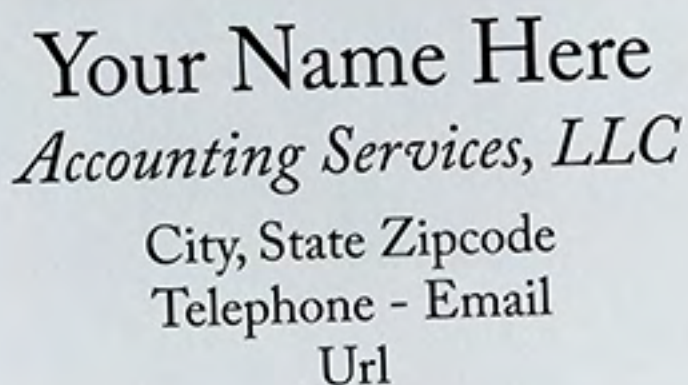


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The Magazine for Tax and Accounting Professionals

Starting Your Own Accounting Firm

A close-up photograph of a hand holding a white business card. The card has a template for an accounting firm. The background is dark and out of focus.

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Revisiting the Most Crucial Elements of
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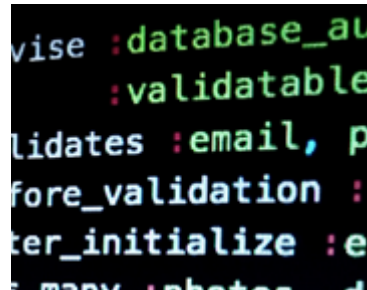
PRESIDENT'S MESSAGE



REVISITING THE MOST CRUCIAL ELEMENTS OF EFFECTIVE NETWORKING



TAX SEASON HACK



Main Street Practitioner

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Main Street Practitioner is published
by the National Society of Accountants,
1330 Braddock Place, Suite 540,
Alexandria, VA 22314.

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www.mainstreetpractitioner.org

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**MANAGING CASH FLOW
WHEN MONEY IS TIGHT**



Brian L. Thompson, CPA,
ABA, ATA, ARA
NSA President, 2017-2018

What effect is the new tax law going to have on me?

The most common question from clients during this tax season was, “What effect is the new tax law going to have on me?” What has been clear to me in talking with our members, as well as my own clients about the new tax law, is that each client had to be reviewed separately. There was not a one-size fits all or a cookie cutter approach you could use to answer that question because of the multitude of changes and their being so many variables.

Surveys show that there are many taxpayers who are confused about the new tax law, the Tax Cuts and Jobs Act. I’ve talked with many of my clients throughout this past filing season who really had no idea how they are going to be affected under the new tax law this year prior to their appointment. Clients have said they’ve heard so many different stories in the media that they didn’t know whether their taxes are going up or down.

Much of the confusion has been amplified from news reports reporting that income taxes will increase in future years, combined with reports from states around the country that their state income tax deductions will be limited, and that there are other types of deductions that are being eliminated or will become less of a tax benefit under the new law. The result is that clients have heard stories about tax increases, but also hear words “tax cuts”, so consequently they are a little more than confused. So now we, as professionals, have the task of trying to help our clients understand the new tax law and how they will be individually affected.

As professionals, we have our job cut out for us this year trying to educate ourselves, our clients, and to make sure we are all prepared for next filing season. Of course before we can help our clients, each of us needs to make sure we understand the new law.

NSA will have multiple opportunities throughout the year for you to get education regarding the Tax Cuts and Jobs Act. We will have several webinars scheduled which will focus on various aspects of the new law including a live seminar which will be held at our Annual Convention in Minneapolis, Minnesota. In addition, our Affiliated State Organizations around the country will have seminars on the topic all throughout this year. Because there are so many changes and things you need to know, I encourage you to attend our seminars and study the new law so you’ll be prepared and able to help your clients.

