (1941 and 1948, respectively). In 1967, Yeager and Ford collaborated in an effort to chronicle the history of the Kentucky CPA in a book titled, History of the Professional Practice of Accounting in Kentucky 1875-1965. The book was dedicated to Samuel W. Eskew, principal of the firm Eskew and Gresham and 1929 president of the Kentucky Society of CPAs. Eskew later served on the Kentucky State Board of Accountancy and chaired the committee which instituted the original regulatory oversight statutes for the CPA profession.

Looking back, it seems the greatest impact on the Kentucky profession was generated by a band of young and forward-thinking CPAs who understood the need for professional advocacy and statebased educational resources. This was coined the "transition period" by authors Ford and Yeager.

An emerging leader during this time was Gordon Ford himself. His firm merged with Coopers & Lybrand in 1970, and later with Price Waterhouse in 1998, where Gordon Ford became managing

partner. Ford became president of the Kentucky Society in 1948, and had a major impact on the transition of accountants from record keepers to trusted business advisors and independent auditors. Clearly, KyCPA retained an important place in his heart. In fact, Ford attended all KyCPA Annual Members Meetings into his 90s.

Ford penned the first Kentucky Society newsletter during his presidency in 1949. This publication was originally known as the Kentucky Accountant, later as The Bottom Line and today as The Kentucky CPA Journal. The Foundation also fostered expansion of the Society's continuing educational programming and a new scholarship fund for high school accounting students. Today, the Educational Foundation continues to grow, as new leaders in the profession step up to build upon the tradition. Efforts are currently underway to build a \$2 million endowment to help deserving college accounting majors in need of financial help.

The Society's own transition began under the stewardship of William J. Caldwell, Jr., the Society's first professional executive director. Upon his retirement, Ben Gratzer was promoted to the post of executive director in December 1972 where he served the profession ably until his own retirement in 2003. Originally, Gratzer worked for both the State Board of Accountancy and the Society simultaneously. In fact, he used to talk about how he had one desk, but two doors into his office. The door on the left led to an inbox on the corner of his desk reserved for the Kentucky Society of CPAs; the door on the right led to an inbox on the opposite corner reserved for Kentucky State Board of Accountancy business. My, how times have changed.

In 1949, the first Annual Kentucky Federal Tax Institute on Accounting was established in collaboration with the University of Kentucky and the Kentucky State Bar Association. Other than occasional social events, this appears to be the Society's first offering of a professional educational conference. By 1975, the Society continued to offer the Annual Institute, an Annual Meeting, and held an average of 40 CPE programs per year. By 1992, that number increased to about 85 annual programs. This year, the Kentucky Society's CPE line-up consists of about 150 seminars, more than 1,000 searchable webcast offerings, and 15 topical conferences. In 1965, the Kentucky Society had 765 members. Including students, KyCPA's membership today hovers above 5,000 members.

In 1995, under the leadership of Gratzer, President Earl L. Calhoun, and president-elect Kelly King, the Society broke ground on a new home, moving our headquarters that year from rented space in downtown Louisville to a building and conference center of our own in suburban Louisville. The new conference center was state-ofthe-art for the time. Today, plans are underway to upgrade the two-decade-old facility with new furnishings and more modern technology. I am sure those of you who frequent the building know it is time.

The Ford-Yeager history book contains a treasure trove of observations and predictions. They credit John L. Carey, former executive director of the American Institute of CPAs and author of the book, *The CPA Plans for the Future*, with the following:

I To hold their proper place, CPAs must identify themselves as active participants in the search for solutions to the country's problems. They must be recognized not only as specialists in a highly important technical field, but as citizens of culture and wideranging interest, willing and eager to do their part in any effort to help the community which requires their skill.

Continued on p. 8

Across the Board continued



September 1995 ribbon cutting ceremony for the KyCPA headquarters.

This is all the more true today, as CPAs are asked to provide legislative and regulatory guidance at every level of government. The profession has continued to grow, as the US population and business complexities require the services of a profession that provides services to the business community, including analysis of data and financial records, and protecting the assets of investors, creditors, government agencies, taxing authorities and individuals. The practice of accounting requires discipline, technical knowledge, perception, independence, a dedication to life-long learning, objectivity and commitment to high ethical standards. These attributes are essentially the same today as they were when the Kentucky State Board adopted the Rules

of Professional Conduct in 1946. Little wonder the profession has continued to grow with the economy. At the turn of the last century, the US Department of Labor had identified fewer than 250 certified public accountants in this country. By 1967, the estimate was slightly fewer than 100,000; by 2006, the US Census bureau recorded 645,000 CPAs.

However, changes in the scope and breadth of the accountants' work continue to expand in reach and complexity. The growing complexity necessitates the emergence of specialization, which can be witnessed in the division of labor in almost any CPA firm with multiple partners. Prophetically, in 1907, Arthur Young of Arthur Young & Company of Chicago was said to have declared, 66 What you have asked of us is not an accountant's report, but our business judgment on the entire business situation.

Indeed, the expansion of professional scope continues to be discussed at almost every meeting of the Kentucky Society's Emerging Standards Committee. Other major changes to the professional accounting landscape came in the warpspeed advances in technology, which continue today. Ford and Yeager had the foresight to include a good deal on technology in their publication. A telling passage foretells the world to come: **6** If 'the best is yet to come' for the CPA, many feel it will come as the result of the somewhat awesome computer revolution. Already accounting makes greater use of the computer than any other discipline. IBM has estimated that 85-90 percent of all computer time is given over to accounting purposes. If there is to be intelligent direction in the computer revolution, accounting will have to play a major role. Not tomorrow, but today this is an issue which the CPA must face, a decision he must make, a challenge he should not shun.

About the author: Penny Gold is the CEO of the Kentucky Society of CPAs. She can be reached at <u>pgold@kycpa.org</u>

The profession has not completed its journey into the future, because the future is not upon us yet. The accounting profession must continue to change with the times, rise to meet the ever-changing complexities and demands of business and regulators, while staying true to its core values. We have come a long way in 90 years, but the Kentucky Society of CPAs, the AICPA and the professionals devoted to maintaining and supporting this vibrant and trusted profession have much to look forward to. Congratulations to those who have led the way for a job well-done!



CompuFest, the state's largest computer exhibition, was held at the Commonwealth Convention Center in 1984.

kycpa.org

GRANTH

It's what the CGMA[®] designation stands for

Officially, it's Chartered Global Management Accountant[®]. Established by AICPA and CIMA, two of the world's most prestigious accounting bodies, the CGMA designation represents accomplished professionals who drive and deliver business success, worldwide.

Find out more at cgma.org









Alignment is key for internal audit

By Ken Tysiac

Editor's note: Reprinted with permission from CGMA magazine.

The demands on internal audit have increased significantly in recent years as technology has advanced, regulation has become more rigorous, risks have emerged and companies have sought more business insights from internal audit teams.

If That bar continues to rise, II FedEx Chief Audit Executive Robert King, CPA, said recently during a PwC webcast.

And quite candidly, as you go down that journey and become seen in your organization as more of a trusted adviser, they continue to raise that bar, because they ask, 'What more you can do?' **!**

Senior management at many companies sees internal audit functions struggling to keep up, according to PwC's newly released global survey report on the state of the internal audit profession. Although 68 percent of board members said internal audit provides significant value, just 45 percent of senior management respondents agreed. Some disparity in those numbers is to be expected; board members may appreciate internal auditors more because they deliver information that might be new to the audit committee but that management already is aware of. Nonetheless, King said, there are opportunities for internal auditors to deliver more value for their organizations.

He said the internal audit function at FedEx, a global parcel delivery organization, has followed a process to develop additional value for the company in addition to the traditional assurance function. It's important, though, that the quality of internal audit's assurance deliverables to the audit committee does not suffer as the function adds value in other areas.

> I That's always number one for us, that they need that controllevel assurance that things are operating as they need to be, "" King said.

The keys to adding value beyond controls assurance, King said, are people, process, communication and relationships. He said internal audit functions looking to add more value should:

Perform a resource analysis. What skills does the internal audit function possess, and how can those skills be used to produce more value? What skills are missing? Should the team recruit new employees to fill those gaps, or co-source? All these questions should be asked, King said.

> I To be able to continue to deliver value, we have to have the right resources, "" King said.

66 It starts with people.

Have a blueprint. "We have to have a mission, a strategy in what we're trying to accomplish, and articulate that across those respective [internal] customer groups," King said. "This is what our expectations are in this particular area. This is how we plan to deliver that."

Communicate. Once the value is added, internal audit needs to make other functions realize it, King said. Each year, when he presents to the audit committee, he describes where internal audit added value. "It's not all cost savings," King said. "It's not all about a cost recovery or dollar figure. It's about process change, it's about risk mitigation, it's about areas that we feel like we've added value."

The relationship portion of the value proposition can be a tricky one for internal audit, King said, because of expectations of objectivity and independence. But he said having relationships with the business units helps internal audit function more effectively because of a better understanding of strategy and risks.

Open dialogue

Those relationships and a dialogue start with the chief audit executive and the senior management team, which does not want to be caught off guard when the internal audit head makes a presentation to the audit committee, King said. King also encourages staff members to build relationships with other functions in hopes that employees of other functions will feel comfortable calling the internal audit team to ask, for example, about a potential controls concern.

Michelle Hubble, PwC's internal audit performance improvement leader, said leading chief audit executives pursue regular dialogue with the business because it helps them align with the needs of their internal customers.

"More likely than not, [it] starts out as some sort of structured plan, monthly or quarterly," Hubble said. "But then it just becomes part of their culture. And once it becomes part of your culture, you've succeeded on that journey of not just providing basic assurance services, but providing insight, helping solve problems and really focusing on what matters most to management."

The area of data analytics currently provides an area of excellent opportunity for internal audit to provide additional value, King said.

"You want to deliver value to your senior management team?" King said. "Bring in business insight because of data you've been able to manipulate and come to a conclusion to give them insight that they didn't have before. Tremendous value. They immediately see you as a partner, and that's a win for them." It's a win for the internal audit team, too. Internal audit can elevate its status in the organization by getting those wins and building on them, King said. Internal audit functions whose duties are limited may have difficulty moving to a more value-added role overnight.

But over time, taking advantage of opportunities to add value can raise the profile of internal audit in the organization. Figuring out what the business units need – and the skills internal audit needs to fill those needs – is the first step, King said.

"Align those expectations," he said. "Where is value to your organization? They're asking for more. But in what ways are they asking for more? Is it just more in the assurance area? Is it more in the emerging areas that you need to focus on? And do you have those capabilities? You have to make sure you get alignment on that."

About the author: Ken Tysiac (<u>ktysiac@aicpa.org</u>) is a CGMA Magazine senior editor.

Want to learn more the Chartered Global Management Accountant (CGMA) designation? Check it out at <u>cgma.org</u>.

NATIONAL SOCIAL SECURITY ADVISORS 5M

Increasing Advisor Value Through Social Security Education **Classes in Louisville:** June 11, 2014 November 5, 2014

KY CPA members receive \$200 discount. Promo code: KYCPA. 513-351-5707 PremierNSSA.com

NationalSocialSecurityAssociation.com

PREMIER SOCIAL SECURITY CONSULTING, LLC

Co-developed by a 35-year veteran of the Social Security Administration.



OWN OCCUPATION DISABILITY INSURANCE & GROUP TERM LIFE INSURANCE SOLUTIONS

Simple 1-page applications No tax return requirements to apply **High quality portable benefits**

NATIONAL INSURANCE AGENCY

Woodford R. Long, CLU | wrl@niai.com | 800-928-6421 ext 222 | www.niai.com



Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 on Policy Forms GMR and SIP. Features, Costs, Eligibility, Renewability, Limitations and Exclusions are detailed in the policy and in the brochure/application kit. #1212

Tax audit nightmares

By Mark A. Loyd, Esq., CPA

Audits can be scary business for taxpayers. These simple steps can help clients avoid a nightmare scenario.



It is always prudent to consider a tax audit to be an eventuality. Sometimes they are inevitable. Sometimes there is no audit. But, to avoid audit nightmares, it is best to plan as though an audit will occur.

Keep good records

In tax audits, a taxpayer must demonstrate that the positions taken on their tax returns are supported by the facts and the law. A taxpayer's records prove the facts. When a taxpayer's records are missing or unavailable, a tax auditor will often assume that the position has no factual support. So, for example, in a sales tax audit, if you cannot locate a resale certificate or exemption certificate for a sale to your customer, the auditor will presume that the sale is taxable (even though it is not) unless you can prove otherwise with other documents or evidence.

Documents and records can be destroyed through no fault of the taxpayer; this can occur because of a fire, flood, computer virus, hard drive crash, or other incident. Problems arising from these types of incidents can be prevented by maintaining backup copies or redundant electronic storage systems. Sometimes documents are missing because they cannot be located. This can occur, for example, when long-term employees retire or in mergers and acquisitions; in these situations, those who created the documents are not with the company who is managing the audit. This can be addressed by being mindful of tax-related documents and records during these periods of transition.

File in time

Failure to file tax returns on time on a consistent basis can result in the imposition of penalties, although these can be abated when reasonable cause for the non-filing exists. But, another consequence of failing to consistently file tax returns on time is the potential to trigger an audit. Taxpayers with compliance problems are often selected for audit. Filing on time takes this factor out of the audit lottery equation.

If you receive a tax assessment notice, it is important to file the protest on time. A late protest is generally ineffective; the result of this is that the tax is owed and must be paid. When a notice is not protested, the state Department of Revenue will ultimately take action to collect the tax.

Don't overpay

As a general rule, it is difficult to get refunds from a state Department of Revenue. At a minimum, it requires additional paperwork in the form of filing amended returns or refund claims. Even when

Continued on p. 16

Six tips continued

granted, processing refunds can take a state Department of Revenue a significant amount of time – months or years.

States also seek to avoid paying refund claims by initiating an audit of the requesting taxpayer. The auditor will often seek to identify assessments to partially offset the refund, eliminate it entirely, or to convert the refund into an assessment.

