The Kentucky CPA Journal
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Kentucky Society Certified Public Accountants

Giving

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Giving your time, talent and treasure

kycpa.org

The rewards of giving

Harry Freibert

The more you give, the more you get

While giving can come in many different forms, the rewards are usually similar in that one can feel like he or she has made a difference by either contributing time, talents or treasure to organizations or individuals in need. For most organizations to be successful in fulfilling their mission, it takes all three – volunteers' time, talents and treasure.

As I've grown older, the bigger decision has been to decide which organizations to support. There are so many relevant and worthy organizations that deserve support, but narrowing the choices down, based on our life experiences, allows us to have a truly significant impact on a particular cause that is near to our heart. Therefore, it's important to identify such organizations and be able to politely tell others no. As the old saying goes, "There's more room in my heart than there is in my wallet."

Giving of one's hard-earned money usually is not a natural or comfortable feeling, as it is contrary to our money-centric world. However, it's important to understand that giving money you've worked hard for to an organization that has had a positive impact on your life - and continues to do so to others - can and should be a very natural and comfortable feeling. I refer to donating money as if you are taking a medical shot to feel better: it stings a little at the beginning, but soon thereafter you feel better.

I've had the opportunity to participate in several capital campaigns for worthy organizations over the years and can attest that I was happy to have participated in each and every one. The reward of giving is that I get back a sense of purpose for working so diligently in my profession and it allows me to realize that my mission in life isn't all about money and possessions. Participating in capital campaigns allows me to be a better consultant to our clients and friends on this and similar sensitive issues, as I've first-hand knowledge from the experience.

Giving of your time and talents can be especially rewarding in that your CPA skill set is not easily found, but greatly desired, by many organizations. CPAs who give their time and talent will also develop an ability to communicate to the hierarchy of the organization they are serving. For the younger CPAs, this is important because many of your employers encourage you to get involved in organizations outside your firms to enhance the firm's exposure and provide networking opportunities. Such giving of your time and talents will also enhance your communication skills. Board meetings usually have full agendas, but the financial reporting is an important element and the CPA can have a

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Across the Board

By Penny Gold

Remarkably, 2014 marks KyCPA's 90th year of service to Kentucky CPAs. This is a wonderful time to reflect on how far this organization has come, and what it has meant to so many accounting professionals throughout the years.

The Society, like its members, is devoted to protecting and helping our family of CPAs. Our members look out for the public good, teach and mentor others, and work to leave the world – and the profession – better than we found it. When CPAs work together, amazing things can and do happen. A wonderful example is the growth of the KyCPA Educational Foundation. Every member and firm who gives to the effort to build a $2 million endowment will be strengthening the profession, improving the business community and changing the lives of young CPA hopefuls. In addition to the growing scholarship fund, KyCPA hosts a variety of programs to build awareness of the accounting profession and encourage students to pursue accounting as a career.

This is a good time to remind you of the excellent and growing suite of services available to you as a member of KyCPA. With more than 20 committees and task forces, about 20 conferences, technical training, leadership and social opportunities, public policy work and student outreach, members of the Kentucky Society of CPAs have tremendous networking and learning opportunities available to them.

The Kentucky CPA Journal is also an excellent way to stay connected to the profession. This award-winning publication continues to receive high marks from members and sister state CPA societies throughout the country. Members are also able to stay on top of latest developments in the profession by reading the Society's e-newsletters, by attending the Professional Issue Update offered around the state, and by keeping up with the global economy with our daily release of the Business Intelligence Brief.

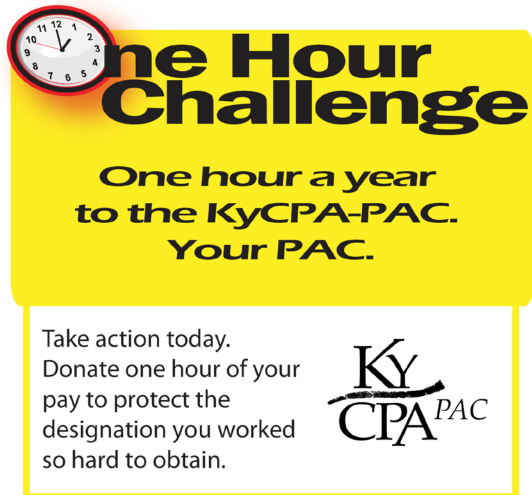
Of course, discounts are always popular with our members, and reduced prices on CPE offerings and on the peer review program help members improve their professional competencies and advance their careers. Later this fall, we hope to add a new discount research service, NIQ, which should be particularly helpful to smaller firms. Other discounts available to members include CCH Tax Guides, UPS and FedEx shipping, car rentals and insurance programs (disability, term life insurance, health and dental). The Society's health care plan has been consistently priced below pool rates, but the Insurance Committee is working now to transition into a large group plan sponsor to help make the Society's health plan much more competitive in the new health care reform (ACA) environment. Firms are encouraged to get a quote from us this fall, once the renewal rates are released.

Free is great, too: please remember to take advantage of the CPA Referral Service, which is free to all members looking for clients.

Every day more members are taking advantage of the new KyCPA Career Center on the kycpa.org Web site. Companies and firms who are looking for talent, or CPAs who wish to explore new career opportunities, now have a CPA-focused search engine to help make the right connections.

In addition, the Society offers a wonderful array of social and networking opportunities organized by and for Society members. For example, the KyCPA Golf Scramble was in September and KyCPA Day at Keeneland in October. The Mega CPE Conference and Expo will bring together hundreds of CPAs and 35 exhibitors in November for an exciting day of educational opportunities, mixed with fun and camaraderie. See p. 34.

More changes are also on the horizon. This year we are hosting a free program for members on CPA firm marketing strategies; looking for enhanced public recognition for CPAs who have completed significant hours of in-person continuing education; developing a CPE scholarship program for newer CPAs; and other member-focused initiatives to commermorate our 90th year.



We are so proud of what has been accomplished over the past nine decades. The Kentucky Society of CPAs began as a small group of CPAs who met occasionally for dinner, and has grown into a well-respected organization, more than 5,000 strong. Numbers count, especially in our public policy efforts in Frankfort and in Washington. Soon you will be receiving a request for a donation to the KyCPA-PAC. I hope you will make a donation. I can't emphasize enough the importance of the work of the KyCPA-PAC Trustees. Without a strong political action committee and key contact operation, the Society will not be taken seriously. Many issues of concern to you, your firms and your employers will be on the agenda this year. We must continue to stand together to impact policy where it counts.

You should be very proud of the part you played in building this organization. We know from our member surveys that most CPAs have a strong sense of professional responsibility and professional pride. You are the lifeblood of KyCPA. Thanks to every one of you for your part in making the Society better every year. Can't wait to see where we will be at 100!

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

Freibert: The rewards of giving continued

terrific impact on the organization if he or she is able to express the financial condition in a clear manner. This is not always the easiest thing to accomplish, as there are more board members than the presenter, but the mere experience of how others interpret your communications is also a great lesson in diplomacy.

In summary, the rewards of giving are far reaching. It's important to be good stewards of our possessions, especially being that we are CPAs. Such stewardship includes cheerful giving of our time, talents and treasures. So, don't be afraid to give outside your comfort zone. Remember, it's like taking a medical shot: it might sting, but you'll feel better after doing so.

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

Editor's note: To create your own legacy, please consider making a donation to the KyCPA Educational Foundation. See p. 39 for details.

Taxation of charitable organizations

Mark A. Loyd, Esq., CPA

Charitable organizations enjoy exemptions from several Kentucky taxes: income tax; sales & use tax, primarily on their purchases; and, property tax. The federal government and the Commonwealth also encourage charitable giving. Those generous individuals giving to charitable organizations, like the Educational Foundation of the Kentucky Society of CPAs, among others, get federal and state income tax deductions and can, for certain qualifying donations, also benefit from the Endow Kentucky Credit, a generous 20% income tax credit.

Income tax-exempt

Many charitable organizations are exempt from federal income tax purposes. Under the Internal Revenue Code of 1986, as amended, "[c]orporations…organized and operated exclusively for…charitable…purposes…, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation…and in which does not participate in, or intervene in,…any political campaign on behalf of (or in opposition to) any candidate for public office." 26 U.S.C. § 501(c)(3). Federally tax-exempt charitable organizations are often referred to as 501(c)(3) corporations and file Form 990 with the Internal Revenue Service.

Kentucky also provides an exemption for 501(c)(3) charitable corporations. KRS 141.040(1)(f). Likewise, "charitable, or like corporations not organized or conducted for pecuniary profit" are similarly exempt from Kentucky corporation income tax. KRS 141.040(1)(g). So, it is possible that a corporation could be subject to federal income tax under the Code, but exempt from Kentucky corporation income tax. These charitable organizations are likewise exempt from the Limited Liability Entity Tax ("LLET") under provisions that mirror those of the corporation income tax. *See* KRS 141.0401(6)(f)&(g). Moreover, any limited liability pass-through entity owned by a "qualified exempt organization," such as a charitable organization, excludes the proportionate share of its Kentucky gross receipts or gross profits attributable to that ownership interest. *See* KRS 141.0401(7). So, for example, when a non-profit owns a portion of a partnership, that portion of the partnership's Kentucky gross receipts or gross profits are excluded from its LLET computation.

Sales & Use tax-exempt

Kentucky-resident 501(c)(3) charitable organizations are exempt from sales & use tax on their sales of otherwise non-exempt, taxable tangible personal property, digital property or services, provided that these are used solely within their charitable function. KRS 139.495(1). There is a similar exemption for sales to out-of-state exempt organizations. *See* KRS 139.470(10).

There are exemptions for sales tax on sales made by charitable organizations; however, these are somewhat limited and generally school-related. *See* KRS 139.495(2)-(4). So, when a charitable organization sells things, it must register for and collect sales tax as required, like most other retailers. KRS 139.495(7). Charitable organizations should be cognizant of the distinction between acting as a purchaser and acting as a seller.

Charitable organizations selling donated goods may qualify for a 25% refund of the tax collected on its sale of donated goods if the refund is used exclusively as reimbursement for capital construction costs of additional retail locations in Kentucky. KRS 139.495(5). To qualify, the charitable organization must: routinely sell donated items; provide job training and employment to individuals with work place disadvantages and disabilities; spend at least 75% of its annual revenue on job training, job placement or other related community services; submit a refund application within 60 days after the new retail location opens for business; and provide records of capital construction costs for that location to the Kentucky Department of Revenue. *Id.* The maximum refund is $1 million and is subject to audit by Revenue. *Id.* This is a very generous credit for qualifying charities.