I hope you will make plans to attend the NSA Annual Convention and Leadership Networking Conference in Minneapolis on August 23-25, 2018. Registration is now available on the website. We have an informative program planned on a variety of topics which include education on cybersecurity issues, protecting your computer systems, the new tax law, helping clients in their retirement years, leadership networking, information about legislative issues, NSA business and election of officers.

At the annual convention this year, we plan to offer something brand new for those of us who prepare financial statements. We will have experts on hand that specialize in knowing what financial statements should look like, what should be in the accountant’s reports, and what note disclosures should be included. We all desire to do quality work and this confidential and personalized service will be beneficial for anyone who prepares financial statements for their clients. This valuable critique will be helpful to assist you in knowing what changes or updates you may need in order to meet accounting standards or even suggestions to pass peer review. While there will be a nominal fee for this service, it will be well worth the one-on-one input you’ll receive. So plan to bring a copy of one or two of your financial statements to the convention to have the experts give you some quality feedback.

I hope you have a wonderful and relaxing summer.

A handwritten signature in black ink that reads "Brian L. Thompson". The signature is fluid and cursive.

Brian L. Thompson

President

A NEW BENEFIT FOR AN OLD PROBLEM

THE ISSUE: As you and your loved ones age, the chances are high that family members will need extended health care. In fact, more than 70 percent of people over age 65 will require some form of long-term care services.*

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- LTC Legal – Create important legal documents related to aging.

Best of all, this program is free to NSA members, and guidance is available online or over the phone. Find out more by downloading a brochure at

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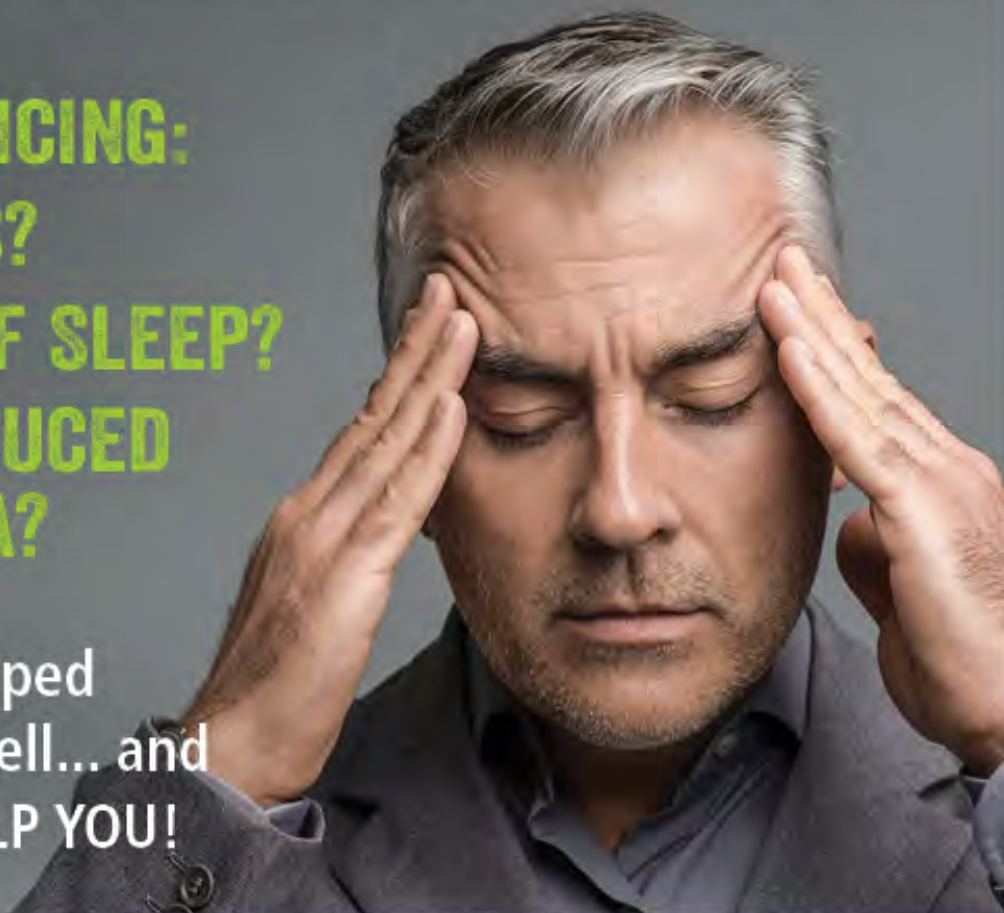
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Revisiting the Most Crucial Elements of Effective Networking