Voluntarily disclose

Sometimes, even the best compliance systems don't work properly. Returns are not filed. Wrong returns are filed. Tax is not paid when due. When inadvertent noncompliance like this is discovered, it is often advisable to come forward voluntarily and report the nonpayment to the state. Going the voluntary disclosure route is often a good strategy to avoid penalties. Most Departments of Revenue, like the Kentucky Department of Revenue, have a Voluntary Disclosure Program which, in the case of non-filing, provides for a limited look back as to tax returns that must be filed and includes a waiver of penalties, for qualifying taxpayers. These can typically be advanced anonymously through your tax advisor.

Don't over-extend

As noted, taxpayers must prove their case by providing records and arguments in support of their positions. As time passes, it can become more difficult to obtain documents. For example, they may be destroyed according to the company's record retention schedule or accounting systems may change so that it is more difficult to run reports or searches on accounting data. Therefore, it is not in a taxpayer's best interest for the audit to become stale due to too many extensions of the statute of limitations. Extensions can be fine when progress is being made, but consideration should be given to avoid extensions of significant length, such as one year or more.

Establish timely receipt

Filing on time is important, as noted above. But, sometimes you need to be able to prove it. The consequence of not being able to prove timely receipt is that a state Department of Revenue may take the position that the return or protest was never received at all. The former can result in penalties for non-filing; the latter can result in your protest being considered void. To prevent this, best practice is to ensure that whatever form of delivery you determine to use, you can prove not only timely mailing, but also receipt. So when you're given a choice of delivery methods, consider those for which delivery and receipt can be proven: hand delivery (where the courier gets a file-stamped copy of the document); US Postal Service Express Mail; US Postal Service Certified Mail (although delivery can take longer); facsimile; or, email. Be sure and save the receipt confirmations.

6 One, two, Freddy's coming for you. / Three, four, better lock your door. / Five, six, grab your crucifix. / Seven, eight, gonna stay up late. / Nine, ten, never sleep again. ? Children, A Nightmare on Elm Street (1984)

Dealing with a tax audit need not be a nightmare. Hopefully these tips will help you avoid nightmares and sleep better. But, also remember that most things can be fixed. There is, however, a cost when things go wrong, even when the lapse was inadvertent.

About the author: Mark A. Loyd, Esq., CPA, is a member of Bingham Greenebaum Doll in Louisville and chairs its tax and finance practice group. He chairs the Society's Editorial Board. He can be reached at <u>MLoyd@bgdlegal.com</u>; 502.587.3552.



New requirements for federal awards



A look at the new Uniform Administrative Requirements, Cost Principles and Audit Requirements for federal awards

By Lori F. Dearfield, CPA, CGMA

On Dec. 26, 2013, the Office of Management and Budget (OMB) issued the most significant change to occur related to federal grants management in recent history in a document titled *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).*

The goal of this guidance was to deliver on the promise of a 21st century government that is more efficient, effective and transparent. The new guidance combines eight separate sets of OMB regulations into one all-inclusive policy that is intended to streamline guidance for federal awards to ease the administrative burden. This guidance applies to federal agencies making federal awards and non-federal entities receiving federal awards. The guidance supersedes requirements from various prior OMB Circulars and provides reforms in the three main areas of administrative requirements (previously located in Circulars A-102, A-110, and A-89), cost principles (previously located in Circulars A-21, A-87, and A-122), and audit requirements (previously located in Circulars A-133 and A-50).

Administrative requirements

The main changes to administrative requirements relate primarily to requirements for pass-through entities and the procurement standards. The requirements for pass-through entities are now more explicit related to monitoring of sub-recipients. The changes to the procurement standards were derived mainly from the original Circular A-102 (the Common Rule) which was previously only relevant to state and local governments, but now will be relevant to all entities receiving Federal awards. Entities receiving federal awards should review and revise their current policies, as needed, to ensure that they will comply with these new administrative requirements.

Cost principles

Allowable costs are more limited in the new cost principles with clarification on allowable spending for certain items such as increased time and effort reporting for documenting personnel expenses. Charges to federal awards for salaries and wages must be based on records that accurately reflect the work. It clarifies allowable direct costs and provides a de minimis indirect cost rate of 10 percent of modified total direct costs for entities that have never had a negotiated indirect cost rate. Computing devices are now treated as supplies

Continued on p. 18

Requirements continued

as opposed to equipment if the acquisition cost is less than the lesser of the capitalization policy of the entity or \$5,000. It also clarifies certain allowable costs including conferences, employee health and welfare costs, interest, and travel costs. It provides a single comprehensive list of circumstances under which entities need to seek prior approval of the federal awarding agency, including pre-award costs, additions to program income or the use of program income to meet a cost sharing or matching requirement, changes in scope of program, or subcontract work not previously approved. Again, entities receiving federal awards should evaluate their current policies to determine whether changes are needed; i.e. revise their capitalization policy, etc.

Audit requirements

Finally, the changes to the audit requirements include raising the single audit threshold from \$500,000 to \$750,000. According to the Council on Financial Assistance Reform, this would maintain single audit oversight over 99.7 percent of the dollars subject to compliance and 87.1 percent of the entities that are currently subject to the requirement; eliminating the requirement for approximately 5,000 of the 37,500 entities that are currently receiving a single audit.

The guidance increased the minimum threshold to determine whether a program is a type A or type B program from \$300,000 to \$750,000. In addition, a type A program will automatically be selected to be audited as a major program in instances where the program had a modified opinion on compliance, material weakness in internal controls over compliance, or questioned costs greater than 5 percent. The guidance raises the reporting threshold for questioned costs from \$10,000 to \$25,000. The major program determination will focus audits on the areas with internal control deficiencies that have been identified as material weaknesses.

In addition, the audit coverage requirement has been reduced from 25 percent to 20 percent for low-risk auditees and from 50 percent to 40 percent for not low risk auditees. In order to be considered low risk, an entity must have had an unmodified opinion on the schedule of expenditures of federal awards, no material weaknesses, no going concern opinion, and any type A programs had no federal program audit findings in the preceding two audit periods that were classified as material weaknesses, modifications to the compliance

opinion or questioned costs that exceed 5 percent of total awards for that federal program. These changes were made to provide burden relief for entities that materially comply.

Lastly, audit reports will now be publicly available on the internet through the Federal Audit Clearinghouse and the auditee will certify that there is no protected personally identifiable information in the single audit report upon submission to the Clearinghouse.

Effective date

These regulations will be effective on Dec. 26, 2014, one year after their publication date. However, standards related to the audit requirements will be effective for fiscal years beginning on or after Jan. 1, 2015; i.e. the first single audits affected by this rule will be for the year ending Dec. 31, 2015.

To assist with the implementation, OMB has published various crosswalk documents and text comparisons of the old and new requirements which can be found on the OMB Web site at <u>http://www.</u> whitehouse.gov/omb/grants_ <u>docs#final</u>. This final guidance is located in Title 2 of the Code of Federal Regulations.

About the author: Lori F. Dearfield, CPA, CGMA, is the audit director at Kelley, Galloway & Company, PSC, in Ashland.



ACH and EFT security controls

By Greg Wilson, CPA

In the last decade, ACH (automated clearing house) transactions, as well as wire transfers, have become the methods of choice for businesses to transfer funds on a timely basis to suppliers, employees and other organizations. Both are forms of electronic fund transfers (EFTs). Generally, electronic payment processes, such as ACH transactions and wire transactions, are less susceptible to fraud as compared to paper transactions. However, EFTs can also pose as an internal control weakness for many companies.

Employees can bypass an organization's built-in internal controls, if any, and embezzle significant amounts of cash at one time or over a period of time. EFTs will typically allow employees to transfer funds between bank accounts, download detailed transaction information into accounting software and monitor the daily cash position. Although EFTs are designed to allow the organization to operate effectively and efficiently, they also pose significant risks to an organization. As such, a strong system of internal controls should be considered by management in order to prevent and detect fraudulent activities.

There is not a universal solution for the establishment of a strong system of internal controls. Many times it is not as simple as installing a firewall or having anti-virus security. Every organization has distinct business functions and industry standards with which to comply, in addition to required security controls, to protect from fraud threats. Thus, a simple checklist will most likely not be adequate to address all of the relevant issues. While the list that follows is not all inclusive, it will provide a few items for organizations to consider related to EFTs.

Typical system security and access control in processing EFT and ACH cash transfers:

- Are the computer and related programs located in a secure environment and locked when not in use?
- Are the computer programs relating to cash transfers accessible in any manner by unauthorized users (i.e., from other terminals in a network environment, the Internet or the physical workstation)?
- Are up-to-date lists maintained of users and their levels of access?
- Does appropriate management adequately supervise the physical security of the computers which have access to programs related to cash transfers?
- Is it possible that computer access passwords and other vital information have been leaked, whether intentionally or not, to others? Are passwords and other vital access information changed periodically? How is this documented?
- Are system records maintained to document logon attempts/session paths, etc., and are they reviewed by appropriate management? Does the system maintain logon violation records?
- Is the specific computer or terminal validated and documented by the system upon an attempted logon?
- Is input documentation reviewed and approved independently from the cash transfer process? How many approvals are required and how are they documented?
- Are prospective employees who will be involved in the cash transfers properly screened? Are they adequately bonded?
- Do processing periods ever become prolonged? Are employees leaving the computer during the transmission process?
- How are computer hardware and software problems documented related to the cash transfers?
- Who is supervising compliance with internal controls relating to these matters?

Continued on p. 20

Requirements continued

INTERNAL CONTROL OVER PROCESSING, WHAT IS YOUR EXPOSURE?



Internal control over processing EFT and ACH cash transfers:

- Is there a pre-approved listing of vendor numbers and bank account numbers for which designated cash transfers can be made to/from?
- Which employees are permitted to perform what type(s) of cash transfers? How is this monitored? Are there pre-approved dollar limitations?
- Is cash reconciled by an individual independent of having access to perform cash transfers?
- Is the cash reconciliation or review completed from the Internet or computergenerated statements that could have been easily manipulated prior to being reviewed?

- Does the cash reconciliation process include a detailed review of vendors, bank account numbers and other references relating to the cash transfers? Is supporting documentation reviewed?
- What is your exposure to unauthorized transactions occurring with your authorized vendors (e.g., an employee paying a personal debt with an identical vendor)?
- What is your exposure to "innocent-looking" payroll tax deposits made via cash transfers that are crediting unauthorized amounts of federal income tax to an employee's withholding account?
- Are recurring cash transfers reviewed to determine the ongoing propriety of the amount and the authorization of the expenditure?

These are only a few of the many internal control questions, and potential issues associated with the processing of EFT and ACH transactions. The size of the organization will clearly dictate the extent of internal controls and several of the items noted above may or may not be practical for smaller organizations. However, the number of electronic transactions will undoubtedly continue to increase in years to come. The receipt, approval and payment of invoices, and the accounting for the same, will all be done electronically. While these transactions offer time and cost saving advantages, it is imperative that companies proactively implement proper controls and procedures to ensure that they are protected from both internal and external fraud threats.

About the author: Greg Wilson, CPA, is a principal with Mountjoy Chilton Medley LLP. He can be reached at <u>Greg.Wilson@mcmcpa.com</u>, or 502.882.4364.



New audit firm rotation recommendation

By Charles George

The State Committee for School District Audits (SCSDA), the panel that sets rules for school district financial audits, has included a recommendation in its new audit contract that districts rotate audit firms every five years as a "best practice." The provision also requires districts to "justify" in writing why the district continues to use the same audit firm after five years.

From the SCSDA contract: *The SCSDA* recommends an audit firm rotation once every five years as a best practice. After five consecutive fiscal years, if there is no audit firm rotation the district shall provide a written explanation justifying why the district continues to use the same auditor. The written explanation shall be provided to KDE along with the audit contract on or before May 28th.

KyCPA actively opposed the inclusion of this provision, telling the committee on multiple occasions that automatic auditor rotation could increase costs while decreasing quality. In a letter to State Auditor Adam Edelen in January, KyCPA stated that our problem does not lie with a thoughtful consideration of rotating auditors, but rather establishing a policy to rotate auditors simply for the sake of rotating auditors. We also shared a letter from AICPA President and CEO Barry Melancon, who supported KyCPA's efforts and stated numerous Governmental Accountability Office (GAO) studies have shown that audit firm rotation is bad policy. Other studies have shown that audit failures are three times more likely in the first two years of an audit because of the steep learning curve. Therefore, there is a positive correlation between auditor tenure and auditor competence.

The Society told the committee that while we appreciated rotation not being mandatory in the contract, a statement recommending rotation coupled with Auditor Edelen's recent spotlight on school district audits - could cause a significant number of districts to endorse the practice. This could be particularly problematic in Kentucky



because there are a limited number of firms with the expertise to perform school district audits in a timely and efficient manner. As our members know, school district audits constitute a specialized industry that requires auditor expertise and training to ensure audit quality. The firms that perform these engagements are primarily local firms with partners who focus on governmental engagements. Furthermore, we told the committee it did not make sense to endorse a policy more strict than the State Auditor's existing recommendations for public boards, which recommend the rotation of audit partners, not firms.

Despite educating the committee on the pitfalls of audit firm rotation, it approved the contract provision during its March 12 meeting. While we were disappointed in the decision, we thanked the committee for giving us an opportunity to present our concerns. On April 14, KyCPA reached out to school districts through the Kentucky School Boards Association (KSBA) e-newsletter urging districts not to establish policies to automatically rotate audit firms.

About the author: Charles George is the KyCPA director of government affairs. He can be reached at <u>cgeorge@kycpa.org</u> or 502.266.5272.



Case study: court accounting triggers allegations

By Duncan B. Will, CPA/ABV/CFF, CFE

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

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

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

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

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

Case study: court accounting

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

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

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

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



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

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

Would the court accounting have been any different had the CPA considered the SSARS implications? No. But, the plaintiff's attorney successfully discredited the CPA's work because the CPA: 1) did not consider the SSARS implications, 2) did not add a SSARS compliant report, and 3) did not comply with the SSARS standards by having an engagement letter and report that indicated his lack of independence.