Property tax-exempt

Section 170 of the Kentucky Constitution, rather than a statute enacted by the Kentucky General Assembly, provides an exemption from property tax for "institutions of purely public charity." Although the Section 170 exemption's application to ad valorem property tax is settled, its application to other taxes on property has recently been disputed by Revenue. This is curious in that several cases can be read to have held that the Section 170 exemption applies to use tax on property. For example, *Marcum v. Louisville Municipal Housing Commission*, 374 S.W.2d 865 (Ky. Ct. App. 1963), held that Section 170 applied to exempt use tax on purchases of property, but not on sales tax. Similar conclusions were reached in *City of Covington v. State Tax Commission*, 77 S.W.2d 386 (Ky. Ct. App. 1934) and *Commonwealth ex rel. Luckett v. City of Elizabethtown*, 435 S.W.2d 78 (Ky. Ct. App. 1968). *Children's Psychiatric Hospital of Northern Kentucky, Inc. v. Revenue Cabinet*, 989 S.W.2d 583 (Ky. 1999) held that the Section 170 exemption did not apply to the hospital provider tax. Revenue apparently reads this case more broadly, but one could simply read *Children's Psychiatric* for the proposition that Section 170 exempts only use tax on property and not on services, which would be consistent with the case law. The dispute between Revenue and taxpayers as to the scope of Section 170 with regard to its application to taxes on property is currently playing out in *Interstate Gas*

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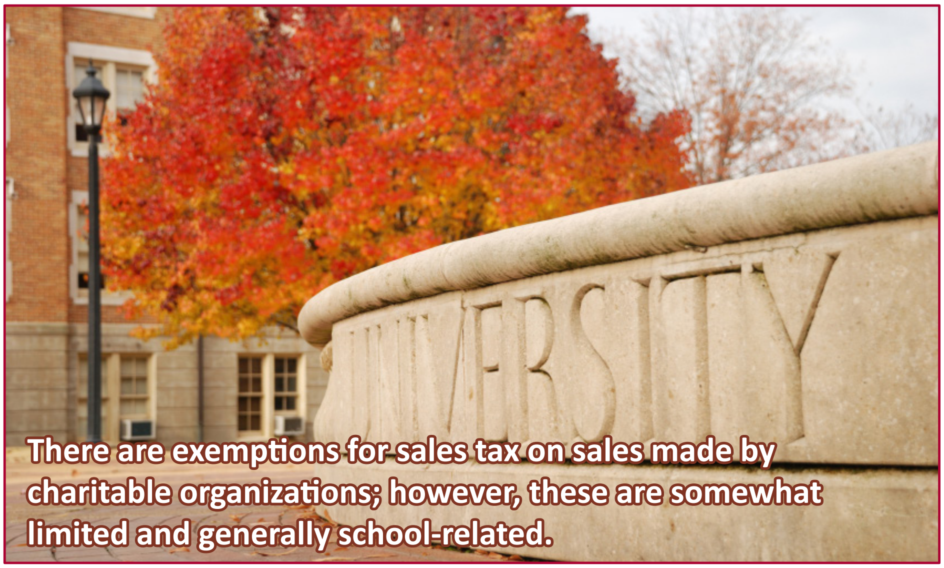
Taxation of charitable organizations continued



There are exemptions for sales tax on sales made by charitable organizations; however, these are somewhat limited and generally school-related.

Supply, Inc. v. Dep't of Revenue, Civil Action No. 12-CI-00947 (Franklin Cr. Ct. July 20, 2012), *on appeal from* File No. K10-R-27, Order No. K-22157 (KBTA June 20th, 2012) in which the Kentucky Board of Tax Appeals found that Section 170 did not apply to use tax on purchases of natural gas by an institution of purely public charity.

Often, it is readily apparent whether or not a charitable organization is an institute of purely public charity, especially in the case of 501(c)(3)s. However, on occasion, this becomes an issue. An example of this is *Cleveland Frost Post No. 50 American Legion v. Madison Co. Property Valuation Administrator*, File No. K12-S-01, Order No. K-23032 (KBTA Mar. 27, 2013), in which the Board determined that the dispensing of charity was the "central purpose of this small Post's program and that Post members spend most of their time carrying out charity work on behalf of the Post." The determination as to whether an organization is an institution of purely public charity is generally a fact-specific determination.

Tax incentives for charitable giving

Most tax practitioners are familiar with the federal income tax deduction for charitable contributions, cash or property and limitations thereof provided by Section 170 of the Code. Kentucky likewise extends this treatment of charitable deductions to individuals and corporations. *See* KRS 141.010(11)&(13).

Kentucky goes one step further, however, and provides for a non-refundable 20% credit of the value of an endowment gift, capped at $10,000, which is called the "Endow Kentucky Credit." *See* KRS 141.438. The maximum amount of Endow Kentucky Credits is limited to $500,000 in each fiscal year. *Id.* To obtain a credit, taxpayer must: file an application for preliminary authorization; after receiving such authorization from the Kentucky Department of Revenue, provide an endowment gift to a qualified certified community foundation, certified county-specific component fund, or certified affiliate community foundation within 30 days; and, report proof of the endowment gift to Revenue within 10 days. *Id.*

This is a generous incentive for charitable giving, as it stretches the charitable dollar significantly, particularly when combined with the federal and state income tax deductions.

"Render therefore to Caesar the things that are Caesar's, and to God the things that are God's." Matthew 22:21.

There are secular charities, and there are those that are not; but, all do good works. By providing tax exemptions, the United States and the Commonwealth of Kentucky have increased the money that charitable organizations have to spend on such good works. And, by providing deductions and credits, they have increased the money available to their citizens to give to fund them. Charitable organizations and donors should keep these tax incentives in mind so that they render unto "Caesar" only that which "Caesar" seeks, and thus, good works get funded as "Caesar" intended.

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 is co-chair of the KyCPA Educational Foundation Trustees and chairs the Society's Editorial Board. He can be reached at MLoyd@bgdlegal.com; 502.587.3552.

LLET: Cost of Goods Sold

From the Kentucky Department of Revenue

Editor's note: You may also find a version of this article in the DOR's September Kentucky Tax Alert *publication.*

The Department of Revenue has heard the concerns of many KyCPA members regarding audits of the cost of goods sold amounts used in the limited liability entity tax (LLET) calculation. KyCPA leadership asked the department to provide guidance on what items constitute cost of goods sold for purposes of computing the LLET as provided by Kentucky Revised Statute (KRS) 141.0401. As an initial matter, KRS 141.0401(1)(d)3 provides that for any activity other than manufacturing, producing, reselling, retailing, or wholesaling, no costs shall be included in costs of good sold. For those taxpayers, Kentucky gross profits would only be reduced by returns and allowances attributable to Kentucky gross receipts.

For taxpayers who are engaged in manufacturing, producing, reselling, retailing or wholesaling, KRS 141.0401(1)(d)2 provides that amounts allowable as cost of goods sold must be directly incurred in acquiring or producing a "tangible product" generating the Kentucky gross receipts. "Tangible product" means both real and tangible personal property.

"Cost of goods sold" for purposes of computing the LLET shall only include direct labor costs and direct material costs. "Direct labor" means labor that is incorporated into the tangible product sold or is an integral part of the manufacturing process. KRS 141.0401(1)(f). For example, an assembly line worker is direct labor, while an administrative assistant in human resources or an engineer in quality control is not. Direct labor costs consist of basic compensation, overtime, vacation and holiday pay, sick leave pay, shift differential, payroll taxes and payments to supplemental unemployment benefit plans relating to direct labor. Direct labor costs do not include pension/profit sharing, workers' compensation, life insurance, health insurance, membership dues and union dues, even if relating to direct labor. "Direct material" means material that is incorporated into the tangible product sold or manufactured. The test is whether it is direct or indirect, not whether the cost is necessary. For example, in Internal Revenue Code Section 263A, there are direct costs that are necessary for production, and indirect costs that are necessary for production.

KRS 141.0401(1)(d) also allows bulk delivery costs as defined in KRS 141.0401(1)(g) to be included in cost of goods sold. KRS 141.0401(1)(g) states that "bulk delivery costs" means the cost of delivering the product to the consumer if: (i) the tangible product is delivered in bulk and requires specialized equipment that generally precludes commercial shipping; and (ii) the tangible product is taxable under KRS 138.220. Consequently, this only applies to a limited number of corporations or limited liability pass-through entities that deliver to consumers gasoline and special fuels that are subject to tax under KRS 138.220.

The following costs are examples of categories of costs that are not allowed in cost of goods sold for purposes of computing LLET, and are typically listed as indirect costs pursuant to Internal Revenue Code Section 263A:

- Utilities
- Repairs and maintenance
- Depreciation
- Insurance
- Quality control
- Rent

Questions

Should you have questions regarding cost of goods sold for a particular industry or company, please contact the Division of Corporation Tax at 502.564.8139 or email: DORWEBRESPONSEPASSTHROUGHENTITY@KY.GOV or KRC.WEBResponseCorporationTax@ky.gov.

Management accountants

Delivering value beyond numbers

From the AICPA

Few organizations, regardless of size or industry, have escaped the shadow of uncertainty that has long hovered over the business community. This uncertainty has exhibited itself in ways ranging from intensified competition and market volatility to complex regulatory requirements and widespread digitalization. In spite of the inherent challenges of this environment, a reengineered formula for organizational success has emerged and finance teams are transforming and reenergizing themselves in its wake.

Bridging the talent divide

The finance team's evolving remit is largely due to its greater role as a trusted partner with senior leadership and the higher demand for a specific combination of skills needed to guide the organization. Key decision makers are looking for financial professionals who combine analytical and financial expertise with strategic, management and decision-making insights.

An American Institute of CPAs (AICPA) and Chartered Institute of Management Accountants (CIMA) study, *Rebooting Business: Valuing the Human Dimension*, supports business savvy's more prominent footprint in corporate America, with nonfinancial senior executives stating that 68 percent of the value provided to the organization is nonfinancial. However, according to Deloitte's 2013 Global Finance Talent Survey, there is growing concern among many finance executives over recruiting, retaining and developing finance employees with such an in-demand combination of skills.

Management accountants, specifically those awarded the Chartered Global Management Accountant (CGMA) designation, are setting themselves apart from other professionals in fulfilling this unmet need. With their proven talent in both financial and management areas, coupled with their business acumen, management accountants are advancing into key advisory roles that are critical to operations and strategy. In the process, they are filling a talent void that, if not met, could undermine sustainable growth and progress.

"As senior leaders continue to look to finance departments for insightful management advice and direction, opportunities will grow exponentially for CGMAs to prove their value to organizations, both in the U.S. and abroad," said Michael R. Nall, CPA, CM&AA, CGMA, founder of Alliance of M&A Advisors. "Among the ways CGMAs can ensure that their expanded new role will endure in the years ahead is to reach out to fellow members of the CGMA community to share best practices, and participate in programs that can further develop their skills, expertise and leadership perspective."

Redefining capabilities and contributions

Similar to many of their peers from other leadership disciplines, management accountants' contributions span the full range of activities, making a measurable impact on executive decisions, performance and competitive position. Whether managing risk across a portfolio of projects, formulating strategy or initiating and leading innovation and change, management accountants are helping finance departments more proactively respond to leadership's call for deeper, more hands-on collaboration and partnership.

Further building management accountants' value is a skill set that extends beyond domestic operations. "Management accountants and CGMAs are also making tremendous contributions to global and non-U.S. operations, especially in long-term strategic planning, short-term business planning, and monitoring and control," said Hiroshi Miyamasu, CPA, CGMA, finance director at Nike Japan. "Among the benefits of their strengthening, multifunctional role has been a measurable improvement to the top- and bottom-lines at a time when organizations of all types need to be at their competitive best."