Craig Weeks

Ellie, an accountant in the Dallas area, serves a client base consisting mostly of small business and 1040 clients. She is a social, outgoing person and for that reason decided networking would be the cornerstone of her accounting marketing efforts. If judged by the number of contacts she has amassed she has succeeded. Her iPhone, Facebook and LinkedIn pages are practically overflowing with them.

Unfortunately, her efforts haven't translated into an accelerated growth curve for her practice. So, if it isn't the number of contacts or connections you have that leads to business development success, what is it?

In Ellie's case, she has more or less established connections with anyone she comes into contact with. As you would suspect, some of these are through her activities as a professional provider of accounting services; others not nearly so much.

As an example of the latter, her daughter is involved in the Girl Scouts and Ellie has included many of the other girl's mothers into her networking database.

I asked Ellie why she would do this if her goal is to leverage her network into more clients and revenue for her practice. Her response was that a bigger net will catch more fish. But, in reality this wasn't the result. What she was "catching" was an occasional minnow when what she wanted was a big, fat tuna, and that wasn't happening.

How should Ellie revise her networking strategy?

Here's the first thing, and it's quite obvious: For business development purposes her network needs to be focused only upon those individuals who are potentially desirable clients (and/or groups that are populated by desirable prospects) or can otherwise contribute to the growth and profitability of her practice.

For Ellie this means concentrating upon, e.g. the membership of her local business owner's association and not the moms she's met at her daughter's Scout meetings and events.

Ellie's pool of desired networking contacts should include, a) desirable prospects for her practice areas (e.g. business owners, executives and high net worth individuals), b) other referring professionals who can refer desirable prospects (typically attorneys and consultants who serve the same client base), and c) influencers such as community leaders and heads of organizations who's good word can enhance Ellie's visibility and reputation in her market area (e.g. a city council member or the head of the local symphony association).

Continued on the following page

Now we get to the second part of her revised networking strategy and this is a bit more daunting: In addition to building up a network of desirable prospects, referring professionals and influencers, she also must interact with them. Otherwise, they won't know or remember her if they do acquire a need to find or refer a new provider of accounting services.

This is the quality vs. quantity question. How many people should there be in your network so that you can maintain at least some level of personal connection? The answer revolves around how much time you have for marketing ... in this instance interacting with your network. In Ellie's case, she has a reasonably busy practice, so her time is limited.

Ellie's revised networking strategy began when she culled through her contact databases (with over 1300 names!) and extracted 99 names that fit her "actually relevant to building my practice" criteria. Of those, 81 were potential clients, 7 were potential referral sources and 11 were local influencers. She further broke down the 81 prospects into 19 that were the most desirable "A" level, 24 "B" level and 38 "C" level. She then concentrated in establishing as many of the names as possible into her LinkedIn account as 1st level connections so she could message them individually.

Her next step was to select a number of potential referral sources and influencers she deemed the most important and contacted each via phone and/or email to freshen the relationship. She is now regularly meeting each of them at least 2 – 3 times a year for lunch, golf or in some other setting that's conducive for one-on-one interaction .

Her strategy for cultivating prospective clients is to maintain personal contact with them while at the same time ensuring they know she is interested should the opportunity arise in the future for her to compete for their accounting business. She primarily does this by attending various meetings and activities where she will cross paths with them.

In summary, you will get the best results if you restrict your accounting practice business development networking effort to include only those individuals I've described above who have the potential to meaningfully benefit your practice. Then prioritize and restrict the list to a number you have the time to regularly communicate and interact with. Finally, remember that consistent and steady wins in the end. Keep at it and don't allow major gaps in contact periods to occur.