Loss prevention tip: To satisfy jury expectations, CPAs must document all significant communications, decisions and observations. Accordingly, an engagement letter should be used for every engagement to document the understanding between the CPA and the client. The letter should: 1. define the scope of the engagement, the CPA's responsibilities, and the client's responsibilities; 2. state that it represents a mutual understanding of the services being provided; and 3. request the client's signature on the letter as an indication of approval. A legal defense is almost always more successful when based on documentation rather than on memory.

It is also always prudent to have a qualified risk adviser or attorney review your engagement letters for significant engagements.

About the author: Duncan Will is loss prevention manager and accounting and auditing specialist with CAMICO (camico.com).



¹[1] AR §9080.17 Interpretation 7 of AR Section 80 - Applicability of Statements on Standards for Accounting and Review Services to Litigation Services - Financial statements submitted in conjunction with certain litigation services may not be subject to the SSARS when the services involve pending or potential legal or regulatory proceedings before a "trier of fact" when (1) * the accountant acts as a trier of fact or on behalf of one, (2) the accountant is engaged as an expert witness, (3) the accountant is engaged by an attorney and to perform services protected by the attorney's work product privilege, or (4) the accountant's work is subject to analysis and challenge by parties in a dispute.

Updated guidance on Peer Review scope



Effective April 1, 2014, the AICPA/KyCPA Peer Review Program implemented updated noncooperation guidance for when a firm omits, withholds, or misrepresents information about its accounting and auditing practice. The changes are in response to recent evidence indicating that some firms are not including all engagements in the scope of peer review. Since program objectives are best achieved when peer reviews are performed with procedures tailored to the nature of a firm's practice, peer review scope is critical to that effectiveness.

These changes may appear to be aggressive and, in some respects, punitive. However, the AICPA Peer Review Board was unanimous in its desire to remedy the cause of hundreds of recently identified omissions or misrepresentations (including some in Kentucky) that have altered firms' reviews, apparently over several years. This circumstance has, in the view of some, resulted in a blight on the peer review program and, unfortunately, it has caused some important users of peer review reports to view the program with distrust. That trust must be restored for the benefit of all enrolled firms.

The revised guidance:

- Adds failure to accurately represent its accounting and auditing practice as defined by the *AICPA Standards for Performing and Reporting on Peer Reviews* (Standards), and/or notify its administering entity of changes in that practice, to the list of reasons for which a firm's enrollment in the AICPA Peer Review Program may be dropped, which may occur without a hearing by the AICPA Peer Review Board.
- Clarifies Standards Interpretation 5h-1 to state that a firm's failure to cooperate once a review has commenced includes omission or misrepresentation of information relating to its accounting and auditing practice as defined by Standards, including, but not limited to, engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations (Service Organizations Control (SOC) 1 and 2 engagements) and will result in the termination of the firm's enrollment in the AICPA Peer Review Program, subject to a hearing.
- Changes the standard representation letter that firms provide to the peer reviewer to include required language 1. acknowledging the firm's engagement list provided to the reviewer included, but was not limited to, all engagements performed under Government Auditing Standards, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations (Service Organizations Control (SOC) 1 and 2 engagements), as applicable; 2. affirming the firm's understanding that failure to properly include engagements on the list - regardless of the cause - could be deemed as a failure to cooperate; and 3. affirming the firm's understanding that a failure to properly represent the firm's practice - regardless of the cause- may result in referral to the AICPA Professional Ethics Division for investigation of a possible violation of the AICPA Code of Professional Conduct.



2014 CPE Catalog

Get wise; get CPE from KyCPA.

Our highly rated professional speakers are subject-matter experts.

CPE in person, online, onsite and on demand.

Variety of topics for all levels of expertise.

Register at kycpa.org

CONFERENCE AND EXPO

MEGA CPE

Fabulous

Expo, baby!

Nov. 3, 2014 8 CPE hours - Galt House Hotel, Louisville Register at <u>kycpa.org</u>.

Something for everyone.

Stronger together for 90 years

What happens at the Expo does not stay at the Expo ... a full day of take-aways from CPE City.

The latest Kentucky state tax topics; variety of sessions to help you stay on top of emerging business and economic issues; new technology gadgets, gizmos and demonstrations to help make your life easier and your business more profitable; A&A update on the new changes from FASB, GASB, the SEC and the PCAOB; Success Skills Workshop, perfect for emerging professionals and any CPA ready to take it to the next level.

The Expo Hall: Get lucky at the Expo! Thirty-five exhibitors will be on hand to provide great information about useful products, new advances and cost-saving opportunities ... all for CPAs. With prizes, games and plenty of swag.

CPE pricing

Live seminar pricing	KyCPA member	Nonmember	
4-hour seminars (with Early Bird discount)	\$169	\$219	
8-hour seminars (with Early Bird discount)	\$269	\$369	
16-hour seminars (with Early Bird discount)	\$389	\$589	
Ethics Update for CPAs (Not eligible for discounts)	\$79	\$99	
Professional Issues Updates (Not eligible for discounts)	\$39	\$79	
Vern Hoven Federal Tax Update (Member prices when registering at least 14 days in advance. <i>New for</i> 2014-15 – <i>every registration for Vern Hoven Tax Update includes</i> both <i>print and electronic manuals.</i>)			
1-day Vern Hoven Federal Tax Update (with Early Bird discount)	\$349	\$449	
2-day Vern Hoven Federal Tax Update (with Early Bird discount)	\$519	\$719	

Conference pricing	KyCPA member	Nonmember
1-day conferences (with Early Bird discount)	\$299	\$399
2-day conferences (with Early Bird discount)	\$399	\$599

See Small Business, Mega CPA Conference and Expo, and Technology conferences for special pricing online at <u>kycpa.org</u>.

Early Bird Discount: Save \$50 on most live seminars and conferences by registering at least 2 weeks in advance. This helps you save money and helps us know which courses are popular enough to run. Excludes seminars less than 4 hours, Professional Issues Updates, Small Business Conference and Mega CPE Conference and Expo.

AICPA Discounts are \$30 per 8-hour day for AICPA members attending AICPA-sponsored courses, marked (A).

Group Discounts for 4 or more. Register at least 4 participants from the same firm for the same live seminar or conference and save \$25 per person. Must register all individuals at the same time and pay at registration. Excludes seminars less than 8 hours and Small Business Conference. Does not combine with Get Smarter Discount.

Get Smarter Discount: Register for 3 or more live seminars conferences and/or Cal CPA webcasts and get \$20 off each event. Save at least \$60 – the more you buy, the more you save! Must register for all programs at the same time and pay at registration. Combine the Get Smarter Discount with the Early Bird Discount (\$50) and/or your AICPA discount (\$30) and save even more. Excludes seminars less than 8 hours and Small Business Conference. Does not combine with Group Discount.

All courses include electronic materials. We can provide you with a printed manual at most events for an additional \$30, please order printed manual at registration except Vern Hoven seminars, where printed manuals are included in your fee.

Register online at kycpa.org.

2014 - 2015 CPE calendar

Date	Title	City
June 2014		
6/3	Ethics Update for CPAs 2014	Louisville
6/9	Accounting and Auditing Update for Small Businesses (A)	Louisville
6/9	Auditing Employee Benefit Plans (A)	Louisville
6/10	Annual Update for Compilation and Review Engagements (A)	Louisville
6/12	Advanced OMB Circular A-133 Issues (A)	Louisville
6/13	Accounting and Reporting for Not-for-Profit Organizations (A)	Louisville
6/20	Small Business Conference	Louisville
6/23	Case Studies in Not-for-Profit Accounting and Auditing (A)	Louisville
6/23	Top 50 Business Tax Mistakes Practitioners Make and How to Fix Them	Louisville
6/24	Governmental and Not-for-Profit Annual Update (A)	Louisville
6/24	Top 50 Individual Tax Mistakes Practitioners Make and How to Fix Them	Louisville
6/26	Audits of 401(k) Plans: New Developments and Critical Issues	Louisville
6/26	Excel PivotTables for Accountants	Louisville
6/27	Budgeting, Forecasting and Business Analytics	Louisville
6/27	OCBOA: Preparing and Reporting on Cash, Modified Cash and Tax Basis Financial Statements	Louisville
July 2014		
7/10	Accounting and Reporting for Not-for-Profits: Issues and Answers	Louisville
7/11	Auditing for Not-for-Profit Entities: Superior Skills for an Effective and Efficient Audit	Louisville
7/18	Community Bank Update	Louisville
7/28	Advanced Compilation and Review Engagement Issues: Striking the Right Balance	Louisville
7/29	FASB Annual Update and Review: Critical Developments	Louisville
Aug. 2014		
8/4	Compilation Engagement Fundamentals (AM)	Louisville
8/4	Statement of Cash Flows: Preparation, Presentation, and Use (PM)	Louisville
8/5	Alternatives to GAAP Using Special Purpose Frameworks (A)	Louisville
8/6	Forensic Accounting Business Valuation (2 Conference Special)	Louisville
8/6	Fraud and Forensics Accounting Conference	Louisville
8/7	Business Valuation and Litigation Conference	Louisville
8/12	Comprehending OMB Circular A-133 (A)	Louisville
8/12	Ethics Update for CPAs	Pikeville
8/12	Professional Issues Update	Pikeville

Register and more details available online at kycpa.org.

Date	Title	City
8/13	Ethics Update for CPAs	Grayson
8/13	Professional Issues Update	Grayson
8/13	Frequent Frauds Found in Governments and Not-for-Profits (A)	Louisville
8/14	Clarified Auditing Standards: What You Need to Know (A)	Louisville
8/15	FASB Review: Common GAAP Issues Impacting All CPAs (A)	Louisville
8/18	Annual Accounting and Auditing Update by Surgent McCoy	Paducah
8/18	Annual Update for Governments and Not-for-Profits (AM)	Louisville
8/18	Yellow Book Financial Audits (PM)	Louisville
8/19	Annual Accounting and Auditing Update by Surgent McCoy	Owensboro
8/19	Form 990: A Comprehensive Approach to Accurate Preparation (A)	Louisville
8/20	Annual Accounting and Auditing Update by Surgent McCoy	Madisonville
8/20	Buying and Selling a Business: Critical Tax and Structuring Issues	Louisville
8/21	Audits of Banks and Other Financial Institutions (A)	Louisville
8/21	Surgent's Multistate Tax Update	Louisville
8/22	Construction Contractors: Accounting, Auditing, and Tax (A)	Louisville
8/22	Natural Resources Conference	Lexington
8/25-26	Accounting & Auditing Workshop (A)	Lexington
8/25	Advanced Partnership/LLC Workshop: How to Do Optional Step-Up in Basis Under Section 754 and Related Provisions	Louisville
8/25	Annual Accounting and Auditing Update by Surgent McCoy	Somerset
8/25	Governmental Accounting & Auditing Update	Louisville
8/26	Annual Accounting and Auditing Update by Surgent McCoy	Grayson
8/26	Guide to Small Business Health Insurance and Fringe Benefits	Louisville
8/26	Single Auditing Testing Documentation	Louisville
8/27	Annual Accounting & Auditing Update by Surgent McCoy	Florence
8/27	Audit Documentation	Louisville
8/27	Ethics Update for CPAs	Madisonville
8/27	Excel Tables - Revolutionize How You Work with Excel (AM)	Louisville
8/27	PDF Forms - What Accountants Need to Know (PM)	Louisville
8/27	Professional Issues Update	Madisonville
8/28	Analytical Procedures for Nonprofit Organizations (A)	Louisville
8/28	Ethics Update for CPAs	Paducah
8/28	Excel Best Practices	Lexington
8/28	Professional Issues Update	Paducah
8/29	Not-for-Profit Accounting & Reporting: From Start to Finish (A)	Louisville

CPE calendar continued

Date	Title	City
Sept. 2014		
9/16	Advanced Tax Strategies for LLCs & Partnerships (A)	Louisville
9/16	Common Frauds and Internal Controls for Revenue, Purchasing, and Cash Receipts (A)	Louisville
9/16	Ethics Update for CPAs	Corbin
9/16	Professional Issues Update	Corbin
9/17	Form 1041: Income Taxation of Estates and Trusts (A)	Louisville
9/17	IT Risks and Controls in Current and Emerging Environments (A)	Louisville
9/18-19	CPAs in Business and Industry Conference	Louisville
9/23	Applying Risk Assessment to Smaller Business Audits (A)	Louisville
9/23	The Accounting Firm is Flat	Louisville
9/24	Annual Update for Controllers (A)	Lexington
9/24	Compilation and Reviews: Engagement Performance and Annual Update	Louisville
9/24	Ethics Update for CPAs	Owensboro
9/24	Professional Issues Update	Owensboro
9/24	Upcoming Peer Review: Is Your Firm Ready? (A)	Louisville
9/25	Annual Accounting and Auditing Update by Surgent McCoy	Louisville
9/25	Toolkit of Best Practices for Today's Controller and Financial Manager (A)	Louisville
9/26	Annual Accounting and Auditing Update by Surgent McCoy	Lexington
9/26	Forensic Accounting: Fraudulent Reporting and Concealed Assets	Bowling Green
9/29	Fiduciary Income Tax Returns - Form 1041 Workshop	Louisville
9/29	Taxation for Individuals Living Abroad (A)	Louisville
9/30	International Taxation (A)	Louisville
9/30	Social Security, Medicare, and Prescription Drug Retirement Benefits: What Every Baby Boomer Needs to Know Now	Louisville
Oct. 2014		
10/1	Compilation and Review Engagement Fundamentals (A)	Louisville
10/1	Ethics Update for CPAs	Erlanger
10/1	Professional Issues Update	Erlanger
10/2	Financial Reporting Framework for SMEs (A)	Louisville
10/3	Audit Workpapers: Documenting and Reviewing Field Work (A)	Louisville
10/16	Identifying Fraudulent Financial Transactions (A)	Louisville
10/17	Internal Control Best Practices for Small and Medium-Sized Entities (A)	Louisville
10/20	Advanced Tax Structures: Using Tiered Partnerships, Multiple Corporations, Series LLCs, and Disregarded Entities	Louisville
10/20	Excel Reporting - Best Practices, Tools and Techniques (AM)	Louisville