As the new business mandate moves beyond core financial accounting skills, management accountants are using a wide range of financial processes to move business operations forward. The following examples underscore some of the diversity of their responsibilities:

- Providing nonfinancial information and analysis of Big Data
- Advising on internal and external drivers of cost, risk and value

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- Performing rigorous analysis of the data leading to performance improvements
- Sharing insights into product, sector and customer profitability to determine the success of marketing efforts
- Driving cost-reduction strategies within finance and throughout the organization
- Setting objectives to ensure that the business is run in the long-term best interests of stakeholders
- Helping to ensure that remuneration policy supports long-term value creation
- Leading the identification and assessment of new business opportunities
- Developing financial awareness and expertise within the organization
- Monitoring how organizational groups attain goals and contribute to performance
- Ensuring that goals are shared across the business and appropriate resources are allocated

Management accountants are increasingly preparing and being recognized for their expanded organizational role at a time when their contribution is strongly felt at all levels. According to a CGMA survey, *New Skills, Existing Talent*, 75 percent of global finance executives reported that when finance professionals support management, the organization better meets its objectives. In fact, there are few innovative organizations today that are genuinely successful without the influence of management accountants and other finance professionals.

The *New Skills, Existing Talent Survey* also provides insights into management accountants' potential influence on future leadership initiatives. When finance professionals and business managers were asked whether finance provided an appropriate training ground for future business leaders, the majority of each group responded that it was equal to or greater than other parts of the organization.

Building a sustainable momentum

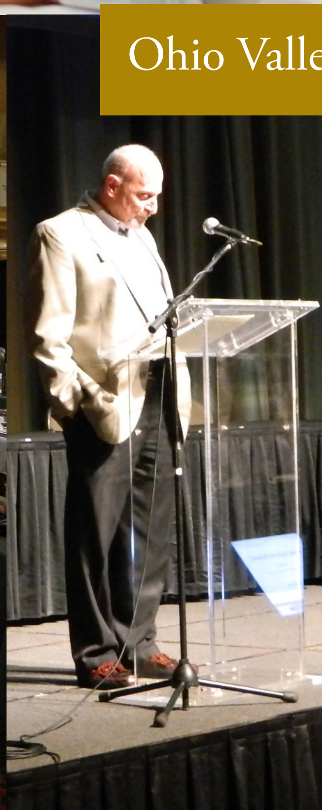
Looking ahead, management accountants will further identify new opportunities to broaden their scope of responsibilities, grow their capabilities and deliver even greater value. The result will be an organization that not only maximizes and benefits from the full potential of the finance team but is also poised for long-term success.

Access additional valuable resources and information on this topic and more at CGMA.org. Not a designation holder? Find out more about the designation and eligibility requirements at cgma.org/BecomeACGMA.

Scenes from recent conferences

Business and Industry Conference

Ohio Valley Construction Conference



Giving it all away: good idea or not?

By Neil Byrne, CPA, JD

It is more important than ever to brush up on the gift tax rules, as well as the potential benefits and pitfalls of giving it all away.

Just the concept of a gift tax confounds many people: clients and CPAs alike. Nevertheless, the federal gift tax is here to stay. Here's a look at how it can be beneficial - and not so beneficial - to those considering giving it all away.

Basis and income tax considerations

CPAs should be aware of some big changes in the estate planning world, and how those changes can affect gifting strategies. Before the estate tax exclusion amount climbed north of $5,000,000, and the estate tax rate decreased to 40 percent, the benefits of gifting property away during life were much clearer, than they are today. Prior to 2010, the top estate tax rates were between 45 and 55 percent, and the exclusion amounts ranged from $675,000 to $3.5 million. In contrast, the top income tax rates from 2001 through 2010 were between 35 percent and 39.1 percent.

The historical disparity between the estate tax and income tax meant that maximizing estate tax savings often overshadowed income tax considerations. Giving away assets is one of the primary techniques available for estate planners, and so, before 2013, virtually every tax wary estate planning client included giving away assets in his/her estate plan.

In addition, before 2013, generally, there was not a significant enough difference between the states (even considering community property states) to result in radically different estate planning strategies based upon the state an individual resided in. However, the decrease in estate tax rates, and the increase in income tax rates (including the Medicare 3.8 percent tax) means that gifting strategies as part of estate planning strategies, need to focus more on income tax considerations too.

One major way to focus on income tax planning as part of a gifting and estate planning strategy is to maximize the step up in basis at death. Some assets such as depreciable property, partnership interests, S corporation stock and low basis securities can potentially benefit the most from a basis step up. Obviously, because the decedent must have held the assets at death to receive a step up, it may not be a good idea to give away so aggressively anymore. On the other hand,

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if a person's estate does not exceed the applicable exclusion amount (or two-times the exclusion amount for a married couple) then getting assets out of the estate is not nearly as attractive as putting assets into the estate, to the extent possible, for the basis step up.

Of course, a basis step up assumes that that the fair market value of the property held by the decedent is higher than the decedent's basis, which is not always the case. It is possible for a "step down" in basis at death too. If an asset's basis is likely to be stepped down at death, then it may be best to sell the asset and recognize a loss, or give it away during life.

A client's residence should play a large role in determining a gifting and estate planning strategy, mainly because the decedent's (or donor's) state of residence and the potential heirs' (donees') states of residence are important considerations. A new focus on the income tax effects of estate planning means that state income taxes will have to be considered carefully. After all, income tax rates for states range from zero in some states to 11 percent in Hawaii. If an estate planning client lives in a state with a high income tax rate, and the potential beneficiaries live in a state without an income tax, like Florida, then the traditional approach of giving away assets may be best, depending on how the gifting is done. In contrast if a client lives in a high income tax state and the potential beneficiaries also live in that state, then leaving the assets in the estate should be considered, because there may not be any income tax savings over the remaining life of the donor. No matter the situation, the CPA should analyze the numbers to determine what the potential tax benefit of giving away assets would be.

Other planning considerations

While giving away assets can still be a great estate planning strategy, even something as seemingly simple as giving away the annual exclusion amount should be examined carefully before recommending it to clients. It is one of the few estate planning strategies that is easy to explain to clients, but it still has some potential drawbacks. For example, it is not a good idea to make annual exclusion gifts to a person who has creditor problems, or is a spendthrift.

Another possible planning consideration for some clients is to give away assets to parents, not just children. It is common for a successful adult to have more financial resources than a parent, and while not always appropriate, it can be a good idea to give away assets to a parent. First, if the parent dies with the assets, then the assets are likely to return to the adult child with a stepped up basis. Beware of IRC 1014(e), though, which prevents a step up in basis for assets acquired from a child within one year of a parent's death, which then pass back to the child or the child's spouse. This strategy is especially beneficial for people whose own estates will likely be taxable, but whose parents' estates likely will not be taxable. As with annual exclusion gifting, it is important to make sure that giving assets up to parents would be a good strategy. Besides creditor concerns, often older parents may have Medicare and Medicaid considerations that would make such a strategy unattractive.

Finally, a discussion of gift taxation for CPAs would not be complete without mentioning generation skipping transfer tax (GSTT). GSTT is often overlooked by CPAs when preparing gift tax returns and advising clients on gifting strategies. It is imperative that CPAs understand how GSTT works, the difference between direct and indirect skips, and when to allocate GSTT to gifts on gift tax returns. A discussion of GSTT details is beyond the scope of this article, but its importance to an overall estate planning strategy cannot be overstated.

As gifting strategies evolve and the planning considerations become more client specific, CPAs will have to pay even closer attention to the gifting rules as they relate to income tax and estate tax, before concluding whether it's a good idea for clients to give it all away.

About the author: Neil Byrne, CPA, JD, is a tax supervisor in the Louisville office of Mountjoy Chilton Medley.

Recycling charitable dollars

IRS gives green light to more program-related investments

By Allison L. Evans, CPA, PhD, and Christine M. Petrovits, CPA, PhD

Expanded guidance opens door for foundations to make creative use of precious charitable resources.

Editor's note: This article originally appeared in the August 2013 issue of The Journal of Accountancy.

Private foundations lost more than 20 percent of their assets during the economic crisis, according to the Foundation Center. At the same time, the demand for charitable services - and foundation dollars to support those services - increased significantly. The combination of these dynamics prompted many private foundations to consider new strategies to do more with less. Even today, as endowments slowly recover, foundations are increasingly pursuing ways to address societal needs while protecting their balance sheets.

The IRS and Treasury Department issued proposed regulations in 2012 (REG-144267-11) to make it easier for private foundations to do just that. The new guidance is intended to reduce transaction costs associated with program-related investments (PRIs), a type of charitable disbursement that enables foundations to make a positive impact in a financially savvy way. Specifically, PRIs are investments made primarily to further the foundation's mission; the potential for financial gain must not be a primary driver of the decision to make the PRI. Consequently, PRIs count toward foundations' mandatory annual payout requirement, just as traditional grants do. However, private foundations expect PRI recipients, unlike grant recipients, to repay the investment, possibly with interest. Once the money is repaid, foundations recycle the funds to other charitable projects, multiplying the impact of each philanthropic dollar.

The proposed regulations include nine new examples of permissible PRIs, doubling the number of examples that foundations can use to guide their PRI efforts. The new examples are more diverse in structure, location, and purpose. This issuance marks the first time in 40 years that the IRS has updated the PRI rules. While proposed regulations are generally not authoritative guidance, the IRS explicitly states that taxpayers may rely on these proposed regulations.

PRIs: a primer

Under Sec. 4944(c) and associated existing regulations, a PRI must primarily further one of the charitable purposes of Sec. 170(c)(2)(B) (religious, charitable, scientific, literary, educational, etc.) and may not be used for a political activity prohibited for exempt organizations under Sec. 170(c)(2)(D) (attempting to influence legislation or participating or intervening in a political campaign). It must not have as a significant purpose the production of income or appreciation of property (Regs. Sec. 53.4944-3(a)(1)).

An investment is made primarily to accomplish a charitable purpose under Sec. 170(c)(2)(B) if it significantly furthers the accomplishment of the foundation's exempt activities and would not have been made but for its relation to the foundation's exempt activities (Regs. Sec. 53.4944-3(a)(2)(i)). Therefore, an investment that qualifies as a PRI for one private foundation may not qualify for another, depending on the mission of each. In determining whether a significant purpose of an investment is the production of income or the appreciation of property, a relevant consideration is whether a traditional investor would make the same investment on the same terms (Regs. Sec. 53.4944-3(a)(2)(iii)).

The structure of a PRI is a function of project needs, prevailing market conditions, and the recipient's ability to generate sufficient cash flows with which to repay the foundation's investment. Most commonly, PRIs are created as below-market-rate loans to public charities. However, the regulations specify that the PRI recipient does not have to be a not-for-profit organization; a PRI in a for-profit business enterprise is permissible as long as the foundation makes the investment primarily to

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further its own mission. For example, a foundation focused on economic empowerment may make a PRI in a commercial bank that was created to provide financial services in low-income communities.

PRIs are not intended to replace traditional grants but rather to further a societal mission in ways that grants cannot. They are most appropriate when the recipient is building capacity and the project will eventually generate a stream of revenue. Foundations have made PRIs, for example, to finance the acquisition and renovation of charter school facilities in areas with poorly performing public schools. The principal is repaid once students enroll. PRIs also serve as a form of interim financing, for example, when a charity is waiting to receive the proceeds from a government grant.