Ellie's revised approach has had a dramatic impact upon the effectiveness of her networking efforts. She hasn't quantified it statistically, but where before she was getting practically nothing she now has 1 or 2 quality opportunities each month.

Give it a try. It will work for you, too.



About the Author:

Craig Weeks, after years of practicing law and then holding executive positions in various companies, he became a senior member of a large SoCal Business Consulting firm. Because of his professional services experience, he worked frequently with accounting, law and engineering firms. Craig realized almost immediately that most of the firms were relatively ineffective at business development, and discovered he had a talent for helping them grow and elevate their practices. For the past ten years he has worked exclusively with accountants and accounting firms to teach them effective business development skills. In 2009 Craig began authoring a series of practical "how-to" manuals detailing these proven methods ... a first for the accounting profession.



Starting Your Own Accounting Firm

Hugh Duffy

If you have kicked around the idea of starting your own accounting practice and think you are ready, then this article is for you.

To avoid many of the pitfalls and risk associated with starting a new business, here are some things that you should be asking yourself and considering.

Self-Assessment

Before you hand in your resignation, here are some questions to ask yourself:

- Do I have the experience to process the needs of small businesses and individuals on my own?
- Do I have the drive and motivation to succeed on my own?
- Do I have support from my spouse and family?
- Do I have the capital to get started and operate for one year?
- Do I know how to market accounting/tax services and be the “rain maker”?
- How will I differentiate my services and earn higher fees?

Owning a business can be very rewarding. The process requires planning, hard work, perseverance, and investment. If you can weather the start-up and early development phase, the transition can be wonderful.

Entry Strategy

Most accountants start an accounting practice using the following entry strategies:

- Starting from scratch – Starting from ground zero allows you to begin without any legacy issues like old pricing, old software, and past-client service issues. To effectively market your services and price properly, you should enroll in a practice marketing and development program to learn marketing, pricing, selling and practice management. You should also be fluent with QuickBooks, which is how many small businesses manage their bookkeeping function.

- Part-time practices – Many accountants start picking up clients on the side as a part-time practice. This lowers the risk and enables them to assess whether they might enjoy starting a full-time practice.
- Finding a partner – This can help expand the services of the firm so you can cast a wider net. This generally requires chemistry and compromise. While the start-up expenses are shared, so are the revenues. We seldom recommend this approach.
- Buying a practice – This entry approach sounds easier than the other options but has challenges as well. First, the process takes quite a bit of time because there are more buyers than sellers. This enables the seller to be very picky and will generally prefer selling to an existing practitioner. Second, this is the most expensive option. Third, the attrition rate is generally higher than you project.

Develop a Business Plan

Like any business initiative, you need to develop a written business plan. A comprehensive business plan should include:

- Goals for your business
- Target audience that you are serving
- Services that you will offer
- How you will better service your target audience
- Your experience and skills
- Business structure (LLC, S-corp, C-corp, etc.)
- Capital requirements and sources
- How to market your new accounting services
- Pricing strategy
- Office, equipment, tax software and staffing requirements
- Projected costs and revenues – start-up, monthly costs, and budgets

Financial Considerations

Before making this leap, it is important to honestly assess if you are prepared to make this transition financially and emotionally. New businesses require sweat equity so this move has to be at the right time in your life. Nearly all practices are cash flow negative during the start-up and development phase so you need to have cash on-hand to cover household expenses and retain insurance coverage.

Accounting Practice Marketing and Development

This is the area that most practitioners need the most assistance because up until this point, they have not been trained on marketing, selling, pricing and practice management. In college and working as an apprentice for a public accounting firm, the emphasis is on performing the accounting work, not marketing and prospecting for it.

In today's world, hanging out your own shingle is not enough to build a business and the number of referrals will be inadequate to achieve your revenue goals. Quite frankly, most referrals will come from your own clients so a new practitioner can not count on many referrals.