30

Date	Title	City
10/20	Word, Outlook, and PowerPoint - Tips and Tricks for Enhancing Productivity (PM)	Louisville
10/21	Advanced Form 1041 Practice Workshop	Louisville
10/21	Technology for CPAs - Don't Get Left Behind	Louisville
10/23	Current Developments and Best Practices for Today's CFOs and Controllers	Lexington
10/23	Financial Institutions Conference	Louisville
10/22-23	Vern Hoven's 2-Day Federal Tax Update	Louisville
10/24	MBA in a Day	Louisville
10/27	The Best Federal Tax Update Course by Surgent	Paducah
10/27	Yellow Book: Government Auditing Standards (A)	Louisville
10/28	Accounting & Auditing Update	Louisville
10/28	Applying OMB Circular A-133 to Not-for-Profit and Governmental Organizations (A)	Louisville
10/28	The Best Federal Tax Update Course by Surgent	Owensboro
10/29	Internal ControlIdentifying and Reporting Deficiencies	Louisville
10/29	The Best Federal Tax Update Course by Surgent	Madisonville
10/30	Controller's Update: Today's Latest Trends (AM)	Louisville
10/30	Risk, Cost, and Cash Management for Controllers and Financial Managers (PM)	Louisville
10/30	Getting More Active with the Passive Activity Rules and the New Net Investment Income Tax	Louisville
10/30	The Best Federal Tax Update Course by Surgent	Somerset
10/31	Reading, Understanding, and Structuring LLC and Partnership Agreements	Louisville
10/31	The Best Federal Tax Update Course by Surgent	Grayson
10/31	The New Controllership: Keys to Boosting Corporate Performance (A)	Louisville
Nov. 2014		
11/3	Basis/Distributions for Pass-Through Entities: Simplifying the Complexities (A)	Louisville
11/3	Exploring the Updated Internal Control Framework: From Design to Monitoring	Louisville
11/3	Mega CPE Conference and Expo	Louisville
11/3	Kentucky State Tax Conference (Included in Mega CPE Conference)	Louisville
11/3	The Best Federal Tax Update Course by Surgent	Florence
11/4	Cut Your Client's Tax Bill: Individual Tax Planning Tips and Strategies (A)	Louisville
11/4	Ethics Update for CPAs	Louisville
11/4	Professional Issues Update	Louisville
11/4	GAAS from A to Z	Louisville
11/6	The Top 10 Tax Topics of 2014	Louisville

CPE

CPE calendar continued

Date	Title	City
11/7	The Complete Guide to Payroll Taxes and 1099 Issues	Louisville
11/10	Compilation and Review Update (AM)	Louisville
11/10	Hot Tax Planning Developments Under the Current Tax Law (AM)	Louisville
11/10	IRS Disputes: Identifying Options for Your Client (PM)	Louisville
11/10	Write-Up, Payroll, and Other Accounting Services: Managing the Risks (PM)	Louisville
11/11	Ethics Update for CPAs	Bowling Green
11/11	Professional Issues Update	Bowling Green
11/11	Forensic Accounting: Uncovering Schemes and Scams (AM)	Louisville
11/11	Health Care Reform Act: Critical Tax and Insurance Ramifications (AM)	Louisville
11/11	Social Security and Medicare: Maximizing Retirement Benefits (PM)	Louisville
11/11	Understanding COSO Internal Control Guidance (PM)	Louisville
11/12	Real Estate Conference	Louisville
11/13	Capitalized Costs and Depreciation: Key Issues and Answers (PM)	Louisville
11/13	Tax Planning Strategies for Small Businesses: Corporations, Partnerships, & LLCs (AM)	Louisville
11/13	The New Reporting Option: A Financial Reporting Framework for SMEs	Lexington
11/14	Effectively and Efficiently Reviewing Audit Workpapers:Defense Against Deficient Audits	Louisville
11/14	Taxation Essentials of LLCs and Partnerships (A)	Louisville
11/17	Forensic Accounting: Conducting Financial Fraud Investigations	Louisville
11/18	Occupational Fraud: Top 50 Tips to Prevent Executives, Managers and Employees From Stealing	Louisville
11/18	Revenue Recognition (A)	Louisville
11/19	Advanced Business Law for CPAs (A)	Louisville
11/20	Financial Statement Analysis: Basis for Management Advice (A)	Louisville
11/20	Nonprofit Accounting & Auditing Update	Louisville
11/21	Obtaining and Evaluating Audit Evidence	Louisville
11/24	Ethics Update for CPAs	Lexington
11/24	Professional Issues Update Lexington	Lexington
Dec. 2014		
12/1	Audits of State and Local Governments: What You Need to Know (A)	Louisville
12/2-3	Accounting & Auditing Workshop (A)	Louisville
12/2	Recognizing and Responding to Fraud Risk in Governmental and Not-for-Profit Organizations (A)	Louisville
12/3	Advanced Technical Tax Forms Training Form 1040 Issues	Louisville

Date	Title	City
12/4	Advanced Technical Tax Forms Training LLCs, S Corporations, and Partnerships	Louisville
12/4	Preventing and Detecting Identity Theft (A)	Louisville
12/5	Forensic Accounting Investigative Practices (A)	Louisville
12/8	Advanced Real Estate Accounting, Auditing, & Taxation (A)	Louisville
12/8	Mastering the Fundamentals of Estate and Gift Tax Planning	Louisville
12/9	Construction Contractors Advanced Issues (A)	Louisville
12/9	The Best Income Tax, Estate Tax, and Financial Planning Ideas of 2014	Louisville
12/10	Latest Developments in Government and Nonprofit Auditing 2014 (AM)	Lexington
12/10	The Auditor's Responsibilities Related to Fraud and Abuse Under GAAS and Yellow Book (PM)	Lexington
12/11	Accounting & Auditing Update (AM)	Lexington
12/11	Compilation and Review Guide and Update (PM)	Lexington
12/11-12	Vern Hoven's 2-Day Federal Tax Update	Louisville
12/15-16	Kentucky Technology Conference	Louisville
12/17	Tax Prep Boot Camp	Louisville
12/18	Analyzing Costs, Productivity, and Efficiency: Three Ways to Boost Your Bottom Line (AM)	Louisville
12/18	Position Your Organization for Success: Strategies for Today's Competitive Environment (PM)	Louisville
12/18	Complete Guide to Preparing LLC, Partnership, and S Corp Federal Income Tax Returns	Louisville
12/19	Critical Tools for Today's Controller and CFO (A)	Louisville
12/19	Getting Ready for Busy Season: A Guide to New Forms, Filing Issues, and Other Critical Developments	Louisville
Jan. 2015		
1/7-8	Vern Hoven's 2-Day Federal Tax Update	Lexington
1/9	Vern Hoven's 2-Day Federal Tax Update	Louisville
1/14	Elder Law Conference	Louisville

Financial Professionals Conference April 16



Thanks to the fine folks from Deming Malone Livesay & Ostroff - and all the Employee Benefit Conference attendees - for spending the day with KyCPA. Kentucky Educator's Conference May 15 - 16





Governmental Accounting and Auditing Conference - May 5 - 6



Kentucky Educator's Conference - May 15 - 16

Small Business Conference

June 20 Gratzer Education Center, Louisville 8 CPE hours

Sessions

- ACA update
- Succession planning
- Tech security
- Tech tools and gadgets
- Tax update
- Fraud
- Funding sources

KyCPA member fee: **\$179** *No discounts available.* Nonmember fee: **\$279** *No discounts available.*

To register for SBC go to kycpa.org. **Industry

Fraud and Forensics Accounting Conference

Aug. 6

University of Louisville Shelby Campus 8 CPE hours

Sessions

- Indirect Methods of Income Reconstruction: Tools for the forensic accountant
- Interviewing Sophisticated Thieves
- Damages/Lost profits: DCF-Equivalent or Business Valuation Delta - Which is correct & how do you critique opposition?

Early Bird Fee: Register by July 22KyCPA member: \$299Nonmember: \$399Regular Fee: After July 22Vonmember: \$349KyCPA member: \$349Nonmember: \$449

To register for FAC go to <u>kycpa.org</u>. *Register with course code FABV86 to attend both the FAC and BVL and receive even more savings.*

Business Valuation and Litigation Conference Aug. 7

University of Louisville Shelby Campus 8 CPE hours

Sessions

- Valuing Pass-through entities and tax effecting, the most current information
- Discounts for lack of marketability
- Hot topics in business valuations/panel discussion
- Valuation in divorce matters with personal vs. entity goodwill

Early Bird Fee: Register by July 23KyCPA member: \$299Nonmember: \$399Regular Fee: After July 23Nonmember: \$349KyCPA member: \$349Nonmember: \$449

To register for **BVL** go to <u>kycpa.org</u>.

Register with course code FABV86 to attend both the FAC and BVL and receive even more savings.

Natural Resources Conference

Aug. 22 Marriott Griffin Gate, Lexington 8 CPE hours

Sessions

- Tax update for state and federal
- Accounting update
- IT Audit
- Property tax
- Political climate of natural resources
- Internal audit
- Fraud
- Severance tax

Early Bird Fee: Register by Aug. 8KyCPA member: \$299Nonmember: \$399Regular Fee: After Aug. 8YCPA member: \$349KyCPA member: \$349Nonmember: \$449

To register for NRC go to kycpa.org. **Industry

Accounting Interview Day Sept. 23

KyCPA 2014 Accounting Interview Day is scheduled for Sept. 23 and will once again be hosted by Georgetown College. This annual event provides firms an excellent opportunity to recruit from smaller colleges and universities from around the state while offering accounting students from these smaller schools and private colleges an opportunity to interview with a variety of local, regional and national accounting firms.

Eligible students will have a 3.0 GPA or higher and will graduate in December 2014 or May 2015. Students seeking an internship will be entering their junior year fall 2014. Participating firms will have online access to all resumes in early September. Space is limited; register your firm today. **For more information**, contact Vicki Blair at <u>vblair@kycpa.org</u>.

STUDENT



Paula Hanson of Dean Dorton in Lexington meets with Duke Ferguson of Transylvania University at last year's Accounting Interview Day.

CREATE A LEGACY

You can change lives and futures of tomorrow's CPAs. **Be the change.**

- Your contribution helps Kentucky's students address: • increasing tuition
- increasing cost of books and supplies
- decrease in part-time student jobs
- less financial help from family





Create a Legacy

Legacy Named Scholarships

Baldwin CPAs PLLC BKD True Expertise Accounting Scholarship Brandon Lloyd Warden Memorial Scholarship Brown-Forman Diversity Scholarship Crowe Horwath LLP Dave Calzi Scholarship Dean Dorton PLLC Deloitte & Touche LLP Scholarship Deming, Malone, Livesay & Ostroff PSC Ernst & Young LLP Freibert Bigg PLLC Gordon Ford Memorial Scholarship Henderman, Jessee & Co. PLLC Kelley Galloway & Co. PSC Louis T. Roth Memorial Scholarship Mountjoy Chilton Medley LLP National Insurance Agency Neace Lukens Papa John's International Patterson & Company PLLC PricewaterhouseCoopers LLP Strothman & Company Accounting Scholarship William Caldwell Scholarship (Henderman, Jessee & Co. PLLC)

Leaders Circle

BKD LLP Ernst & Young LLP Louis T. Roth & Co., PLLC Mountjoy Chilton Medley LLP Patterson & Company PLLC

Heritage Circle

Baldwin CPAs PLLC Bramco, Inc. Buetow LeMastus & Dick PLLC Deming Malone Livesay & Ostroff, PSC Kelley Galloway & Company, PSC

Destiny Circle

Brown-Forman Corporation Crowe Horwath LLP Freibert Bigg PLLC Henderman Jessee & Co PLLC Jones Nale & Mattingly PLC Allen Norvell, CPA Republic Bank & Trust Company Stock Yards Bank & Trust Co. Strothman & Company Rick Ueltschy, CPA

Continued on p. 38

Create a Legacy continued

Honors Circle

Steve Allen, CPA Anderson, Bryant, Lasky & Winslow PSC Chris Anderson, CPA Dave Calzi, CPA William Carroll, CPA John Chilton, CPA Christian Sturgeon & Associates PSC Clovd & Associates PSC Nancy Davis, CPA Lori Dearfield, CPA Randy Franklin, CPA Greg Greenwood, CPA Rowe Hamilton, CPA International Systems of America LLC Ioe Johnston, CPA Steven Kerrick, CPA John Layne, CPA Phil Layne, CPA Steve Lenarz, JD, CPA Alan Long, CPA Mark Loyd, JD, CPA Stephen Lukinovich, CPA Jack Lynch, CPA Colleen Lyons, CPA Diane Medley, CPA William G. Meyer III, CPA Mike Mountjoy, CPA Myriad CPA Group LLC National Insurance Agency, Inc. Neace Lukens Insurance Chris Reid, CPA **Retirement Management** Services LLC L. Porter Roberts, CPA Michael Robinson, CPA Jennifer Sanders, CPA Mark Schmitt, CPA David Smith, CPA Ray Strothman, CPA Lori Warden, CPA

Gratzer Circle

David Bradley, CPA Deborah Burcham, CPA Jeffrey Calderon, CPA Jennifer Chinn, CPA Angela Clark, CPA Emily Cox, CPA Steve Daniels, CPA Delta Natural Gas Company, Inc. Dulworth Breeding Karns & Pleasants LLP Melissa Fraser, CPA Kevin Fuqua, CPA Ritu Furlan, CPA Henry Hawkins, CPA David Heintzman, CPA Kevin Heyde, CPA Margaret Jolly, CPA Mimi Kelly, CPA Dr. Harold Little, CPA Miller Mayer Sullivan & Stevens LLP David Morgan, CPA Becky Phillips, CPA Earl Reed, CPA Riney Hancock & Co. PSC Steve Schulz, CPA Brad Smith, CPA Clay Stinnett, CPA VonLehman & Co. Inc. Joshua Zik, CPA

Scholars Circle

Jason Aberli, CPA Thomas Buetow, CPA Vicki Buster, CPA Dr. Margaret Combs, CPA Trish Deatrick, CPA Meaghan Dixon, CPA Frank Farris, CPA Patricia Featherston, CPA Geoffrey Griffith, CPA Quinn Hart, CPA Brian Malthouse, CPA Caprice Roberts-Price, CPA Kevin Rose, CPA Rory Satkoski, CPA Michael E. Wilson, CPA

Caring Circle

Kristen Edwards, CPA Andrew Gladden, CPA Jami Hoskins, CPA Susan Howard, CPA Edward Kirn, CPA Michelle Legg, CPA Greg Mullins, CPA Deborah Riley, CPA Andrew VonLehman, CPA

In-Kind Donations

Becker Professional Education John Brown Scholarships Brown-Forman Paid Summer Internships for Minorities Deloitte & Touche LLP

2013 KyCPA-PAC members

We want to thank the following individuals and organizations for their continued support of KyCPA's Political Action Committee (KyCPA-PAC). A strong PAC enables the Society to have a voice in issues affecting the accounting profession and in policy decisions being made by the Kentucky General Assembly.