If the PRI generates any income during the investment period, such as interest on a PRI loan, the foundation reports it as investment income that is subject to the excise tax on net investment income. When the principal is ultimately returned, the foundation increases its required annual charitable disbursement by the repayment amount. Accordingly, the foundation then recycles the repaid dollars into other charitable disbursements, such as new grants or additional PRIs. If a PRI is not repaid, the foundation treats it as a grant. A 2007 study by FSG Social Impact Advisors of PRI loans found a default rate of approximately 4%.

The benefits of PRIs

PRIs are a potentially valuable tool for private foundations, recipient organizations, and society at large. The primary advantage of PRIs over grants from the foundation's perspective is the ability to conserve limited philanthropic capital while still fulfilling the foundation's exempt purpose, reducing the trade-off between current and future distributions. PRIs are classified as charitable-use assets, which means they are excluded from the asset base on which foundations compute their minimum mandatory payout. As noted previously, PRIs also count toward this distribution requirement.

PRIs can provide recipient organizations with access to capital under more favorable terms than traditional commercial financing. They can also provide capital to recipients that are undertaking risky projects or projects with low returns that typical profit-seeking investors will not finance. Beyond direct monetary assistance, successful participation in a PRI can improve a recipient organization's credit history and attract additional capital from other foundations, government grantors, and commercial sources. Private foundations often build long-term relationships with the recipient organizations, helping them develop the management expertise necessary to establish financially sustainable programs.

PRIs allow foundations to make investments that tax regulations otherwise prohibit. For instance, PRIs are an exception to the prohibition against jeopardizing investments—those that could endanger the foundation's ability to execute its tax-exempt mission (Sec. 4944(c)). PRIs are also excluded from the limitation on excess levels of business holdings (Regs. Sec. 53.4943-10(b)). These exemptions allow foundations to take larger, riskier positions with PRIs than they could otherwise have in their investment portfolios. They let foundations fill a void that traditional investors are unwilling to fill, helping move a large range of societal missions forward in new ways and encouraging the development of market-based approaches to combat social problems.

New guidance on acceptable PRIs

The IRS has provided little guidance historically as to what it deems an acceptable PRI, assuming the investment falls within the foundation's mission. Regs. Sec. 53.4944-3(b), issued in 1972, provides nine narrow examples of acceptable PRIs and one example of an investment that does not qualify as a PRI. These original examples pertain to domestic investments in deteriorated urban areas and/or related to economically disadvantaged individuals. (In the example that does not qualify as a PRI, a private foundation invests in common stock of a corporation and later applies dividends it receives from the stock in furtherance of its exempt purpose. Although there is a relationship between the organization's exempt purpose and the return on the investment, there is no such relationship with the investment itself.)

The new proposed regulations (see Exhibit 1, "New PRI Examples") contain nine additional examples of permissible PRIs that are more diverse than the original set. These examples incorporate contemporary social concerns and business practices and highlight the following points:

- PRIs may address a variety of charitable purposes, including advancing scientific discovery, preserving the environment, fostering education, and promoting the arts;
- PRIs may fund activities in a foreign country;
- PRI recipients do not need to be not-for-profit entities if a for-profit recipient is an instrument for accomplishing the foundation's exempt purpose;
- An investment with a potentially high rate of return is not automatically precluded from qualifying as a PRI; and
- PRIs may take many forms, including loans, equity investments, and credit enhancements (e.g., linked deposits and loan guarantees).

In each of the new examples, the investment furthers the issuing private foundation's mission and would not have been made except for the relation between the investment and the foundation's mission.

The proposed regulations are expected to increase foundations' confidence in making a variety of PRIs. "It is our belief that the finalization of the proposed regulations will contribute to a substantial increase in PRI activity among foundations, particularly those just entering the field," said Peter Berliner, managing director of Mission Investors Exchange, in a comment letter to the IRS. "More dollars will be invested in ways that will generate very significant and desirable social change." Mission Investors Exchange's members have made more than $4 billion in PRIs.

Private foundations may have been reluctant to use PRIs in the past because of the risk that the IRS would disagree with the classification of the investment as a PRI, subjecting the foundation to excise taxes on multiple fronts: jeopardizing

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investments, excess business holdings, and failure to meet the minimum payout requirement. Obtaining legal preapproval for any particular PRI to mitigate this risk is costly and time-consuming. The new guidance provides formal regulatory approval of many types of PRIs, guidance that is particularly useful for smaller and newer foundations that lack the resources to obtain legal opinions and private letter rulings.

Other considerations

As interest in PRIs gains momentum, practitioners should be aware of the limitations of the proposed regulations. The new examples do not cover all potential investments of interest to foundations. Notably, the IRS did not include an example in which the recipient organization is a low-profit limited liability company (L3C), a relatively new business entity designed to attract foundation investment. Additionally, the IRS did not simplify the process by which foundations can obtain guidance from the IRS on whether an investment outside the given examples qualifies as a PRI. The not-for-profit sector prefers a process in which multiple foundations could rely on a single PRI determination. Finally, even though many of the new examples include equity investments, foundations making PRIs to organizations that are not public charities must still exercise expenditure responsibility to ensure that all money is used for the intended purpose.

Providing greater assurance

Overall, the new guidance allows financial, tax, and legal advisers to provide greater assurance to constituencies of the philanthropic community who wish to engage in a range of charitable activities and financial arrangements. As PRIs become more popular, CPAs should familiarize themselves with the new examples of permissible PRIs and the variety of investment structures that qualify. This new guidance is important for CPAs that advise private foundations, but also for CPAs that work with organizations (not-for-profit or for-profit) that could benefit from receiving a PRI.

Exhibit 1: New PRI Examples

A private foundation makes:

- An equity investment in a subsidiary of a for-profit drug company to aid in the development and distribution of a vaccine to prevent a disease that primarily affects the poor in developing countries.
- An equity investment with the possibility of a high rate of return in a new recycling company in a developing country where the investment is on the same terms as for commercial investors.
- Under the same facts as in the preceding example, a below-market loan to the recycling company, where the company issues the foundation shares of stock as an inducement to make the loan.
- A below-market loan to a rural company employing a high number of poor individuals after damage from a natural disaster would prevent the company from staying in business without additional capital.
- Below-market loans to poor individuals to start small businesses in a developing country affected by a natural disaster.
- A below-market loan to a limited liability company (LLC) to train poor farmers (the LLC's suppliers) in a developing country in advanced agricultural methods and management.
- A below-market loan to a Sec. 501(c)(4) social welfare organization formed to develop and encourage interest in the fine arts to purchase an art exhibition space.
- A linked deposit earning below-market interest to induce a commercial bank to lend the same amount of money to a nonprofit charitable organization to build a child care facility in a low-income neighborhood. The organization's charitable purpose is providing child care services in the low-income neighborhood to enable its residents to be gainfully employed.
- Under the same facts as in the preceding example, a guarantee agreement with the bank.

Executive summary

The IRS and Treasury Department have issued proposed regulations addressing program-related investments (PRIs) by private foundations, the first new guidance on PRIs in 40 years. The proposed regulations are expected to reduce transaction costs and increase the use of PRIs; the proposed regulations state that taxpayers may rely on them before they are finalized.

The proposed regulations contain nine additional examples of acceptable PRIs that are broad in charitable purpose, including to recipients in foreign countries, and contain a variety of financial structures such as equity investments and credit enhancements.

Generating a high rate of return does not automatically disqualify an investment from being classified as a PRI.

CPAs advising private foundations, public charities, and socially conscious businesses will want to familiarize themselves with new types of PRIs as well as the limitations of this new guidance.

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New rules make it easier to raise capital

By Thomas E. Rutledge and Rich Mains

Here is an all-too-familiar situation: a business needs to raise capital to launch operations or expand. The founders, along with their friends and family, are not able to provide all the needed capital, and the company is not positioned where banks are willing to lend it the desired funds.

The remaining realistic option is to offer debt or equity to investors which, under law, must either be registered with the Securities and Exchange Commission, a cost-prohibitive process for a small business, or sold in an offering exempt from such registration requirements. If this last option does not come to fruition, the business opportunity dies. Until now, advertising an exempt offering was prohibited, and there were severe restrictions on the potential investors a company could solicit. But that is all changing. On Sept. 23, companies became able to advertise to potential investors, opening the gates to additional sources of capital for many businesses.

Pursuant to a congressional directive set forth in the 2012 JOBS Act, the Securities and Exchange Commission (SEC) recently adopted Rule 506(c). The new rule, effective Sept. 23, expands permitted selling efforts by allowing companies to publicly advertise their sales of securities and broadly solicit potential investors, provided that sales of the securities are made only to "accredited investors" whose status as such is "verified."

While it has been possible to raise funds from "accredited investors" (*e.g.,* individuals with income in excess of $200,000 for each of the previous two years, with that amount reasonably expected in the current year, or individuals with a net worth, excluding their primary residence and related debt, exceeding $1 million), finding enough interested accredited investors has been difficult for many businesses, especially for start-ups and small businesses. Essentially, under the traditional rule, while a company could receive investments from accredited investors, the company was not allowed to advertise its offering or call on potential investors with whom the company's representatives did not have a prior relationship. Placing an advertisement in the newspaper, cold calling a local investor or soliciting investors on your Web site were effectively prohibited. While subject to certain limitations, accredited investors could be identified through brokers, that route has been cumbersome and expensive.

Taking advantage of the new rule may, in certain instances, greatly increase the chance of success of an offering. To provide an example, a Kentucky manufacturer needs an additional $2 million to expand his business, but after two months of calling on all his investor contacts, he only has commitments for $500,000. Traditionally, his offering would have likely failed. However, under the new rule, the manufacturer may advertise his offering in a trade publication, making the opportunity known to potential investors located in California, Texas and wherever else that trade publication is distributed, and pitch the opportunity to potential investors anywhere and everywhere. Both of these alternatives would greatly expand the chance of his offering having success.

The new rule is not industry-restricted service: service as well as physical product businesses may use it. There are significant opportunities using this new rule for raising funds for equine ventures, including stallion syndication.

Like the traditional Rule 506, under new Rule 506(c) there is no ceiling on either the number of investors or the maximum amount that may be raised in the offering. That being said, there remain a number of particular requirements. First, the issuer must verify the status of each investor as an "accredited investor." Under traditional Rule 506 offerings, which will remain available for those who do not advertise and keep their offering private, an accredited investor could self-certify as to that status, and the company could rely upon the self-certification absent knowledge that it was false. In an advertised Rule 506(c) offering, that status must be actually verified. There are numerous avenues through which verification may take place, including confirmation from a CPA that he or she has taken steps to review an investor's financial statements and determined the $1million net worth requirement is satisfied. Second, no sales may be made to persons who are not verified accredited investors.

Consequent to the "integration" rules, it will be important to clearly separate investments made by "friends and family" who are not accredited

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New rules continued

investors from the 506(c) advertised offering. If the offerings are integrated, the sales to non-accredited friends and family will taint the 506(c) offering, rendering the exemption unavailable. Third, nothing about this rule eliminates or limits the anti-fraud rules of the securities laws, so companies will still need to prepare an offering circular that sets forth all material information about the company and the risks of the investment. While there is no set formula, the offering circular often sets forth all company history, its prospects, biographies of directors and management, business plan, anticipated use of the funds, financials (either audited or reviewed) and pro-formas. The involvement of company CPAs, both in-house and outside firms, will be crucial in this step, both in providing audited financial statements and in assisting the preparation of pro-formas.