Continued on the following page

To quickly learn how to market, price, sell and service accounting services, we highly recommend that you enroll in a practice development program. For a small investment, you can quickly learn how to start developing your practice. Don't be penny wise and pound foolish in this area.

Start-up Costs

The cost of starting an accounting practice depends on your revenue goals, entry strategy, and geographic area. As you might expect, the start-up costs to generate \$150,000 of new business will generally cost more than \$50,000. Also, an office in a large city near an office park complex will cost more than an office in a bedroom community or home-based.

To determine your start-up costs, start first with your revenue goals. This will help you evaluate your office location decision. In other words, can you achieve your revenue goals with your office located in the city, nearby town or from a home-based office? Yes, home-based offices are cheaper but will negatively affect your revenues as well. Second, make sure your office is in a location with enough businesses to support your revenue goals. While it might be nice to set-up shop in your home town and keep your commute to a minimum, the location of your office is critical to the type and number of clients that you will acquire.

Many new accounting firms are using shared office space. Within a commercial building, you can rent private office space but also use a shared reception area and administrative staff, shared conference facilities, phone systems, internet connections and more. This provides you with the ability to present an image that is appropriate to bring clients into your office. If the other tenants provide financial services and/or law, this may also provide you with an occasional new client.

Equipment and Office Supplies

The office equipment and supply needs will be partially driven by your office space decisions. In many cases, a shared office arrangement will enable you to cut some corners on telephone equipment, office furniture, and office equipment (copiers, fax, file cabinets). Also, the secondary market for used office equipment is worth considering as well (e.g., Craigslist.org, etc.).

Tax Software

With the introduction of cloud computing, many new accounting firms are considering SaaS and hosted solutions. These SaaS applications enable new firms to use more robust software applications and operate with higher levels of data security at a fixed monthly price. For accounting firms that are starting with limited capital or doing it on the side part-time, another consideration is the pay per return option from many tax software providers.

Staffing

The goal is to keep your headcount to a minimum. At the onset, the owner usually does it all and adds employees only when necessary. Usually, the first new hires are part-time and/or per diem.



About the Author:

Hugh Duffy is co-founder and Chief Marketing Officer for [Build Your Firm](#), a leading practice development firm dedicated to the accounting industry. Build Your Firm works with small accounting firms providing accounting marketing, practice management and CPA website development services. Hugh has twenty five years of marketing experience and holds an MBA degree in Marketing from the University of Rochester. Hugh can be reached at 888-999-9800 x151.



Managing Cash Flow When Money is Tight

Jennifer Elder

Cash is the “blood” that flows through a business. Without cash a business will die – no cash equals no business. Lack of cash is very common in business but it doesn’t have to be and it certainly does not have to be a disaster. You can’t always prevent a cash flow problem from occurring, but if you know when it is coming you have time to address the situation. If you are at a point where you are afraid of what you will find if you complete a cash projection, then you absolutely need to do one now!

STEP 1 - UNDERSTANDING CASH FLOW

It may sound simple but the first step in managing cash flow is understanding what cash flow really is. In basic terms it is the difference between cash coming in and cash going out. The real key however is timing - when cash is coming in versus when cash is being spent. It would be nice if cash flow was like a tidal flow – coming and going on an even and predictable schedule. Unfortunately cash flow is a little more complicated since it involves more pieces. Accountants define the cash flow cycle as the time between buying raw materials, converting them into inventory, selling your inventory, and finally collecting on those sales. The lag time between each of those steps is what causes an issue. The longer it takes to convert cash out into cash in, the more chance there is for a shortfall. In construction, the cash flow cycle is long and getting longer. Understanding your particular cash flow situation has become absolutely critical to your business survival. For your business to survive you have to make the commitment to do what it takes to never run out of cash.

STEP 2 - KNOWING YOUR CASH BALANCE

Do you know your cash balance today? How do you know where you are going if you don’t know where you are starting from? The smartest business people will still make bad decisions if they have no information. Make it a priority to know your cash balance - it should be as familiar to you as your social security number!