Your voluntary contribution to the KyCPA-PAC sends a strong message by showing legislators that CPAs are politically aware and active in issues affecting the Commonwealth. The KyCPA-PAC contributes to the campaigns of candidates who understand the issues of importance to CPAs and the business community. Our PAC is bipartisan, contributing to both Republicans and Democrats. The Society has worked hard to position itself as the resource of choice for legislators when dealing with matters of taxes, tax policies, business development, or economic incentives in Kentucky. The KyCPA-PAC needs your support to continue building stronger relationships with legislators and other policymakers, and gladly accepts donations of any amount. By pooling our resources, together we can expand our influence in Frankfort. If you would like to make a donation, log on to our Web site at <u>kycpa.org</u> and click on *Make a Donation*, or contact Charles George at 502.266.5272.

Continued on p. 40

YOUR TRUSTED RESOURCE FOR PHILANTHROPY.



Regina Rapier Beckman, JD Director of Gift Planning reginab@cflouisville.org



Caroline G. Meena, JD Gift Planning Advisor carolinem@cflouisville.org

You don't have to be the expert on philanthropy – that's our job. Contact our Gift Planning team to learn more.



COMMUNITY FOUNDATION OF LOUISVILLE

cflouisville.org

PAC continued

PAC members listed made a contribution of at least \$100 between Jan. 1, 2013 and Dec. 31, 2013. We make every effort to keep this list error free. However, if you see an error, please accept our apologies and notify us immediately.

Firm Contributions

BKD LLP CrowePAC Deloitte PAC Ernst & Young LLP KPMG LLP PricewaterhouseCoopers LLP

Platinum Members \$500 and more

Diane Cornwell, Starfish Consulting, Crestwood Ruth C. Day, Landstar Systems, Inc., Jacksonville, FL Faye L. Dykstra, Internet Tax Consultant for USA Citizens, Louisville William J. Jessee, Henderman Jessee & Co PLLC, Louisville Roger D. Johnson, Roger D. Johnson, CPA, Bowling Green G. Alan Long, Baldwin CPAs PLLC, Richmond R. Allen Norvell, Blue & Co. LLC, Lexington Jerry W. Shelton, Shelton CPAs LLP, Bowling Green

Gold Level \$250 - \$499

Stephen R. Allen, Ray Foley Hensley & Company PLLC, Lexington Christopher E. Anderson, Barr Anderson & Roberts PSC, Lexington Jerome G. Bressler Jr., Bressler & Company PSC, Covington Dennis R. Buckles, Buckles Travis VanMeter & Hart PLLC, Leitchfield Melissa M. Buddeke, The Buddeke Company, Louisville Earl L. Calhoun, Calhoun & Company PLLC, Hopkinsville Alfred K. Carpenter, PMC LLC, Louisville John E. Chilton, Mountjoy Chilton Medley LLP, Louisville James E. Clark, Harding Shymanski & Company PSC, Louisville David C. Dick, Buetow LeMastus & Dick PLLC, Louisville Franklin H. Farris, Mountjoy Chilton Medley LLP, Louisville Myron D. Fisher, Baldwin CPAs PLLC, Richmond Chris M. Forthofer, Chris M Forthofer CPA, Ft. Thomas Harry L. Freibert, Freibert Bigg PLLC, Louisville Gregory H. Greenwood, Ernst & Young LLP, Louisville Joseph A. Hancock, Riney Hancock CPAs PSC, Owensboro Paula C. Hanson, Dean Dorton, Lexington

A Frank Harris, Reed & Co of Mayfield PSC, Mayfield Christopher L. Hatcher, Baldwin CPAs PLLC, Louisville William Henry L. Hawkins III, Mountjoy Chilton Medley LLP, Louisville Kevin W. Heyde, Mountjoy Chilton Medley LLP, Louisville Jennifer R. Hughes, Deming Malone Livesay & Ostroff PSC. Louisville Margaret G. Jolly, Mountjoy Chilton Medley LLP, Louisville Kevin J. Joynt, CPA, Deloitte & Touche LLP, Louisville Glyn D. Kerbaugh Jr., Kerbaugh & Rodes, Danville Joseph C. King, Faulkner, King & Wenz PSC, Mt. Sterling Charles A. Kington, Berry & Kington PSC, Madisonville John T. LeMastus, Buetow LeMastus & Dick PLLC, Louisville Steven L. Lenarz, Steven Lenarz Attorney at Law, Louisville Dr. Harold T. Little Jr., Western Kentucky University, **Bowling Green** Mark A. Loyd Jr., Bingham Greenebaum Doll LLP, Louisville Stephen M. Lukinovich, CVA, Mountjoy Chilton Medley LLP, Jeffersonville, IN Colleen S. Lyons, Ernst & Young LLP, Louisville Diane B. Medley, Mountjoy Chilton Medley LLP, Louisville William G. Meyer III, Strothman & Company, Louisville

Rebecca B. Myers, Marr Miller & Myers PSC, Corbin Bradley J. Parrott, Brad Parrott CPAs, Henderson Robert W. Patterson Jr., Patterson & Company PLLC, Louisville Suzan H. Ross, Baldwin CPAs PLLC, Maysville Thomas J. Ruberg, VonLehman & Co Inc., Ft Mitchell Jennifer M. Sanders, Stock Yards Bank & Trust Co., Louisville Mark A. Schaeffer, Bowden & Wood CPAs, Louisville Mark A. Schmitt, Mountjoy Chilton Medley LLP, Frankfort Stephen F. Schulz, Mountjoy Chilton Medley LLP, Louisville Kevin W. Schwartz, Myriad CPA Group LLC, Owensboro Gary L. Stewart, Louisville Theodore C. Stiles, Stiles Carter & Associates PSC, Elizabethtown Raymond G. Strothman, Strothman & Company, Louisville Wayne D. Sturgeon, Christian Sturgeon & Associates PSC, London William W. Upchurch, Baldwin CPAs PLLC, Richmond Andrew J. VonLehman, VonLehman & Co Inc., Ft. Mitchell Lori D. Warden, Rudler PSC, Ft. Wright Michael E. Wilson, VonLehman & Co Inc., Ft. Mitchell David E. Tate, BKD LLP, Louisville

Silver Level \$100 - \$249

Seth F. Atwell, Evans Harville Atwell & Company CPAs, Somerset Bruce J. Belman, Crowe Horwath LLP, Louisville G. Anthony Brutscher Jr., Crowe Horwath LLP, Louisville Jennifer F. Burke, Crowe Horwath LLP, Lexington M. Gregory Cecil, M. Gregory Cecil PSC, Louisville Kenneth S. Drozt, Crowe Horwath LLP, Louisville Synthia E. Durham, Fowler Durham CPAs and Advisors PLLC, Munfordville Clifford E. Fowler Jr., Fowler Durham CPAs and Advisors PLLC, Munfordville Laura C. Griggs, Magnolia Accounting Solutions LLC, Eastwood Thomas M. Hackney, First Lexington Company, Lexington Jon R. Harville, Evans Harville Atwell & Company CPAs, Somerset Jerry T. Henderson Jr., BKD LLP, Louisville Scarlett G. Hibbs, Hibbs and Associates PLLC, Bardstown Gregory A. Hintz, Crowe Horwath LLP, Louisville Glenn R. Jennings, Delta Natural Gas Co. Inc., Winchester Stephen C. Jennings, Crowe Horwath LLP, Lexington Douglas E. Keller, BKD LLP, Louisville David C. Kottak, BKD LLP, Louisville

Christopher J. Kramer, BKD LLP, Louisville Thomas M. Lynch II, Lynch & Associates PSC, Winchester Diana L. McLeod, Cycle Strategies LLC, Louisville Jennifer C. Monaghan, Crowe Horwath LLP, Louisville Christopher L. Moore, Crowe Horwath LLP, Louisville Gregory C. Mullins, Blue & Co. LLC, Lexington Edwin Olliges Jr., Louisville William D. Probus, Crowe Horwath LLP, Louisville Ann M. Puckett, BKD LLP, **Bowling Green** Elizabeth Rankin, Louisville Robert D. Ross, Ross and Company PLLC, Louisville Timothy G. Snavely, BKD LLP, Louisville Beth W. Stenberg, Louisville Metro Government, Louisville Jason S. Stockton, Crowe Horwath LLP, Louisville Dr. William D. Stout, University of Louisville, Louisville Greg A. Stump, Crowe Horwath LLP, Louisville Alan W. Taylor, BKD LLP, **Bowling Green** Mark A. Thompson, Thompson Investment Advisors, Louisville Christopher A. Ward, Deming Malone Livesay & Ostroff PSC, Louisville John H. Hawkins Jr., Louisville M. Kristin Stuedle, Stuedle Spears & Francke PSC, Louisville Laura L. Tallent, Fields Tallent & Company PSC, Louisville

Private Exchanges

Provided by Neace Lukens Employee Benefits

Bill Sullivan, Senior Vice President Kelly Hagan, Director of Operations

Private Exchanges are not to be confused with the public exchanges that are a part of the Affordable Care Act. Premium subsidies are only available through the public exchanges. Private exchanges have received a lot of attention with several large employers making a decision to have all or a part of its health plan members purchase coverage through private exchanges. AT&T announced that it will require retirees to purchase coverage through a private exchange (multi-carrier options) and Walgreens announced that its part-time employees will be required to use a private exchange to obtain coverage beginning in 2014 (limited to plans with United Healthcare). According to Kaiser Family Foundation, 1% of employers will offer coverage through a private exchange in 2014. However, 30% of employers indicate that they may choose a private exchange option in the future.

What is a Private Exchange?

A private exchange is merely an electronic enrollment portal in which plan sponsors can allow members to select coverage among several choices. These portals often have decision making tools that guide the members in making plan decisions. Some exchanges offer plans from a single carrier while others offer multi-carrier or cross-carrier plan choices. In most cases, plan sponsors are utilizing a definedcontribution strategy in conjunction with the private exchange. A plan sponsor will choose a group of plans from either a single carrier or with national account employers, a multitude of carriers. Ideally, the group of plans will range from low benefit-low cost plans to high benefit-high cost plans. In addition, the plan sponsor will designate a specific amount that they are willing to pay for coverage and members will "shop" for coverage using the exchange. The idea is that medical as well as ancillary lines could be offered through the exchange allowing members to spend the employer's money on what is important to them.



The Discussion

Budgeting – plan sponsors using a defined contribution strategy would be able to budget for the current year and future. Because this strategy does not solve the problem of increasing medical costs, companies would have to determine how they wish to increase contributions over time. Without an increase in annual contributions, the defined contribution becomes a significant costshifting mechanism.

Choice – members would have a greater choice of plans and price options and employers would not be forced to choose a plan(s) that they hope will work for all members. Large employers will have the option of cross-carrier plans through national/international consultants. However, it appears that mid-market and small employers will not have the same multi health carrier options. In fact, most private exchange vendors have limited carrier relationships. Anthem has opted to contract its private exchange option through Bloom; Aetna is constructing their own Marketplace (Benefit Focus) and will invite only ancillary carriers to participate. UHC is constructing a proprietary exchange for its '14 release. They have also been open to partnering with Liazon and Plan Sponsors on a customized exchange front. Medical Mutual has partnered with Benefit Focus inside their private exchange offering. There is a concern that members will choose the lowest cost option not realizing that they will have higher out of pocket costs when they require care. This concern may translate into low employee morale as members are asked to assume more of the premium costs from year to year as well.

Cost Management – the thought is that crosscarrier exchanges will force competition and drive down costs. This has yet to be proven of course. In fact, the early premium indications are running above market values. Cross Carrier Private Exchanges resemble the outdated Multiple Employer Trust approach which failed due to market dynamics that still exist today. There are no cost containment strategies inherent with these private exchanges—No Accountable Care Partnerships, no unique network offerings, no population health management tools, no proactive approach to claim cost containment and no behavior change incentives. Health/productivity efforts will be in vain as the premiums will be unaffected. In large private exchange models, the premiums will be community rated and insured. When the pool's experience yields poor results (as it will due to inflation, adverse risk and lack of cost containment measures), the premiums will increase and marginalize the defined contribution.