Raising needed capital will always be a difficult task for most businesses, but new Rule 506(c) should prove to ease the pain for many start-ups and growing companies.

About the authors: Tom Rutledge and Rich Mains are both members of Stoll Keenon Ogden PLLC, located respectively in their Louisville and Lexington offices. Both have business law practices that include capital formation and compliance with federal and state securities laws.

2013 Fall/Winter CPE calendar

November

Accounting and auditing

Date	Title	Facility	Area of Interest	CPE
11/4	**FASB annual update and review**	GEC	AA	8
11/5	***New*** **Fraud: catching the crooks who cook the books**	GEC	AA/I	8
11/6 - 11/7	**Accounting & auditing workshop (A)**	GEC	AA/I	16
11/8	***New*** **The complete guide to payroll taxes and 1099 issues**	GEC	AA	8 +IRS
11/8	**Critical budgeting skills (AM)**	IWU - Lex	AA	4
11/8	**Principles of lean accounting (AM)**	IWU - Lex	AA	4
11/8	**Controller's update: latest trends (PM)**	IWU - Lex	AA	4
11/8	**Financial forecasting (PM)**	IWU - Lex	AA	4
11/12	**Construction: accounting, auditing and tax (A)**	IWU - Lex	AA/I	8
11/13	**Audits of banks (A)**	GEC	AA/I	8
11/18	**Obtaining and evaluating audit evidence**	GEC	AA	8

Conference

11/8	**Affordable Care Act Conference**	Republic Bank		8
11/20	**Mega CPE Conference and Expo**	Crowne	I/AA/IT	8

Governmental/not-for-profit

Date	Title	Facility	Area of Interest	CPE
11/7	**Nonprofits in treacherous waters (AM)**	IWU - Lex	G/NP/YB	4
11/7	**Nonprofit, state & local governments(PM)**	IWU - Lex	G/NP/YB	4
11/7	**Not-for-profit frauds (AM)**	IWU - Lex	G/NP/YB	4
11/7	**Yellow Book financial audits (PM)**	IWU - Lex	G/YB	4
11/11	**Advanced auditing of HUD-assisted projects (A)**	GEC	AA/G/YB	8
11/12	**Accounting and reporting for not-for-profits**	GEC	AA/NP/YB	8
11/13	**OMB A-133 from A to Z**	GEC	AA/G/YB	8
11/19	**Governmental accounting & auditing update**	GEC	AA/G/YB	8
11/20	**Conducting government audits under GAAS, GAGAS & the single audit**	GEC	G/YB	8

Information technology/management

11/1	***New*** **Excel budgeting and forecasting techniques**	GEC	IT/I	8
11/14	**Advanced Excel**	GEC	IT/I	8
11/15	**QuickBooks for accountants**	GEC	IT/I	8

November *continued*

Lunchbox Series webinar

Date	Title	Facility	Area of Interest	CPE
11/6	**Tax savings for exporters**	Webinar	T/I	1
11/13	***New*** **How businesses should use mobile technology**	Webinar	IT/I	1

Specialty

Date	Title	Facility	Area of Interest	CPE
11/19	**Ethics Update for CPAs**	Crowne	E/I	2
11/19	**Professional Issues Update**	Crowne	I	4.5
11/25	**Ethics Update for CPAs**	Embassy	E/I	2
11/25	**Professional Issues Update**	Embassy	I	4.5

Taxation

Date	Title	Facility	Area of Interest	CPE
11/4	**Advanced strategies for S Corporations (A)**	GEC	T	8
11/5	**Advanced tax strategies for LLCs & Partnerships (A)**	GEC	T	8
11/7	***New*** **Social Security, Medicare, and prescription drug retirement benefits**	GEC	T	8 +CFP
11/11	***New*** **Getting ready for busy season: a guide to new forms and filing issues**	GEC	T	8 +IRS

Date	Title	Facility	Area of Interest	CPE
11/12	***New*** **Make money for you and your clients: Top business tax planning strategies**	GEC	T/I	8 +IRS
11/14	***New*** **Advanced Partnership/LLC workshop: how to do optional step-up in basis under section 754 and related provisions**	GEC	T	8 +IRS
11/15	***New*** **Critical decisions in selecting the best retirement plan for small businesses in 2013**	GEC	T/I	8 +CFP
11/19	**Effective and efficient senior-level review of individual tax returns**	IWU - Lex	T	8 +IRS
11/20	***New*** **The best S corporation, limited liability, and partnership update course**	GEC	T/I	8 +IRS
11/21	***New*** **Complete Strategies for maximizing contributions, rollovers, distributions, and estate planning**	GEC	T	8 +CFP +IRS
11/22	***New*** **Federal estate and gift tax returns: Forms 706 and 709 workshop**	GEC	T	8 +CFP +IRS

December

Accounting and auditing

Date	Title	Facility	Area of Interest	CPE
12/9	*New* **A&A year in review: Exploring the latest issues and challenges facing all CPAs**	GEC	AA	8 +IRS
12/9	**Financial reporting framework**	GEC	AA	8
12/10	**Auditing defined contribution plans (A)**	GEC	AA	8
12/10	*New* **Revenue recognition: A new day is dawning**	GEC	AA	8 +IRS
12/11	**Top 10 GAAP Issues (A)**	GEC	AA/I	4 +IRS
12/19	*New* **Critical internal control concepts under the updated internal control framework (PM)**	GEC	AA/I	4 +IRS
12/19	*New* **Financial reporting fraud: The top 25 tips on how to prevent and detect executives and managers from manipulating financial statements (AM)**	GEC	AA/I	4 +IRS

Conference

Date	Title	Facility	Area of Interest	CPE
12/16 - 12/17	**Kentucky Technology Conference**	Ramada Plaza	IT/I	16

Governmental/not-for-profit

12/18	*New* **Critical early determination in OMB A-133 audits (AM)**	GEC	AA/YB	4 +CFP +IRS
12/18	*New* **Fraud in not-for-profits and governments (PM)**	GEC	G/NP/YB	4 +CFP +IRS

Lunchbox series webinar

12/11	*New* **Year-end retirement planning strategies**	Webinar	I	1

Taxation

12/3	*New* **Advanced technical tax forms training: LLCs, S Corporations, and Partnerships**	GEC	T	8 +IRS
12/4	*New* **Surgent McCoy's comprehensive guide to tax depreciation, amortization, and property transactions from acquisition to exchange or disposition**	GEC	T/I	8 +IRS
12/5	**Hot IRS tax examination issues for individuals and businesses**	GEC	T	8 +IRS
12/5	*New* **Taxation for expatriates (AM)**	GEC	T	4
12/5	*New* **Taxation for foreign nationals (PM)**	GEC	T	4

December *continued*

Date	Title	Facility	Area of Interest	CPE
12/6	**Advanced Form 1041 practice workshop**	GEC	T	8 +CFP +IRS
12/6	**Health Care Reform Act (AM)**	GEC	T/I	4
12/6	***New* Social Security and Medicare (PM)**	GEC	T	4
12/12 - 12/13	**2-Day Vern Hoven federal tax update**	Ramada Plaza	T/I	16
12/18	***New* Individual tax planning strategies for 2013 (AM)**	GEC	T	4 +IRS
12/18	***New* Select estate and life planning issues for the middle-income client (PM)**	GEC	T	4
12/19	***New* Key partnership and S Corporation tax planning strategies (AM)**	GEC	T/I	4 +IRS
12/19	***New* Individual income tax return mistakes and how to fix them (PM)**	GEC	T	4 +IRS

Featured courses

CPE Clusters

Make your selections for 4, 8, 12 or 16 hours of CPE credit. This is a great way to get your hours in just the subjects you need.

Lexington Clusters—each seminar 4 hours CPE

Indiana Wesleyan University-Lexington

Member Fee: $169 each 4-hour seminar with Early Bird Discount (2 weeks in advance)

Nov. 7

8 - 11:30 am

- Nonprofits in Treacherous Waters (YB) or
- Not-for-Profit Frauds (YB)

12:30 - 4 pm

- Nonprofit, State & Local Governments (YB) or
- Yellow Book Financial Audits (YB)

Nov. 8

8 - 11:30 am

- Critical Budgeting Skills or
- Principals of Lean Accounting

12:30 - 4 pm

- Controller's Update: Latest Trends or
- Financial Forecasting

Louisville Clusters—each seminar 4 hours CPE

Gratzer Education Center, Louisville

Member Fee: $169 each 4-hour seminar with Early Bird Discount (2 weeks in advance)

Dec. 18

8 - 11:30 am

- Critical Early Determination in OMB A-133 Audits (YB) or
- Individual Tax Planning Strategies for 2013

12:30 - 4 pm

- Fraud in Not-for-Profits & Governments (YB) or
- Estate & Life Planning Issues for Mid-Income Clients

Dec. 19

8 - 11:30 am

- Key Partnership & S Corp. Tax Planning or
- Financial Reporting Fraud: Top 25 Tips (A&A)

12:30 - 4 pm

- Individual Income Tax Return Mistakes & Fixes or
- Critical Internal Control Concepts (A&A)

Vern Hoven's Federal Tax Updates

One tax seminar a year is a must... and this is the best. Taught by practicing CPAs Vern Hoven and Ron Roberson in a high-tech and often humorous manner, this course covers fast-breaking new tax developments affecting individuals, estates, businesses, partnerships and corporations, and provides attendees with the most complete reference manual available. Vern and Ron's high energy and real-life experiences bring complicated tax topics to life and offer cutting-edge tax planning opportunities.

Louisville

Dec. 12-13, 16 CPE hours, Ramada Plaza
Jan. 10, 2014, 8 hours CPE, Ramada Plaza

Lexington

Jan. 8-9, 2014, 16 CPE hours, Campbell House

Register online at kycpa.org or call 502.266.5272 or 800.292.1754.

Ethics: Why It's the Heart of the CPA Profession

2 CPE hours

Ethics is a critically important issue for persons working in the accounting field. This presentation makes a compelling argument that what really satisfies a person's soul is not fame and fortune, but living a life reflecting noble character and personal integrity. Incorporated into the presentation are practical steps to effective ethical decision-making, as well as academic perspectives.

Ethics Update

Live presentations

(scheduled with the Professional Issues Update):
Member fee: $79 Nonmember: $99
9:45 – 11:25 a.m. Local time
Nov. 19 Louisville Nov. 25 Lexington

Register at kycpa.org
Note: Professional Issues Update will follow this program and requires a separate registration.

Replays of webcast

Member fee: $79 Nonmember: $99
Nov. 6 10 a.m. EST Dec. 20 2 p.m. EST

Register at http://kycpa.acpen.com/
For information on group webcasts contact Anne Taylor at anne.taylor@acpen.com.

On-site training

If you would like to train your staff together, at your convenience, you can choose the on-site training option. We will provide a DVD, materials and documentation, and a certificate following the training. This DVD is not available for individual self-study.