Now don’t say, “That’s easy. I’ll just call the bank.” Your cash balance is not what the bank says you have. The bank doesn’t know about all the checks you have written, which ones have cleared and which ones are still outstanding. You need to know your adjusted checkbook balance. This means keeping your checkbook register up-to-date, not once a week, but every day. A lot can happen in one week. Without the correct information you can make too many bad decisions – promises that you can’t keep, or worse yet write checks that will not clear. There is no quicker way to ruin your reputation than by bouncing checks.

STEP 3 – GATHER THE INFORMATION

To prepare your cash flow projection you need to know where it is coming from and where it is going to. You do not need a crystal ball but you will need to do some educated guessing. The more thorough and realistic you are the better prepared you will be.

Estimating when you will be spending cash is relatively easy since it starts with the bills you already have on hand. To figure out when you will be spending cash you need to look at an Accounts Payable Aging Report - a list of all the bills you owe and (most importantly) when. You also need to consider spending that you don't have a bill for - payroll, quarterly taxes, and equipment maintenance. Get in a "worse case scenario mindset" - include every expenditure that "might" happen. A common cause of cash flow problems is being confronted by a sudden and unexpected expense.

Estimating cash coming in requires a bit more guessing, judgment, and conservatism. If you send bills to your customers, you can base it on when your customer's invoices are due but bear in mind their individual payment history. If they always pay 15 days late, then you have to assume they will continue paying 15 days late and adjust the date you expect to be able to make a deposit. You may have to project the date of a closing to guess when you will receive final payment for a house. With any luck you have a production schedule that you can follow. The wildest guess will be for when you think a new customer will give you a deposit. The best way to estimate new deposits will be based on the very recent past. In the past 3 months, how many deposits did you get? Have those deposits been increasing or decreasing? You need to be honest and realistic when guessing about cash coming in - the worst thing you can do is fool yourself into believing that there is more cash coming in than there really is.

STEP 4 – CREATE A CASH FLOW PROJECTION

A cash flow projection is not as complicated as most people think. Preparation does not take sophisticated software or a staff of accountants. A cash flow projection is very similar to a checkbook. Your checkbook is a record of historical cash transactions. A cash flow projection is a record of future cash transactions. A cash flow projection starts with where you are today, adds what cash you expect to collect, then subtracts the bills you expect to pay. The result is the cash you expect to have at the end of the period. It is prepared for a period of time - monthly or weekly. When cash is tight, I prefer a weekly format as shown in Table 1.

Table 1

	07/07/08	7/14/2008	7/21/2008	7/28/2008
Beginning Cash Balance	\$89,452.97	\$98,300.20	\$91,699.81	\$103,760.23
Expected Cash Deposits	75,000.00	32,852.55	40,671.19	36,274.89
Bills to Pay	(66,152.77)	(39,452.94)	(28,610.77)	(136,149.77)
Estimated Ending Cash Balance	\$98,300.20	\$91,699.81	\$103,760.23	\$3,885.35

Continued on the following page

In Step 3 you collected the information on your bills. In your Cash Flow Projection organize your bills by week based on the actual invoice due date (not how late you think you can pay a bill, but when it is really due!) With bills due, it is better to show them being due earlier rather than later. If you schedule a bill to be paid a week after it is due and you can't make the payment you are already a week behind.

In Step 3 you also gave some thought to your cash coming in. In your Cash Flow Projection enter your weekly expected cash receipts. With cash receipts, it is better to enter them later rather than sooner. It is better to be pleasantly surprised by cash coming in early, than to be disappointed and unable to pay your bills because the cash came in a week too late.