Further Information

At the present time Neace Lukens does not have a multi-carrier exchange option. However, regarding establishing a Single Carrier Private Exchange (or Multi Carrier on Ancillary), there are several vendor partners with whom we can work. Any of these partner options would allow an employer to deploy a defined contribution strategy offering multiple medical plans, as well as ancillary plans such as dental, vision, life and disability, flexible spending accounts, wellness programs and other worksite products.



www.NeaceLukens.com



in a word: different

INSURANCE

Property & Casualty Employee Benefits <u>Risk Management</u>

Personal Insurance

Surety & Bonds

Your Neace Lukens Team

Tom Schifano	502.259.9217
Brenda Ballard	502.259.9210
Cherisse Mitchell	502.259.9244

Thank you 2013-14 committee members

*Denotes Chair

Accounting Career Opportunities

Maria Adamson, The Rawlings Company, LLC, LaGrange Douglas Allen, II, Kentucky Community & Technical College System, Versailles Lillian Bower, Heartland Payment Systems, Jeffersonville, Ind. Lauren Clayton, Strothman & Company, Louisville Heather Cochran, Ray Foley Hensley & Company, PLLC, Lexington Malgorzata Gralak, Crowe Horwath, LLP, Louisville Audrey Gramling, Bellarmine University, Louisville Patricia Isaacs, Eastern Kentucky University, College of Business, Richmond Keisha Johnson, Sullivan University, Louisville *Julia Karcher, University of Louisville, Louisville Julie Long, Extell Financial Services, Louisville Regina Martin, Spalding University, Louisville Brittany Neaves, Eastern Kentucky University, Richmond Teresa Nelson, Indiana University Southeast,

New Albany, Ind.

Ashley Williamson, Deloitte & Touche, LLP, Louisville

BASE Camp Task Force

George Armstrong, University of Louisville, Louisville **Danielle Baer**, Hillside Maintenance Supply Company, Florence

Kayla Bonsutto, Ernst & Young, LLP, Louisville Robert Bowman, University of Louisville, Louisville Anne Brooks, PricewaterhouseCoopers, LLP, Lexington Angela Campbell, Mountjoy Chilton Medley, LLP, Louisville

Janie Cunningham, BKD, LLP, Louisville

Tiffany Flack, Dean Dorton, Lexington

Frances Ford, Spalding University, Louisville

Sheri Henson, Western Kentucky University, Department of Accountancy, Bowling Green

Shelby Howell, Eastern Kentucky University, Richmond Jacob Hulsey, Tempur Sealy International, Inc., Lexington Kim Jamros, Indiana University Southeast, New Albany, Ind.

Kevin Joynt, Deloitte & Touche, LLP, Louisville Benjamin Langston, APPRISS, Inc., Louisville Brent Mills, Alice Lloyd College, Pippa Passes Brittany Oerther, Mountjoy Chilton Medley, LLP, Louisville

***Carrie Owens,** Strothman & Company, Louisville **Marilyn Owens,** Deming Malone Livesay & Ostroff, PSC, Louisville **Kortney Ryan,** Deming Malone Livesay & Ostroff, PSC, Louisville

Richard Schrader, Bellarmine University, Louisville Anita Smith, Ernst & Young, LLP, Louisville William Stout, University of Louisville, Louisville Westley Vance, Kindred Healthcare, Inc., Louisville

Business Valuation & Litigation

Allen Bartlett, Blue & Co., LLC, Louisville Helen Cohen, Blue & Co., LLC, Louisville Tracy Delgado, Rodefer Moss & Co., PLLC, New Albany, Ind. Geoffrey Griffith, Kelley Galloway & Company, PSC, Ashland Kenneth Kapp, Louisville Victoria Lange, Mountjoy Chilton Medley, LLP, Louisville Angela Marshall, CFA Kentucky, Lexington Daniel McCauley, Mountjoy Chilton Medley, LLP, Jeffersonville, Ind. Diana McLeod, Cycle Strategies, LLC, Louisville David Parks, Dean Dorton, Lexington Richard Peterson, New Albany, Ind. Clifford Posey, Harrison College (Online Program), Indianapolis, Ind. Rory Satkoski, Strothman & Company, Louisville Jerry Shelton, Shelton CPAs, LLP, Bowling Green Wayne Stratton, Jones Nale & Mattingly, PLC, Louisville William Upchurch, Baldwin CPAs, PLLC, Richmond Steven Wheeler, Carr Riggs & Ingram, LLC, **Bowling Green**

Continuing Professional Education

Oscar Brohm, Jr., Louisville Metro Revenue Commission, Louisville

Nancy Davis, Stock Yards Bank & Trust Co., Louisville *Lisa Foley, Baldwin CPAs, PLLC, Richmond Lee Groza, Mountjoy Chilton Medley, LLP, Louisville Jeanne Kugler, LG&E and KU Services Company, Louisville

Michelle Musacchio, Fit Money, CPA, Louisville Wesley Omohundro, Blue & Co., LLC, Lexington John Smigla, University of Kentucky, Lexington James Stevison, Strothman & Company, Louisville Melissa Thacker, OMG, LLC, Louisville

Editorial Board

Brian Breidenbach, Breidenbach Capital Consulting, LLC, Louisville Janet Colbert, Eastern Kentucky University, College of Business, Richmond Gordon Crowley, Eastern Kentucky University, College of Business, Richmond Renee Fulton, Talis Group, Louisville Sheri Henson, Western Kentucky University, Department of Accountancy, Bowling Green *Mark Loyd, Jr., Bingham Greenebaum Doll, LLP, Louisville Michelle Musacchio, Fit Money, CPA, Louisville Esther Thompson-Long, LG&E and KU Services Company, Louisville

Educational Foundation Trustees

Stephen Allen, Ray Foley Hensley & Company, PLLC, Lexington *Stephen Daniels, Strothman & Company, Louisville William Jessee, Henderman Jessee & Co., PLLC, Louisville Kevin Joynt, Deloitte & Touche, LLP, Louisville Mimi Kelly, LG&E and KU Energy Company, LLC, Louisville Harold Little, Jr., Western Kentucky University, Department of Accountancy, Bowling Green Jennifer McGill, Papa John's International, Louisville **Jennifer Sanders**, Stock Yards Bank & Trust Co., Louisville David Tate, BKD, LLP, Louisville

Emerging Professionals Focus Group

Cody Brown, Crowe Horwath, LLP, Lexington Angelique Clark, Signature Healthcare, LLC, Louisville *Meaghan Dixon, Strothman & Company, Louisville Laura Feather, Indiana University Southeast, New Albany, Ind. William Guagliardo, Bellarmine University, Louisville Joseph Guelda, Freibert Bigg, PLLC, Louisville James Johnson, J. H. Johnson & Associates, Russell Lauren Jolly, Mountjoy Chilton Medley, LLP, Louisville **Christopher McIntyre,** Warren County Board of Education, Bowling Green

Continued on p. 46



equals savings.

Your employees work hard. They deserve great benefits at a great price. That's why we work with our large networks to make sure they can start saving money from day one. So when your employees visit a network doctor, their cost is lower — even before they meet their deductible.

With health care coverage from Anthem, your employees can get the care they need to stay healthy. All at a price that fits everyone's budget.

To learn more about what Anthem Blue Cross and Blue Shield has to offer, visit anthem.com/connects2.





Anthem Blue Choss and Blue Shield is the trade name of Anthem Health Plans of Kentucky, Inc. Independent licensee of the Blue Cross and Blue Shield Association. @ANTHEM is a registered trademark of Anthem Insurance Companies, Inc. The Blue Cross and Blue Shield names and symbols are registered marks of the Blue Cross and Blue Shield Association \$7562YXNEMENDS 5.13

Committees continued

Morgan Merrill, Ernst & Young, LLP, Louisville Barbara Moll, Myriad CPA Group, LLC, Owensboro Nathaniel Murray, Blue & Co., LLC, Lexington Wesley Omohundro, Blue & Co., LLC, Lexington Scott Owens, Blue & Co., LLC, Louisville Marcus Parr, Yum Brands, Inc., Louisville Spencer Rodgers, Spencer Rodgers, CPA, Danville Jared Schaber, University of Louisville, Louisville

Westley Vance, Kindred Healthcare, Inc., Louisville Christopher Watson, Crowe Horwath, LLP, Louisville

Emerging Standards

*Glenn Bradley, Jr., Mountjoy Chilton Medley, LLP, Louisville Adam Davey, VonLehman & Co., Inc., Ft. Mitchell Shane Foley, KPMG, LLP, Louisville Melissa French, Texas Roadhouse, Inc., Louisville Kevin Gibbs, Louis T Roth & Co., PLLC, Louisville Jennifer Hughes, Deming Malone Livesay & Ostroff, PSC, Louisville



A complete cloud solution for your applications and data

Guaranteed security Guaranteed reliability

www.shieldnetworking.com

(888) 505-6676

Simon Keemer, Dean Dorton, Louisville Mimi Kelly, LG&E and KU Energy, LLC, Louisville Christine Koenig, Deming Malone Livesay & Ostroff, PSC, Louisville David Lawrence, Lexington Stephen Lukinovich, Mountjoy Chilton Medley, LLP, Jeffersonville, Ind. Gregory Mullins, Blue & Co., LLC, Lexington Marcus Parr, Yum Brands, Inc., Louisville David Price, Jones Nale & Mattingly, PLC, Louisville Richard Schrader, Bellarmine University, Louisville Neal Thomas, Ernst & Young, LLP, Louisville

Employee Benefits

Stephen Clements, Blue & Co., LLC, Lexington Jennifer French, Strothman & Company, Louisville Melinda Heck, Deming Malone Livesay & Ostroff, PSC, Louisville Elizabeth Rankin, Louisville

Fraud & Forensics

Christopher Anderson, Barr Anderson & Roberts, PSC, Lexington Mark Frey, Frey Fraud and Financial Forensics, Louisville Robert Gray, ParenteBeard, LLC, Dallas, Texas Christopher Hatcher, Baldwin CPAs, PLLC, Louisville Lance Mann, Dean Dorton, Lexington Malcolm Neel, III, Myriad CPA Group, LLC, Henderson Eric Proctor, Crowe Horwath, LLP, Louisville Michael Robinson, Kelley Galloway & Company, PSC, Ashland

Governmental Accounting

John Chamberlin, Van Gorder Walker & Company, Inc., Erlanger John Lane, John T Lane and Associates, LLC, Mt. Sterling Kevin Lippe, Jones Nale & Mattingly, PLC, Louisville Philip Logsdon, Stiles Carter & Associates, PSC, Elizabethtown John Shumaker, Crowe Horwath, LLP, Lexington John Somerville, Tichenor & Associates, LLP, Louisville Thomas Strohmeier, Sr., Strohmeier Tax & Accounting Partners, Louisville Brian Willis, Mulligan Hill Clements & Co., PSC, Louisville *Brian Woosley, Stiles Carter & Associates, PSC, Elizabethtown

Healthcare

Kathleen Chlon, Jones Nale & Mattingly, PLC, Louisville Geoffrey Griffith, Kelley Galloway & Company, PSC, Ashland Katherine Hunter, Ernst & Young, LLP, Louisville Ricky Melton, Rick Melton, CPA, Murray *Stephen Schulz, Mountjoy Chilton Medley, LLP, Louisville Grant Tellman, Blue & Co., LLC, Louisville Angela Wasserzug, Humana, Inc., Louisville

Insurance

Stephen Allen, Ray Foley Hensley & Company, PLLC, Lexington Dana Burba, Burba & Company, PSC, Elizabethtown David Dick, Buetow LeMastus & Dick, PLLC, Louisville William Jessee, Henderman Jessee & Co., PLLC, Louisville *David Price, Jones Nale & Mattingly, PLC, Louisville Kristie Saffer, Peterson Farms, Loretto William Tichenor, Tichenor & Associates, LLP, Louisville Lori Warden, Rudler, PSC, Ft. Wright

Leadership Council

Theresa Batliner, Mountjoy Chilton Medley, LLP, Louisville Lillian Bower, Heartland Payment Systems, Jeffersonville, Ind. Christopher Breslin, Louisville James Burns, Mountjoy Chilton Medley, LLP, Cincinnati, Ohio Lori Elam, Metro Bank, Louisville Laura Feather, Indiana University Southeast, New Albany, Ind. Christopher Finley, Greene McCowan & Company, PLLC, London Carol Flynn, Flynn Accounting, LLC, Jeffersonville, Ind. Niki Frailley, Franklin Certified Public Accountants, Madisonville Renee Fulton, Talis Group, Louisville Robert Gray, ParenteBeard, LLC, Dallas, Texas Laura Griggs, Magnolia Accounting Solutions, LLC, Eastwood William Guagliardo, Bellarmine University, Louisville Ronald Harris, Jr., King & Company, PSC, Louisville Benjamin Langston, APPRISS, Inc., Louisville Amelie Larson, Ray Foley Hensley & Company, PLLC, Lexington Julie Long, Extell Financial Services, Louisville Amanda McWane, Lindemeyer, CPA, Crestwood Irma Miller, Irma Miller, CPA, Lexington *Gregory Mullins, Blue & Co., LLC, Lexington Brittany Neaves, Eastern Kentucky University, Richmond Robert Patterson, Jr., Patterson & Company, PLLC, Louisville Elizabeth Rankin, Louisville Spencer Rodgers, Spencer Rodgers, CPA, Danville Maureen Samuels, Maureen Samuels, CPA, Louisville

Eric Shadowens, Jr., Deming Malone Livesay & Ostroff, PSC, Louisville JeLisa Smallwood, Berea College, Berea Esther Thompson-Long, LG&E and KU Services Company, Louisville Jane Wells, University of Kentucky, Lexington Bradley Wheeler, Western Kentucky University, Bowling Green Dawn Williams, Hitachi Cable Indiana, Inc., New Albany, Ind.