Fees for groups of CPAs and/or professional staff:

1-5	$79 per person
5-10	$76 per person
11-20	$73 per person
21 or more	$67 per person

To arrange an on-site training, contact Suzanne Sturgeon at ssturgeon@kycpa.org, 502.736.1385.

Affordable Care Act Conference

Nov. 8

8 CPE hours
6.5 CLE hours

Republic Bank Building - Community Room
9600 Brownsboro Rd., Louisville
Presented by the KyCPA Health Care Task Force and the Louisville Bar Association

General sessions:

Affordable Care Act compliance: Enforcement provisions and audit preparation
Betsy Johnson, JD, Stites & Harbison, Lexington

Health insurance case studies and decision making workshop
Tom Schifano and Kelly Hagan, Neace Lukens, Louisville

Net Investment Income Tax: what it means to your clients
Stephen Lukinovich, CPA, Mountjoy Chilton Medley, Jeffersonville, Ind.

Kentucky's health insurance marketplace: kynect
Carrie Banahan and Bill Nold, Kentucky Health Benefit Exchange, Frankfort

An employer's guide to complying with ACA: 2014 and beyond
Deanna Johnson, Benefit Insurance Marketing, Lexington

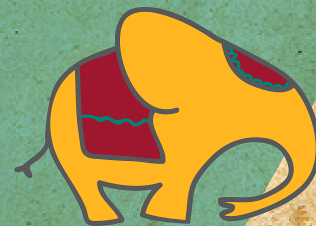
Fee:
KyCPA/LBA/HFMA member: $199
Nonmember: $299

MEGA CPE CONFERENCE & EXPO

NOV. 20 8 CPE

	ACCOUNTING & AUDITING	TECHNOLOGY
7:30 – 8	Registration/continental breakfast - Exhibitor hall open	
8 – 8:50 *All sessions are concurrent*	**Efficient small business audits** ***Bruce Shepard, CPA,*** AICPA	**Take control of your technology: the st** **process for managing your company's** ***Tina Williams,*** TCG America, Lexington
8:50 – 9:20	Refreshment break - Exhibitor hall open	
9:20 – 10:10 *All sessions are concurrent*	**Efficient small business audits (continued)** ***Bruce Shepard, CPA,*** AICPA	**The tech-savvy client is here – are you** ***Christina Wiseman, MBS,*** Thomson Reuters,
10:10 – 11 *All sessions are concurrent*		**Cloud basics … what CPA firms and co** **should know & need to consider** ***Joe Johnson,*** Dean Dorton Allen Ford, PLLC,
11 – 11:25	Refreshment break - Exhibitor hall open	
11:25 – 12:15 *All sessions are concurrent*	**Efficient small business audits (continued)** ***Bruce Shepard, CPA,*** AICPA	**Gadgets & gizmos – hot new products** ***Wendell Wilson,*** Wendell Wilson Consulting,
12:15 – 1	Lunch - Exhibitor hall open	
1 – 1:50 *All sessions are concurrent*	**Advanced compilation & review issues** ***Bruce Shepard, CPA,*** AICPA	**Five biggest mistakes to avoid in** **document management** ***John Stucky, CPA,*** TrinSoft, LLC, Lexington
1:50 – 2:40 *All sessions are concurrent*		**Privacy and computer network securit** ***Amy Waldron, CPA, CNA,*** Chicago, Ill.
2:40 – 3	Refreshment break - Exhibitor hall open	
3 – 3:50 *All sessions are concurrent*	**Advanced compilation & review issues (continued)** ***Bruce Shepard, CPA,*** AICPA	**New business management software** ***Annette Manias,*** Oasis Solutions Group, Louis
3:50 – 4:40 *All sessions are concurrent*		**The mobile revolution – what's in it for** **your business?** ***Matt Robinson,*** Louisville Web Group, Louisv

HOURS CROWNE PLAZA HOTEL, LOUISVILLE



	STATE TAX CONFERENCE	BUSINESS & INDUSTRY/POTPOURRI
step by step s technology	**Hot topics in Kentucky taxation** ***Commissioner Thomas B. Miller*** (and other representatives), Kentucky Department of Revenue, Frankfort	**Payroll fraud: trusted then busted** ***Rob Foshee,*** Advanced Payroll Systems, Louisville
u ready? , Eagan, Minn.	**Update on Kentucky sales tax** ***Steven Lenarz, CPA, Esq.,*** Steven Lenarz, Attorney at Law, Louisville	**Privately held business transitions: issues related to planning, retention, sale and valuation** ***Steve Faulkner,*** J.P. Morgan Private Bank, Columbus, Ohio ***Timothy Barrett,*** J.P. Morgan Private Bank, Louisville
ompanies Lexington	**Update on Kentucky income tax** ***Erica Horn, CPA, Esq.,*** Stoll Keenon Ogden, PLLC, Lexington ***Lindy Karns, CPA,*** Blue & Company, LLC, Lexington	**Fiduciary responsibilities: common mistakes clients make and how you can help** ***Joe Volpi,*** Hilliard Lyons, Lexington
s Richmond	**Kentucky's treatment of cost of goods sold under the LLET (Panel discussion)** Moderated by ***John Chilton, CPA,*** Mountjoy Chilton Medley LLP, Louisville	**Best practices for delivering reliable retirement income** ***Brian Cohoon,*** Unified Trust Company, Louisville ***Kevin Avent,*** Unified Trust Company, Lexington
	State tax audit defense ***Mark Loyd, CPA, Esq.,*** Bingham Greenebaum Doll, LLP, Louisville	**Employee classification issues regarding independent contractors** ***Chris Coffman, JD*** and ***Bob Webb, JD,*** Frost Brown Todd, LLC, Louisville
ty risks	**Guide to Kentucky's tax credits and incentives** ***Guy York, CPA,*** Deloitte & Touche, LLP, Cincinnati, Ohio ***Marcus Santana, CPA,*** Deloitte & Touche, LLP, Louisville	**Health Care Reform: 911** ***Debby Coons, SPHR,*** Aon Risk Services, Louisville
sville	**Update on Kentucky's local occupational license taxes** ***Stephen Lukinovich, CPA,*** Mountjoy Chilton Medley, LLP, Jeffersonville, Ind.	**Financial Reporting Framework for small-sized and medium-sized entities** ***Glenn Bradley, CPA,*** Mountjoy Chilton Medley, LLP, Louisville
r ville	**Neighbors to the north: tax updates from Indiana and Ohio** ***Kevin Zins, CPA,*** Grant Thornton, LLP, Cincinnati, Ohio	**Social Security benefits on steroids: how to become better advisors** ***Marc Kiner,*** Premier Social Security Consulting, Cincinnati, Ohio

Register online at kycpa.org.

Dec. 16-17 16 CPE hours

Ramada Plaza, Louisville

The fast-paced presentations are designed to make you more productive and efficient when using technology. K2 Enterprises' nationally recognized speakers will provide you with practical solutions to the real-world issues faced by accounting professionals.

An iPad will be given away at the end of day 2.

General sessions:

Tech update; Our favorite applications; Mobile strategies for success; Excel 2013

Concurrent sessions:

Dec. 16 - AM

Excel's Powerpivot and Power View; CPA firm tech; Backup, business continuity and disaster recovery

Dec. 16 - PM

Dashboard reporting tools and techniques; The very best Quickbooks features; Cloud document management 101

Dec. 17 - AM

Office 2013; How to create the virtual office; PDF forms

Dec. 17 - PM

Excel Guru's Toolbox; Collaborative bookkeeping and cloud accounting solutions; Tech 101

Early bird fee: Register by 12/2/13
KyCPA member: $399 Nonmember: $599

Regular fee: Register after 12/2/13
KyCPA member: $449 Nonmember: $649

CPE facility key

Ashland Community & Tech College (Ashland)
Ashland

Brescia University (Brescia)
Owensboro

Carson Four Rivers Center (Carson Ctr.)
Paducah

Corbin Center for Technology & Community Activities (Corbin)
Corbin

Crowne Plaza (Crowne)
Louisville

Eastern Kentucky Exposition Center
Pikeville

Embassy Suites (Embassy)
Lexington

Gratzer Education Center (GEC)
Louisville

Hilton Garden Inn-Airport (HG Inn Airport)
Louisville

Holiday Inn University Plaza (Holiday Inn University)
Bowling Green

Holiday Inn Cincinnati Riverfront (Holiday Inn Cincinnati)
Covington

Hopkins County Fair & Ballard Convention Center (Hopkins Co.)
Madisonville

Horseshoe Southern Indiana (Horseshoe)
Elizabeth, Ind.

Indiana Wesleyan University-Lexington (IWU-Lex)
Lexington

Indiana Wesleyan University-Louisville (IWU-Lou)
Louisville

Jenny Wiley State Park (Jenny Wiley)
Prestonsburg

Ramada Plaza (Ramada Plaza)
Louisville

Receptions South Conference Center (Receptions)
Erlanger

The Campbell House (The Campbell House)
Lexington

The Center for Rural Developement (Ctr. for Rural Development)
Somerset

University of Louisville-Shelby Campus (U of L Shelby)
Louisville

Western Kentucky University - Owensboro (WKU Owensboro)
Owensboro

Area of interest key:

AA = Accounting and auditing
E = Ethics
G = Government
I = Industry
IT = Information technology
NP = Not-for-profit
T = Tax
YB = Yellow Book

Webinars

Rainmaker

therainmakercompanies.com/webinars-2

The Rainmaker Companies is offering two new webinar series on Tuesdays from May-January: Niche Markets and Business Development and Leadership. Each of the series is an 8 CPE-hour program held over 4 weeks. These will be great tools to build your skills and your practice with one of the country's preeminent resources for business development and training resources.

KyCPA Lunchbox Series webinars

kycpa.org

Held the second or third Wednesday of each month at 11:30 a.m. for one CPE hour, the Lunchbox Series will address a wide variety of issues of interest to accounting professionals in public practice and industry. The topics are scheduled and in your calendar; however, details of the presentations were not available at press time. Watch your email for details.

Please visit kycpa.org for updated information about each webinar near the date of the program.

CPE pricing and discounts

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
1-day Vern Hoven Federal Tax Update *(with Early Bird discount)*	$329	$429
2-day Vern Hoven Federal Tax Update *(with Early Bird discount)*	$469	$669

Conference pricing	KyCPA member	Nonmember
1-day conferences *(with Early Bird discount)*	$299	$399
2-day conferences *(with Early Bird discount)*	$399	$599
Mega CPE Conference and Expo *(Not eligible for Early Bird discount)*	$269	$369

All courses include electronic materials. We can provide you with a printed manual at most events for an additional $30. Please order at registration.

Discounts: Register early = best price on CPE

Early Bird discounts are back and bigger than ever! Save $50 on most live seminars and conferences by registering at least two weeks in advance. This helps save you money and ensures KyCPA can avoid last-minute course cancellations. Excludes seminars less than 4 hours, Ethics Update for CPAs, Professional Issues Updates 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 four or more! Register at least four 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 4 hours and Professional Issues Updates.

Register at kycpa.org

Scholarship applications due Jan. 31

College accounting students attending a Kentucky college or university are eligible to apply for KyCPA Educational Foundation college scholarships. Scholarship levels range between $1,000 and $2,500.

Applications are available at kycpa.org or contact Vicki Blair at vblair@kycpa.org.