Members in Education

Margaret Combs, University of the Cumberlands, Williamsburg Donna Hankins, Brescia University, Owensboro *Deborah Madden, Georgetown College, Georgetown Edward McCormack, Berea College, Berea Jennifer Miloszewski, Blue & Co., LLC, Lexington Mark Smith, University of Louisville, Louisville Michael Wade, University of Louisville, Louisville Jane Wells, University of Kentucky, Lexington

Members in Industry

Jaclyn Badeau, Tempur Sealy International, Inc., Lexington Michael Campbell, Dismas Charities, Louisville Sabine DeFilippo, North American Stainless, Ghent Michael Drury, III, Oasis Solutions Group, Louisville Jill Fultz, Donan Engineering, Louisville Jason Goodman, Fort Knox National Company, Elizabethtown *Robert Ruckriegel, Rainbow Blossom/CandyRific, LLC, Louisville Stephen Stowers, First Kentucky Trust Company, Louisville Michael Walling, Republic Industries International, Louisville

Continued on p. 48

Committees continued

Natural Resources

Kenneth Drozt, Crowe Horwath, LLP, Louisville Lisa Foley, Baldwin CPAs, PLLC, Richmond Michael Harbold, Dean Dorton, Louisville William Kohm, Dean Dorton, Lexington Steven Lenarz, Steven Lenarz, Attorney at Law, Louisville Esther Thompson-Long, LG&E and KU Services Company, Louisville

Nonprofit

Lyndy Alexander, National Center for Family Literacy, Louisville Diane Cornwell, Starfish Consulting, Crestwood Barbara Lasky, Anderson Bryant Lasky & Winslow, Louisville Rebecca Phillips, Mountjoy Chilton Medley, Louisville Bradley Wheeler, Western Kentucky University, Bowling Green

Peer Review

Thomas Adkisson, DePrie & Adkisson, PSC, Louisville Dana Burba, Burba & Company, PSC, Elizabethtown Lori Dearfield, Kelley Galloway & Company, PSC, Ashland Jonathon Eade, Jones Nale & Mattingly, PLC, Louisville Timothy Eldridge, Eldridge Jackson & Leedy, PLLC, Flemingsburg **Dennis England**, Ray Foley Hensley & Company, PLLC, Lexington Myron Fisher, Baldwin CPAs, PLLC, Richmond Ted Funk, VonLehman & Co., Inc., Ft. Mitchell Frank Harris, Reed & Co. of Mayfield, PSC, Mayfield Bradley Hayes, Ray Foley Hensley & Company, PLLC, Lexington David Hicks, David B. Hicks, PLLC, Louisville Roger Johnson, Roger D. Johnson, CPA, Bowling Green

Joseph King, Faulkner King & Wenz, PSC, Mt. Sterling Barbara Lasky, Anderson Bryant Lasky & Winslow, PSC, Louisville Kenneth Lear, Henderman Jessee & Co., PLLC, Louisville John McIntyre, McIntyre & Wooldridge, PSC, Louisville Linda Miller, L. A. Miller, CPA, PSC, Paducah *George Owens, Deming Malone Livesay & Ostroff, PSC, Louisville Kortney Ryan, Deming Malone Livesay & Ostroff, PSC, Louisville George Sparks, Jr., Barnes Dennig & Co., Ltd., Cincinnati, Ohio Bobby Webb, Montgomery & Webb, PSC, Bowling Green Landon White, Jr., Carr Riggs & Ingram, LLC, Bowling Green

Political Action

Randall Franklin, Franklin Certified Public Accountants, Madisonville Phillip Gregory, Louisville Paula Hanson, Dean Dorton, Lexington Alan Long, Baldwin CPAs, PLLC, Richmond Allen Norvell, Blue & Co., LLC, Lexington *Wayne Stratton, Jones Nale & Mattingly, PLC, Louisville

Professional Ethics

Margaret Anderson, Anderson Bryant Lasky & Winslow, PSC, Louisville Christopher Breslin, Louisville Scarlett Hibbs, Hibbs and Associates, PLLC, Bardstown David Knipp, Kelley Galloway & Company, PSC, Ashland Lance Mann, Dean Dorton, Lexington Karen Trent, Faulkner King & Wenz, PSC, Mt. Sterling *Elizabeth Woodward, Dean Dorton, Lexington Kathleen Wright, Louisville

Relations with Bankers

Shelly Compton, Carr Riggs & Ingram, LLC, Bowling Green Craig Daniels, Central Bank & Trust Co., Lexington Michael Dant, Kentucky Housing Corporation, Frankfort Lori Elam, Metro Bank, Louisville Zachary Fletcher, Louisville Ronald Harris, Jr., King & Company, PSC, Louisville Russel Harris, Republic Bank & Trust Co., Louisville Lori Klumpp, Mountjoy Chilton Medley, LLP, Louisville Christopher Meriwether, BKD, LLP, Louisville *Jennifer Monaghan, Crowe Horwath, LLP, Louisville Malcolm Neel, III, Myriad CPA Group, LLC, Henderson Clay Stinnett, Stock Yards Bank & Trust Co., Louisville Todd Taylor, Taylor Advisors, Louisville Scarlett Upchurch, First Federal Savings Bank, Elizabethtown Bradley Wallace, BB&T, Louisville

Retirement Panning Task Force

Stephen Allen, Ray Foley Hensley & Company PLLC, Lexington Cliff Fowler, Fowler, Durham CPAs & advisors PLLC, Munfordville Randy Franklin, Franklin Certified Public Accountants, Madisonville Mark Frey, Frey Fraud & financial Forensics, Louisville Dale Gettelfinger, Floyds Knobs, Ind. Kevin Gibbs, Louis T. Roth & Co. PLLC Suzan Ross, Baldwin CPAs PLLC, Maysville

Small Business

Miranda Aavatsmark, Lexington CPA, LLC, Lexington David Ark, Strothman & Company, Louisville

Elizabeth Breathitt, Breathitt & Associates, PLLC, Goshen Melissa Buddeke, The Buddeke Company, Louisville Benjamin Dennison, Blue & Co., LLC, Lexington Chantelle Engle, Ecken & Smith, PSC, Louisville Laura Griggs, Magnolia Accounting Solutions, LLC, Eastwood Donna Hankins, Brescia University, Owensboro Kenny Keener, Davis H. Elliot Company, Inc., Lexington Robert Kester, Deming Malone Livesay & Ostroff, PSC, Louisville Edward Maley, Thermal Equipment Sales, Inc., Lexington *Nicholas Porter, Deming Malone Livesay & Ostroff, PSC, Louisville Maureen Samuels, Maureen Samuels, CPA, Louisville Dennis Turner, The Leasing Group, LLC, Louisville

Tax

Susan Bowie, Ray Foley Hensley & Company, PLLC, Lexington John Chilton, Mountjoy Chilton Medley, LLP, Louisville James Clark, Harding Shymanski & Company, PSC, Louisville Stephen Custer, Deming Malone Livesay & Ostroff, PSC, Louisville Phillip Gregory, Louisville Michael Harbold, Dean Dorton, Louisville Erica Horn, Stoll Keenon Ogden, PLLC, Lexington Selena Johnson, Brown-Forman Corporation, Louisville Joseph Johnston, Strothman & Company, Louisville Melinda Karns, Blue & Co., LLC, Lexington Byron Largen, Mountjoy Chilton Medley, LLP, Louisville Steven Lenarz, Steven Lenarz, Attorney at Law, Louisville Mark Loyd, Jr., Bingham Greenebaum Doll, LLP, Louisville

Stephen Lukinovich, Mountjoy Chilton Medley, LLP, Jeffersonville, Ind. Kevin Mays, Carr Riggs & Ingram, LLC, Bowling Green William Meyer, Strothman & Company, Louisville Patrick Palsha, PricewaterhouseCoopers, LLP, Louisville Thomas Pope, Pope & Company, PLLC, Lexington Steven Rhoden, Lexington John Rittichier, Harding Shymanski & Company, PSC, Louisville Michael Robinson, Kelley Galloway & Company, PSC, Ashland Spencer Rodgers, Spencer Rodgers, CPA, Danville Kevin Schwartz, Myriad CPA Group, LLC, Owensboro *Eric Scott, Ernst & Young, LLP, Louisville John Scott, Legislative Research Commission, Frankfort Carol Shelton, North American Stainless, Ghent Mary Shively, Deloitte & Touche, LLP, Louisville Beth Stenberg, Louisville Metro Government, Louisville Thomas Strohmeier, Sr., Strohmeier Tax & Accounting Partners, Louisville Howard Wagner, Crowe Horwath, LLP, Louisville Kevin Zins, Grant Thornton, LLP, Cincinnati, Ohio

Technology Task Force

Jason Goodman, Fort Knox National Company, Elizabethtown James Johnson, J. H. Johnson & Associates, Russell Michelle Musacchio, Fit Money, CPA, Louisville *Anthony Workman*, Kelley Galloway & Company, PSC, Ashland

Be the Hero. Get Certified.

We train advisors nationwide to become certified National Social Security Advisors.

Co-developed by a 35-year veteran of the Social Security Administration.

NATIONAL SOCIAL SECURITY ADVISORS 5M

Increasing Advisor Value Through Social Security Education

Classes in Louisville

June 11, 2014 November 5, 2014

KY CPA members receive a \$200 discount. Promo code: KYCPA

513-351-5707 PremierNSSA.com

NationalSocialSecurityAssociation.com



Premier

SOCIAL SECURITY CONSULTING, LLC

KyCPA honors 100% Champions

The following firms and businesses ensure all eligible CPA employees are members of KyCPA. This demonstrates their commitment to the profession, to the Society's high ethical standards and a commitment to life-long learning. We appreciate their support of KyCPA and its mission.

The information below is verified annually at the time of membership renewals. If your organization would like to join the list of 100% Champions, or have questions about the program, please contact Heather Hibbs at hhibbs@kycpa.org or 502.736.1368.

As a demonstration of our appreciation for this high level of participation, we will be providing extra recognition in the form of an advertising co-op opportunity. Starting with July 1, 2014 dues renewals, KyCPA will provide up to \$250 toward the cost of a single local newspaper ad to let the public know they should look for firms and companies with 100% Champion status ... an extra seal of approval. Please contact KyCPA Communications Director Lorri Malone at <u>Imalone@kycpa.org</u> if you are interested in participating.

Alexander Toney & Knight, PLLC, Madisonville Anneken Huey & Moser, PLLC, Ft. Wright Anneken Huey & Moser, PLLC, Ft. Thomas Barr Anderson & Roberts, PSC, Lexington Blue & Company, LLC - Commercial, Louisville Bruce & Company, PSC, Madisonville Calhoun & Company, PLLC, Hopkinsville Campbell Myers & Rutledge, Glasgow Carr Riggs & Ingram, LLC, Russellville Christian Sturgeon & Associates, PSC, London Donald & Company, PSC, Lexington Drane & Company, PLLC, Hardinsburg Ecken & Smith, PSC, Louisville Faulkner King & Wenz, PSC, Mt. Sterling

Fields Tallent & Company, PSC, Louisville Fowler Durham CPAs and Advisors, PLLC, Munfordville Franklin Certified Public Accountants, Madisonville Freibert Bigg, PLLC, Louisville Fyffe Jones & Associates, PSC, Ashland Garstka Gander & Crabb, PSC, Lexington Greene McCowan & Company, PLLC, London Hamilton Thomas & Company, PLLC, Louisville Hawkins & Company, Inc., Paducah Hoover and Morris, PLLC, Livermore Jaynes and Jaynes, PSC, Richmond Kauffmann & Associates, CPAs, Louisville Louis T. Roth & Company, PLLC, Louisville Marc E. Craft, PSC, Georgetown Mather & Company, CPAs, LLC, Louisville Moffitt & Company, PLLC, Paducah Monroe Shine & Company, Inc., New Albany, Ind. Monroe Shine & Company, Inc., Louisville Morgan-Franklin, LLC, West Liberty Patterson & Company, PLLC, Louisville Peck & Milford, Paducah RAAM Global Energy Company, Lexington Retirement Management Services, LLC, Louisville Shirley Gifford, CPA, Ferguson Smith Goolsby Artis & Reams, PSC, Ashland Southern Star Central Gas Pipeline, Owensboro Stiles Carter & Associates, PSC, Elizabethtown Sullivan & Curry, LLP, Greenville TECO Coal, Corbin Tony Page, CPA, Murray Underwood & Associates, PSC, Louisville VonLehman & Company, Inc., Cincinnati, Ohio VonLehman & Company, Inc., Ft. Mitchell Wendell Foster's Campus for Developmental Disabilities, Owensboro Wise Buckner Sprowles & Associates, Campbellsville Reel them in with KyCPA Online Referral Service Today



Could your firm benefit from receiving FREE client referrals?

The **Online CPA Referral Service** was developed to provide the public free and easy access to information on participating firms. Using the Referral Service, potential clients access your firm's information and choose which firm they wish to contact.

Questions? Contact Heather Hibbs at 502.736.1368 or 800.292.1754 or hhibbs@kycpa.org.

Members in motion

Public accounting



Beth Fisher and Jonathon Eade were each recently promoted to partner at the Louisville firm Jones, Nale & Mattingly.





Matt Durham has recently joined Blue & Co.'s Lexington office as a staff accountant (audit); and Caleb Fox has joined the firm's Louisville office as staff accountant (audit and tax).



Designations



Chris Ward, a director at the Louisville firm Deming, Malone, Livesay & Ostroff has earned a Certified Valuation Analyst (CVA) designation from the National Association of Certified Valuation Analysts (NACVA).

Hughes joins KyCPA Board of Directors



Jennifer Hughes, president of the Louisville firm Deming, Malone, Livesay & Ostroff (DMLO) CPAs, recently joined the KyCPA Board of Directors. She was invited by the KyCPA Nominations and Awards Committee to fill

the term of a vacant Board position.

She previously served on the KyCPA Board of Directors (2004-2007), as well as the Educational Foundation Trustees, Governmental Accounting and Emerging Standards committees, and Health Care Task Force.

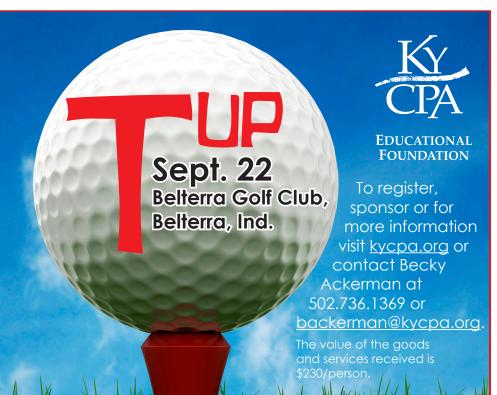
2014 KyCPA Educational Foundation Golf Scramble Benefits Scholarships

You enjoy a round of golf and contribute to the profession's future, it's a win-win.

Help Kentucky's best and brightest students pursue an accounting education and a career as a CPA.

10:30 a.m.Greens open11:30 - 1p.m.Golf luncheon1 - 6 p.m.Golf scramble6 - 8 p.m.Golf Reception

\$160 per player or \$590 per foursome Sponsorship opportunities also available.



New exciting KyCPA member benefit

Interested in *live* KyCPA CPE courses but dreading the drive or extra expense of a hotel?

In honor of KyCPA's 90th anniversary, we've arranged for you

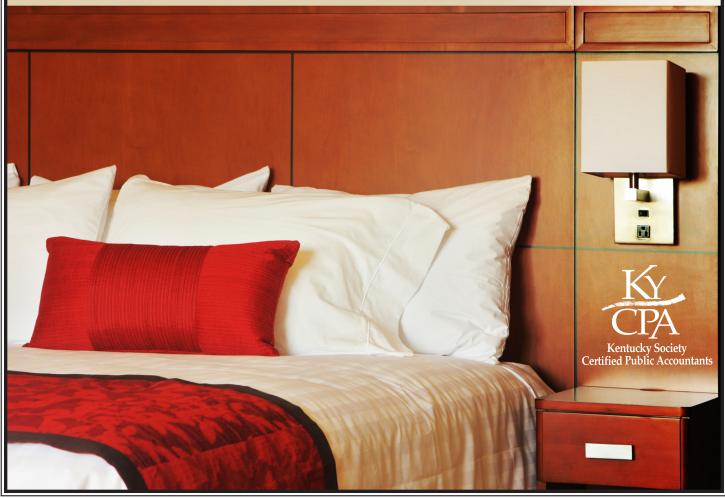
one night's free stay

in one of three participating Marriott for Members properties.

We are delighted to offer our members complimentary accommodations while traveling to KyCPA seminars and conferences in Louisville. Accommodations at select Marriott properties will be provided for members commuting from 90 miles or more.

Please call one of the following participating hotels anytime for a reservation, but rooms are limited so earlier is better. Simply ask for the Kentucky Society of CPAs rate. This benefit can be used multiple times, but only once per event (1 night for a 2-day conference/seminar). Reimbursement should be requested from KyCPA within 30 days of the expense — download the form at <u>kycpa.org</u>. Please call KyCPA with any questions: 800.292.1754. **Dates excluded:** May 1-3, Aug. 4-10, Oct. 22-24, and Oct. 27- Nov. 1. **Programs excluded:** Vern Hoven seminars, Technology Conference, Kentucky Educators Conference, Small Business Conference and seminars shorter than 8 CPE hours (except two 4-hour seminars on same date).

Springhill Suites Hurstbourne - 502.326.3895 - 10101 Forest Green Boulevard, Louisville Residence Inn Louisville Northeast - 502.412.1311 - 3500 Springhurst Commons Drive, Louisville Courtyard Marriott Northeast - 502.429.9293 - 10200 Champion Farms Drive, Louisville



Please call KyCPA with any questions at 800.292.1754.

Meet KyCPA member Orla Pylant



6 Earning your certification is an excellent achievement and you can do so much with it. You will not regret it.**9**

At work, she's the controller for BF Companies (Manna Inc.), a franchise holding company, in Louisville.

At home, she resides in LaGrange with her husband, Chris, who is also a CPA and KyCPA member, and 20-month-old daughter Sosi.

In the community: A graduate of Spalding University, Pylant spends her free time volunteering for the children's ministry at Southeast Christian Church.

KyCPA: What are some of the best things about your job?

OP: One of the best things I like about my job is definitely the work-life balance. I have to be flexible with a toddler and my company allows me to do that. I also like the family feel of the office and the support that comes with it. Another key thing I enjoy is the ability to work with different concepts. I currently work on the Wendy's side, as we say in the office, but I previously worked with some of our other franchises as well.

KyCPA: What is the most challenging aspect of your job?

OP: I am responsible for over 70 restaurants, and one of the biggest challenges is maintaining effective and timely communication among everyone I work with.

KyCPA: You work for Manna Inc. a holding company that owns franchises for Wendy's and Chili's ... we're curious: at supper time, do you cook at home or support the company and grab take out?

OP: Ha ha! Actually, one perk of the job is having free food brought in every day from a different concept. So, to answer your question, I cook at home, but I do support the company on occasion.

KyCPA: It's graduation time: what advice would you give young people who are considering entering this profession?

OP: Start thinking about your CPA early and sit for the Exam as soon as possible. Don't wait. Do it before you forget much of your knowledge and kids come along. Earning your certification is an excellent achievement and you can do so much with it. You will not regret it.

THE ENHANCED CASH FLOW INSIGHT[™]



Now do even more with Cash Flow Insight powered by PNC CFO – an innovative online financial management experience.

- > Visualize your current and projected cash position, forecast and scenario plan
- > Reduce paperwork and streamline your firm's cash flow online
- > Manage and automate your invoicing and bill payments, all in one place
- > Sync your receivables and payables data with accounting software, including QuickBooks

Try it at no cost today.* Stop by any PNC branch, call a Cash Flow Insight Consultant at **855-762-2361** or go to **pnc.com/cashflowinsight**

for the achiever in you[®] PNC CFO[®]

PNC BANK

QuickBooks® is a registered trademark of Intuit,® Inc.

* Cash Flow Insight requires a PNC Business Checking account and enrollment in PNC Online Banking. Free trial offer valid for Cash Flow Insight and for additional tools (Receivables, Payables and Accounting Software Sync) for your current statement cycle period and two additional statement cycles. One free trial period per customer. For information on post-trial fees, how to un-enroll, a list of supported accounting software and other details, visit pnc.com/cashflowinsight. Monthly charges will apply unless you un-enroll. FO: Cash Flow Optimized and Cash Flow Insight are service marks of The PNC Financial Services Group, Inc. @2014 The PNC Financial Services Group, Inc. All rights reserved. PNC Bank, National Association. Member FDIC

Welcome new members

Student

Trevor Atkins, Indiana University Southeast Ian K. Banta, University of Kentucky Leonard Quinton Coulter, Jr., Spalding University Kevin Craig, Eastern Kentucky University Rebecca Green, University of Alabama Adam Tyler Hall, University of Pikeville Jennifer B. Holmes, Sullivan University Katie I. Holstein, Western Kentucky Community & **Technical College** Brock Jordan, Eastern Kentucky University Morgan A. King, Sullivan University Robert W. Larson, Indiana University Southeast Patia Lewis, University of Louisville Matthew Scott Maher, University of the Cumberlands Anna C. Marletta, Morehead State University Marissa Massie, Georgetown College Tess Meehan, Transylvania University Benjamin J. Miller, Transylvania University Megan O'Donnell, Sullivan University Brian Overall, Eastern Kentucky University Amanda C. Reynolds, Western Kentucky University Madeline Ann Schweitzer, Northern Kentucky University Marcus Blake Scroggins, University of Pikeville Melissa M. Sexton, Transylvania University Craig Matthew Stevens, Morehead State University Daniel S. Toth, University of the Cumberlands Anthony Montana Walden, University of Kentucky John D. Wood, Thomas More College Christopher L. Zollner, Eastern Kentucky University Xiaozhen Zhang, Eastern Kentucky University

Non-CPA Associate

Ileen Craig Belcher, Gaw & Associates, PLLC, Harlan Adam G. Denson, Blue & Company, LLC, Lexington Robert J. McGaughey, Atkins & Company, PLLC, Lexington Amanda Pascoe, Trace Die Cast, Inc., Bowling Green Christopher J. Ruberg, Humphrey Lowe, PLLC, Lexington

Inactive

Kevin M. Beckerich, Post Glover Resistors, Inc., Erlanger

Regular

Adam Charles Campbell, Blue & Company, LLC, Lexington William M. Durham, Blue & Company, LLC, Lexington Andrea L. Farris, Farris and Associates, PLLC, Louisville Misty R. Garner, Paducah Power System, Paducah Shareef A. Hakim, TARC, Louisville Drew H. Hale, Kring Ray Farley & Riddle, PSC, Lexington James Willett Hite, Charah, Inc., Louisville Jeffrey P. Knasel, Paycor, Inc., Cincinnati, Ohio Amanda Leigh Kremer, LG&E, Louisville Stephanie Millard, Millard & Associates, Lexington Matthew L. Monteiro, Farm Credit Services of Mid-America, Louisville Lydia Reynolds Powell, Lydia Reynolds Powell, CPA, Frankfort Kenneth D. Richey, Atlas Brown, Inc., Louisville Jon-Matthew Michael Thomason, BKD, LLP, **Bowling Green** John R. Vilagi, Vilagi and Associates, Inc., **Crescent Springs** Erik R. Wurtenberger, Barnes Dennig & Company, Ltd., Cincinnati, Ohio

Resolution of Respect

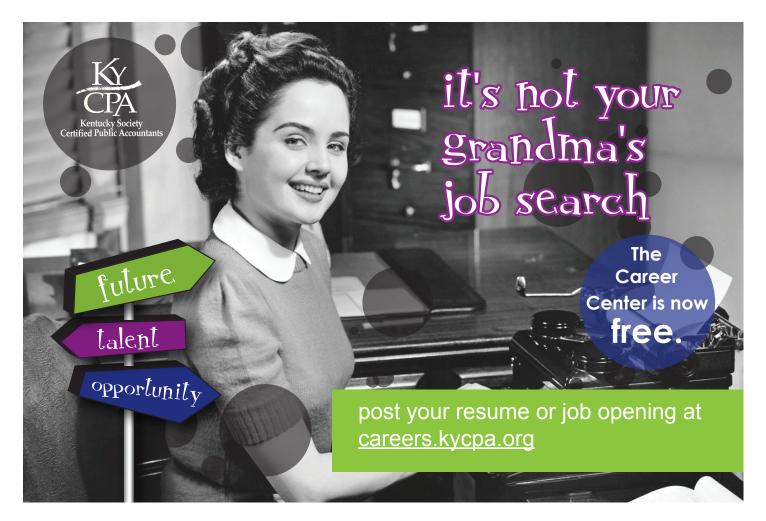
William Brad Barker, Stanville Larry D. Smallwood, Bowling Green

Classifieds

Classified ads: Include businesses for sale or volunteer, nonprofit board positions; 50-75 words, max. Cost is \$50 for KyCPA members; \$100 for non-members. Email Lorri Malone at <u>Imalone@kycpa.org</u> and include your billing information. **Employment ads:** You can post open positions online for free at KyCPA's new Career Center, <u>kycpa.org</u>.

Considering Selling Your Practice? Consider all of your options. We do the work to sell your practice by finding qualified buyers that provide financial security coupled with the utmost in confidentiality. We have buyers actively seeking practices. Visit our web site at <u>www.accountingpracticesales.com</u> or call 877.345.7722. Accounting Practice Sales, we make dreams happen!

Successful transitions require experienced, confidential, professional services you can trust. This is what Akins Professional Brokerage provides. Specializing exclusively in the brokerage of CPA firms, we have **no upfront fees**. List your firm with a professional. Call David Akins, CPA, at 877.277.0272. Visit our website at <u>www.ProfessionalCPAbroker.com</u>. **Practice for Sale Western Kentucky:** The seller of this accounting and investment business is ready to sell and pursue other interests. Revenues are approx. 10% from accounting & bookkeeping services, 59% from tax planning, consulting, and return preparation services for individuals and business clients, and the remainder of the firm revenues, or approx. 31% consist of revenues from investment service fees. The building is available for sale and the owner will be available to assist with a smooth transition. Visit <u>www.accountingpracticesales.com</u> or call 877.345.7722.



By the watercooler

HOMESTY IS THE FIRST CHAPTER IN THE BOOK OF WISDOM. - THOMAS JEFFERSON

lf you obey all the rules, you miss all the fun. -Katharine Hepburn

THREE THINGS CANNOT BE LONG HIDDEN: THE SUN, THE MOON AND THE TRUTH. -BUDDHA



Pay up. According to the Old Farmer's Almanac, in biblical times, people used to pay their taxes with herbs such as anise. In medieval Europe, people used honey to pay their taxes.



Republic Bank knows a thing or two about making smart investments for the future. After making energy-efficient upgrades, they earned more than \$14,000 in rebates through LG&E and KU's Commercial Rebate Program. Cash rebates and long-term savings—now that's something of substantial interest. To see how your business can apply for up to \$50,000 in rebates per facility, visit lge-ku.com/rebate.





Choose the Right Path

Selling your practice can be easy if you choose the right path. Accounting Practice Sales is the leader in accounting and tax practice sales. We make it easy for you to connect to the right buyer, get the best price and make sure the transaction is as smooth as possible.

It may seem like selling on your own is a smart way to save money but you need to know the potential mistakes that can lead to disaster. We will help you avoid those mistakes by offering you a free report on ten things you need to consider before you sell. There's no obligation, simply contact us to receive this valuable information.

Contact Mark W. Hause Today: 877-345-7722

e-mail: markhause@contactaps.com Fax: 541-465-9410



www.accountingpracticesales.com



PRSRT STD U.S. Postage PAID United Mail



Scan this QR Code to view The Kentucky CPA Journal instantly! www.issuu.com/kycpa

Employee Benefits

Property & Casualty

CORE Solutions

in a word: different

NEACE LUKENS

Customized Solutions.

We focus on four pivotal areas to protect you and your business: Employee Benefits, Property & Casualty, CORE Solutions (cost of risk consulting services) and Personal Insurance. Our teams within each discipline work with each other and with you to construct organized programs that stabilize your entire organization.



KyCPA's official partner in Insurance

Your Neace Lukens Team

Tom Schifano	502.259.9217
Brenda Ballard	502.259.9210
Cherisse Mitchell	502.259.9244
www.NeaceLukens.com	