Scholarships. KyCPA President Harry Freibert, left, presents a scholarship to Chris Schmitt; Brittany Neaves receives one from Past President Stephen Lukinovich.

KyCPA Educational Foundation

Business and Accounting Summer Education Camp

2014 BASE CAMP

A summer camp for high school juniors and seniors.

June 8-12, 2014 Bellarmine University

BUILDING SOMETHING BETTER

- Stay on a college campus
- Meet successful business leaders
- Enjoy fun social activities
- Learn about networking and team building
- Tour an international company and the offices of top CPA firms
- Explore career options in business and accounting

The Kentucky Society of CPAs (KyCPA) presents the Business & Accounting Summer Education (BASE) Camp.

Tuition, room and board, books, handout materials, tours and activities are free to accepted applicants. *The only fees are a non-refundable application fee of just $25 and, if accepted, a $50 transportation fee.*

Scholarships: The Kentucky Society of CPAs offers need-based scholarships for both fees.

Student Sponsors: Students may also elect to request a business or individual to sponsor both fees.

What do you need to do to be part of this exciting program?

- Have a minimum GPA of 2.75 on a 4.0 scale.
- Complete the application form. Applications will be accepted Dec. 1, 2013 through Feb. 28, 2014.
- Have a teacher complete the online Teacher Recommendation Form at kycpa.org.
- Compose a typed paragraph on why you want to attend BASE Camp. Part of the online form.
- Mail the non-refundable $25 application fee to the selection committee or submit it online.

Questions?

Contact Becky Ackerman at 800.292.1754 or backerman@kycpa.org.

For more details and to apply go to kycpa.org/futurecpas

BASE Camp 2011

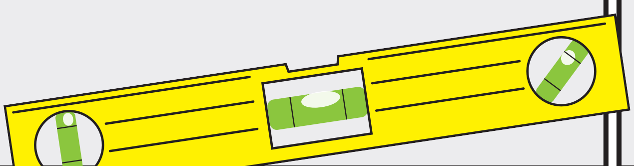
Be a BASE Camp sponsor

Build a foundation for the future by influencing exceptional high school students to pursue a career in business and accounting.

Yes! I want to support the future of the profession as a BASE Camp sponsor.

$1,000 Sponsor Level

- Logo prominently placed on sponsor banner
- Logo prominently placed on BASE Camp event page at kycpa.org with link to your Web site
- Acknowledged in The Kentucky CPA Journal (publication to 5k CPAs)
- Listed in student manual
- Name on table tents at welcome dinner and closing banquet
- Invitation to the BASE Camp closing banquet on June 12, 2014
- Recognition in the banquet program and during the program



$500 Tour Sponsor Level (limited to Louisville)

- Tour your office and meet with company representatives
- Logo on sponsor banner
- Name on BASE Camp event page at kycpa.org with link to your Web site
- Acknowledged in The Kentucky CPA Journal (publication to 5k CPAs)
- Listed in student manual
- Invitation to the BASE Camp closing banquet on June 12, 2014
- Recognition in the banquet program and during the program

$500 Sponsor Level

- Logo on sponsor banner
- Name on BASE Camp event page at kycpa.org with link to your Web site
- Acknowledged in The Kentucky CPA Journal (publication to 5k CPAs)
- Listed in student manual
- Invitation to the BASE Camp closing banquet on June 12, 2014
- Recognition in the banquet program and during the program

$250 Sponsor Level

- Name on sponsor banner
- Name on BASE Camp event page at kycpa.org
- Listed in student manual

Below $250

- Name on BASE Camp event page at kycpa.org
- Listed in student manual

To make sure your company's name is included, be sure to submit the completed Sponsorship Form at kycpa.org/futurecpas and payment by May 16, 2014

Questions?

Contact Becky Ackerman at 800.292.1754 or backerman@kycpa.org.

Free CPA Exam workshops

KyCPA will offer two free exam workshops: Nov. 7 at Western Kentucky University; and Feb. 7, 2014 at the University of Louisville. Each workshop is 6 - 8:45 p.m. Pre-registration is requested at kycpa.org.

Each workshop offers a brief CPA Exam Information Session followed by a Becker CPA Review class. Representatives from the Kentucky State Board of Accountancy will provide an overview of the application process to sit for the exam. Newly certified CPAs will talk about their exam experience. All study materials will be provided at no charge.

For more information, contact Vicki Blair at the Kentucky Society of CPAs: vblair@kycpa.org or Tricia Williams at Becker Professional Education: tweixler@beckercpa.com.

Participants from a CPA Exam workshop held at Eastern Kentucky University, October 2012.

Welcome new members

Student

Sandra L. Camerucci,
University of Louisville
Jesse David Cornelius,
Western Kentucky University
Shari Edwards,
KCTCS – Elizabethtown
Caleb Fox,
University of Louisville
Lakia N. Gilbert,
Spalding University
Ellen Holton,
Northern Kentucky University
John McConnell,
University of Louisville
Phillip McKenzie,
Sullivan University
Stephanie Mobley,
Indiana University Southeast
Tammy J. Newton,
University of Louisville
Chintan Patel,
University of Louisville
Wesley Penn,
Bluegrass Community & Technical College
Sean Allen Robison,
Bellarmine University
Kevin E. Thompson,
Spalding University
Tiffany N. Turner,
University of Louisville
Christopher M. Veith,
Western Kentucky University
Rodion R. Williams,
Eastern Kentucky University
Marla Workman,
Eastern Kentucky University

Non-CPA Associate

David W. Caudill,
Dean Dorton Allen Ford, PLLC, Lexington
Clinton Colliver,
Ray Foley Hensley & Company, PLLC, Lexington
Patricia M. Edgley,
Van Gorder Walker & Company, Inc., Erlanger
Alexander I. Mashni,
Ray Foley Hensley & Company, PLLC, Lexington
Kevin A. Ransdell,
APPRISS, Inc., Louisville
Darby Lane Smith,
Darby Smith Law Office, Louisville
Amber A. Stone,
Enderle & Company, PLLC, Lexington

Inactive Associate

Nora L. Cheek,
Lexington
Adrea W. Stuecker,
Prospect

Regular

Kimberly A. Amlung,
LG&E and KU Services Company, Louisville
Bobbie Arebalo-Agler,
Barr Anderson & Roberts, PSC, Lexington
Shonda N. Bajorek,
GBQ Partners, LLC, Columbus, Ohio
Gary Monroe Criscillis, Jr.,
Deming Malone Livesay & Ostroff, PSC, Louisville
Adam A. Detherage,
Papa John's International, Louisville
Jonathan Deye,
Kelly Fabricators, Louisville
Elizabeth H. Dieruf,
Deming Malone Livesay & Ostroff, PSC, Louisville
Michelle M. Dohrman,
Republic Bank & Trust Company, Louisville
Melanie L. Douglas,
Service Master Commercial Cleaning, Shepherdsville
Casey E. Dowell,
Kentucky Department of Revenue, Frankfort
Erin Elliott,
Computer Services, Inc., Paducah
Alicia Noel Fabiani,
Meyer Tool, Cincinnati, Ohio
Stuart H. Goldsborough, Jr.,
Stuart H. Goldsborough, CPA, Stanton
Alesha Louise Graves,
Barr Anderson & Roberts, PSC, Lexington
Kerry M. Griesinger,
BKD, LLP, Louisville
Joseph G. Hall,
Alexander & Company, PSC, Owensboro
Lynn Jones,
Kring Ray Farley & Riddle, PSC, Lexington
Breanna L. Kingsolver,
Deming Malone Livesay & Ostroff, PSC, Louisville
Harold P. Kremer,
Bertke Sparks & Kremer, Inc., Crestview Hills
Jared Craig Lindsey,
Myriad CPA Group, LLC, Owensboro
Barbara Ann Moll,
Myriad CPA Group, LLC, Owensboro
Chester Willis Muir, Jr.,
Chester Muir, CPA, PSC, Georgetown
Matthew M. Murphy,
Crowe Horwath, LLP, Lexington
Laura M. Oetken,
LG&E and KU Energy, LLC, Louisville
Steven J. Pecore,
Lindemeyer CPA, Crestwood
Matthew C. Roetting,
Collins Heeb Miller & Company, Inc., Cincinnati, Ohio
Tatsiana Salava,
Bramel & Ackley, PSC, Ft. Wright
Kimberly A. Sipes,
Kentucky State University
Emily H. Sizemore,
Dean Dorton Allen Ford, PLLC, Lexington
Jacob M. Sizemore,
Dean Dorton Allen Ford, PLLC, Lexington
Stephanie L. Smith,
Rodefer Moss & Company, PLLC, New Albany, Ind.
Delmar Glenn Sparks, Jr.,
Deloitte & Touche, LLP, Nashville, Tenn.
Bradford C. Spencer,
Humana, Inc., Louisville
Nicholas T. Stanken,
Union
Delene Evonne Taylor,
Deming Malone Livesay & Ostroff, PSC, Louisville
Matthew Neal Thomas,
Ernst & Young, LLP, Louisville
Ann Marie Van Drisse,
Atria Senior Living Group, Louisville
Brandon Ray Webster,
American Modern Insurance Group, Amelia, Ohio
Nick V. Whelan,
Kemper CPA Group, Henderson,
A. Marie Woods,
Kentucky Department of Revenue, Frankfort

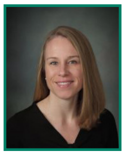
Resolution of Respect

Gene D. Boaz, Morgantown
David L. Lowe, Lexington
Robert James McIntyre, Jr., Louisville
Daniel R. Spare, Hebron
Jere E. Sullivan, Lexington
Benjamin K. Thompson, Louisville

Members in motion

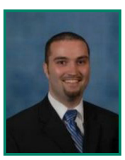
Public accounting

Patricia M. Edgley has joined Van Gorder, Walker & Co in Erlanger as a staff auditor.


Jennifer Miloszewski


Wes Omohundro


James Wooten


Nick Ficklin

Blue & Co. recently promoted the following KyCPA members in its Lexington and Louisville offices: **Jennifer Miloszewski** to senior manager, **Wes Omohundro** to senior manager, **Chad Robinson** to manager, and **James Wooten** to manager in the Lexington office; **Paula McConville** to manager, **Matthew Wells** to manager, and **Nick Ficklin** to senior accountant in the Louisville office.


Chad Robinson


Matthew Wells

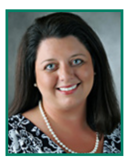
Anthony Aymerich has joined the Louisville office of Baldwin CPAs, PLLC, as a staff accountant.

Industry

Richard Wehrle has joined Stites & Harbison in Lexington as its trusts and estate planning service group chair.

Karen Wagers has been named CFO of the Lexington Theological Seminary.

Designations and certifications



Lisa DeVaughn Foley of Baldwin CPAs, Richmond, recently acquired the CGMA designation through the AICPA and also became a Xero Certified Advisor.

KyCPA Peer Review contact

Julie Salvaggio is the Kentucky Society of CPAs contact for the peer review program. She was previously with the Society in 2001-2002 until she left to eventually relocate to Peoria, Ariz. She is transforming the peer review program to a paperless process. She can be reached by calling the KyCPA office at 502.266.5272 or 800.292.1754; jsalvaggio@kycpa.org.

Awards and recognition

The following firms received the 2013 Alfred P. Sloan Awards for Excellence in Workplace Effectiveness and Flexibility: **Alexander & Company CPAs**, Owensboro; **DMLO**, Louisville; **Riney Hancock CPAs**, Owensboro; and **Strothman & Company**, Louisville.

INSIDE Public Accounting recently released its annual Top 100 Accounting Firms list. Firms with a Kentucky presence included: **Blue & Co., BKD, Carr Riggs & Ingram, Crowe Horwath, Deloitte, EY, Kemper CPA Group, KPMG, Mountjoy Chilton Medley and PwC**. The complete list, including the rankings, can be seen at insidepublicaccounting.com.

Member profile: Meet Douglas R. Allen, II

He gives his time to:

KyCPA, as a member of the Accounting Career Opportunities Committee, and is past finance chair of the Lexington Art League.

Professionally:
He's the director of accounting at Kentucky Community and Technical College System in Versailles.

Personally:
He's 37 years old and resides in Lexington with his wife, Temicula, and three children Isaiah (10), Darian (6) and Andrew (18 months).

Education:
He's a graduate of Berea College, where he earned his bachelor's degree in business management with an accounting emphasis. He holds an MBA from Sullivan University.

For fun:
He enjoys fishing, riding his motorcycle and spending quality time with his family.

Q: What influenced your decision to become a CPA?

DA: I've always enjoyed numbers and when I took an accounting class in high school, I immediately knew that accounting was my career of choice. I remember meeting with my adviser at Berea College and she said, "Doug, you're the only student I've had in a long time that never switched majors."

Q: What is your favorite thing about your job?

DA: There are several aspects I enjoy most about my job. I value the responsibility that my position as a CPA carries. I enjoy collaborating with my staff and other colleagues in addressing both financial and nonfinancial matters. The accounting profession is constantly evolving and staying abreast of those changes never leads to a dull moment in practice. I enjoy researching accounting standards and how the implementation of those standards impacts our financial statements.

Q: What advice or encouragement would you give the younger version of yourself?

DA: I would encourage the younger version of me to hold fast to your dreams. If your vision is to become a CPA, then study and work hard and do the best job you can. I would advise having a mentor who understands the profession, your goals and is willing to help you. Always have confidence in yourself and if you fall down, get back up and keep moving forward. Never let anyone tell you that you don't have what it takes. I believe you can accomplish anything in life through faith, hard work and dedication.

Most importantly, don't forget the people who helped you during your journey. A special thanks to my wife and mother.

Q: If you weren't a CPA, what would you do for a living?

DA: If I weren't a CPA, I would work for some organization that provides resources for the less fortunate. I've always had a heart for helping people, and I've come to learn that anything I can do to help, encourage or inspire someone's life is one of the best rewards you can receive.

Notice of proposed bylaw change

On Sept. 17, 2013 the Kentucky Society of CPAs Board of Directors voted to approve the following addition to the Society's membership bylaws. The additional language recognizes the value that KyCPA brings to CPA firms in Kentucky and seeks to ensure that members who want to participate in the Society's association health plan, which is transitioning to a large group structure, meet the qualification requirements under ERISA. Additional information will be provided to members of the association health plan soon.

ARTICLE II – Membership

Section 1 (f) a firm membership shall be granted to a partnership, professional service corporation, limited liability corporation or any other form of business organization that is authorized to operate under the laws of the Commonwealth of Kentucky. A regular member employed by the firm member shall be entitled to certain additional member benefits. Participation in the Kentucky Society of CPAs association health care plan shall be limited to firms that meet the definition of "employer" pursuant to the Employee Retirement Income Security Act (ERISA).

According to the Kentucky Society of CPAs' bylaw requirements, amendments approved by the Board, regardless of whether they were initiated by the Board or by petition, will be made available to the membership within 60 days after final Board approval. If a petition is submitted to the Secretary/Treasurer in opposition to the amendments, signed by at least 50 regular members of the Society as of the day of final Board approval, such amendments shall be submitted to all voting members for approval or disapproval in a manner prescribed by the Board.

The KyCPA bylaws are available in their entirety at kycpa.org.

2013-2014 Committee chairs

This issue of The Journal focuses on giving and we want to be sure to thank those who give their valuable time and talent to the Society through volunteering - serving on committees and helping plan events. Thank you to all KyCPA members who serve, and especially those who step up to lead, including the 2013-2014 committee chairs:

- Accounting Career Opportunities: Julia Karcher, University of Louisville
- BASE Camp Task Force: Carrie Owens, Strothman & Company, Louisville
- Business Valuation: Helen Cohen, Blue & Co., Louisville
- Construction: Mark Schaeffer, Bowden & Wood CPAs, Louisville
- Continuing Professional Education: Lisa Foley, Baldwin CPAs, Richmond
- Editorial Board: Mark Loyd, Bingham Greenebaum Doll, Louisville
- Educational Foundation Trustees: Steve Daniels, Strothman & Company, Louisville
- Emerging Professionals: Meaghan Dixon, Strothman & Company, Louisville
- Emerging Standards: Glenn Bradley, Mountjoy Chilton Medley
- Employee Benefits: Elizabeth Rankin, Rankin-Kelley, Louisville
- Fraud & Forensics: Chris Anderson, Barr Anderson & Roberts, Lexington
- Governmental Accounting: Brian Woosley, Stites Carter & Associates, Elizabethtown
- Health Care: Steve Schulz, Mountjoy Chilton Medley, Louisville
- Insurance: David Price, Jones Nale & Mattingly, Louisville
- Leadership Council: Greg Mullins, Blue & Company, Lexington
- Members in Education: Deborah Madden, Georgetown College, Georgetown
- Members in Industry: Robert Ruckriegel, Rainbow Blossom/ Candirific, Louisville
- Natural Resources Task Force: Steve Lenarz, Steven Lenarz Attorney at Law, Louisville
- Nonprofit: Becky Phillips, Mountjoy Chilton Medley, Louisville
- Nominations and Awards: William G. Meyer III, Strothman & Company, Louisville
- Peer Review: George C. Owens, Deming Malone Livesay & Ostroff, Louisville
- Political Action Committee Trustees: Jerry Shelton, Shelton CPAs, Bowling Green
- Professional Ethics: Elizabeth Woodward, Dean Dorton Allen Ford, Lexington
- Relations with Bankers: Jennifer Monaghan, Crowe Horwath, Louisville
- Small Business: Nick Porter, Deming Malone Livesay & Ostroff, Louisville
- Taxation: Eric Scott, Ernst & Young, Louisville
- Technology Task Force: Anthony Workman, Kelley Galloway & Company, Ashland

Find out more about committee service at kycpa.org or call 502.266.5272.

Big fun at Big Spring

Fall Golf Scramble raises funds for Foundation

The KyCPA Educational Foundation Golf Scramble was held Sept. 30 at Big Spring Golf Course in Louisville. Many thanks to the golfers and sponsors who supported the event and helped raise funds for KyCPA Educational Foundation scholarships. Premier event sponsors included Alpha Leasing and Tafel Motors (Eric Torsch). Alpha Leasing sponsored a car wash (through Moe's Cleaning Service) for all players, gift certificates for auto detailing and one dozen golf balls for each player. Tafel Motors sponsored the hole-in-one prize of a new Mercedes.

Event sponsors also included: Anthem Blue Cross, Advanced Payroll Systems, CPA Mutual, Campbell Myers Rutledge, Ernst & Young, First Lexington, Jones Nale "& Mattingly, Mountjoy Chilton Medley, National Insurance Agency, Ray Foley Hensley, Schwartz Insurance Group, Stock Yards Bank, Wisdom Financial/ Nationwide.

1st Place Team: Johnny Belcher, Jonathan Belcher (also won closest to the pin #17 and straightest drive), Skip Campbell (also won closest to the pin #15), Joe Rutledge

Paula Hanson won straightest drive – women and longest drive – women

Longest drive – men: Chris Peterson

Longest putt: Jason Wolff

2nd Place Team: Chris Carpenter (also won closest to the pin #2), Mike Hardesty (also won closest to the pin #6), David Slater, Doug Sumner

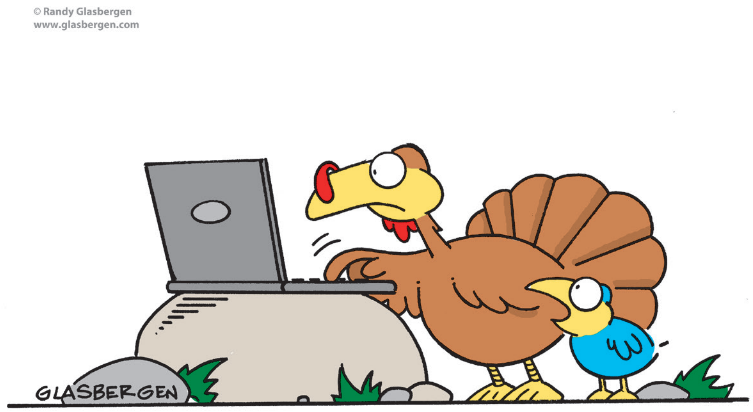

Kentucky Society
Certified Public Accountants
OWN OCCUPATION DISABILITY
INSURANCE & GROUP TERM LIFE
INSURANCE SOLUTIONS
Simple 1-page applications
No tax return requirements to apply
High quality portable benefits
NATIONAL INSURANCE AGENCY
Woodford R. Long, CLU | wrl@niai.com | 800-928-6421 ext 222 | www.niai.com
NEW YORK LIFE
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

By the watercooler

For it is in giving that we receive. - Francis of Assisi

Remember that the happiest people are not those getting more, but those giving more. - H. Jackson Brown, Jr.

I've learned that you shouldn't go through life with a catcher's mitt on both hands; you need to be able to throw something back. - Maya Angelou



"Go to Google, then type: How To Uncook A Turkey."

Retiring Boomers filling volunteer ranks

Americans gave $306 billion in financial gifts last year and an additional $171 billion worth of volunteer hours. With Baby Boomers retiring in droves, nonprofits are trying to encourage participation as the influx of potential volunteers - and potential donors - hits the marketplace. In fact, about 1.5 million nonprofits have been formed that speak to the special interests and passions of Boomers.

Boomers looking for ways to make their time really count through volunteer service are advised to do some soul-searching and rely on their own core values and then seek an organization that fits, even if that means starting a nonprofit themselves.

Source: Time.com - Giving back: how retiring Boomers get the rush they crave.

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 lmalone@kycpa.org and include your billing information.

Employment ads: Information about the cost and format for posting your resume or placing employment ads online may be found at KyCPA's new Career Center, kycpa.org.

Large local CPA firm looking to purchase the accounting practice of a retirement-minded CPA. Please respond to Blind Box 1, KyCPA, 1735 Alliant Ave., Louisville, KY 40299 and include your phone number.

Tax practice in central Kentucky for sale. Tax return preparation practice area of a central Kentucky law for sale. $300k annual gross revenue with approximately 600 clients and handles the filing of approximately 550 tax returns per year. Sale of this practice presents an opportunity to acquire a book of income and payroll tax clients with trained staff and short-term lease. Please contact John Olmstead via email taxpractice@olmsteadassoc.com for more information.

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