STEP 5 – ANALYZE YOUR PROJECTION

Now that you have taken the time and effort to create a Cash Flow Projection, you have to use it. Look at the Estimated Ending Cash balance. Where does your cash start to get tight? Is there a time when your balance goes negative – where you don't have enough cash? Table 1 is an example to show you a simple but useful format. It shows a weekly projection for 4 weeks. The cash balance started at \$89,452.97 but by the week ending July 28, 2008 the cash balance has gone down to \$3,885.35. This may be a problem. For my company I like to do a weekly projection for 8 weeks. I want extra time to be able to address a potential cash shortfall.

You will also want to compare your Cash Flow Projection to your actual checkbook results. How did your guesses compare with reality? What did you over or under-estimate? Use these differences to adjust and improve your guesses going forward.

Your Cash Flow Projection is like a blood pressure cuff for the lifeblood of your business. But just like a one-time blood pressure reading doesn't tell you much, a Cash Flow Projection done once won't give you much information either. To give you the best information in the timeliest manner, your Cash Flow Projection should be updated weekly. You can't always prevent a cash shortfall but if you make the commitment now to prepare a projection and keep it updated, you will never be unpleasantly surprised by a cash crunch. Forewarned is forearmed. So make your Cash Flow Projection a top priority!



About the Author:

Jennifer Elder CPA, CMA, CIA, CFF, CGMA, MS helps accountants advance their careers and organizations increase retention by developing powerful communication skills. Jennifer works with companies and their emerging leaders to increase employee engagement and client value by understanding personality styles, generational characteristics, and communicating clearly, concisely, and persuasively.

As a consultant and keynote speaker Jennifer is known for being energetic and enthusiastic. She has conducted seminars for the Fortune 500, the US Government, State CPA Societies, and CPA firms in 48 states and 5 countries. She is both a business strategist and an accounting expert who can make the complicated simple, practical and useful. She is a published author, writer for the AICPA's CPE Direct, named a "2015 Woman to Watch" by the AICPA and MACPA, and been awarded Outstanding Educator by the AICPA for the past four years.

When not on the road teaching, she is either living on her boat on Chesapeake Bay or skiing the slopes of New Hampshire with her husband and two cats (no the cats don't ski!) You can reach her at 410-231-1881, or jelder@sustainablecfo.com

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THINK POSITIVE

The Power of a Positive Mindset

Jon Hubbard

I recently finished the book, *The Positive Dog: A Story About the Power of Positivity* by Jon Gordon. The book tells a story of two dogs that live within each of us. One is optimistic, happy and smiling. The other is resentful, sad and scowling. Daily, with each situation, challenge and opportunity, we can choose which dog to entertain.

The book proposes that entertaining the “positive dog” has many benefits, including whether you will ultimately be happy or unhappy. According to the author and the studies he references in his book, a few other advantages of having a positive mindset include better health, more friends and stronger relationships, higher individual and team performance, and quicker and better decision making.

The book outlines an 11-day action plan for becoming more positive. For the full 11-day action plan, I’d recommend reading the book. However, in this article, I’d like to highlight three general activities that I’ve found to be helpful in pursuing a more positive mindset.

Take a walk outdoors

While this may sound simple, regularly getting outdoors and taking a walk can drastically improve your mindset. The book recommends that while walking, reflect on all of the things in your life for which you are grateful. The more you do this, the easier it will become. We all have many things in our lives for which to be thankful, and it’s important we recognize and appreciate them.

Acknowledge and celebrate success

If you are anything like me, you have been guilty of forgetting to celebrate success, but it’s important both in our personal and professional lives. At the end of each day, I try to write down three “wins.” These “wins” could range from small (e.g. a great conversation) to large (e.g. a new service launch). The important thing here is that it’s a daily routine. If you are a leader in your firm, it’s also important to acknowledge and celebrate the success of your team and those you lead.

Surround yourself with positive influences

Being exposed to negativity has never been easier. So it’s imperative we are aware of what negative mindsets we are exposing ourselves to. Two main avenues for negativity are people and information sources. From a people perspective, being around as

few negative people as possible is always better. Weed them out of your life as best you can. That being said, it's certainly not always possible. However, only allow negative people to teach you what not to think and do. From an information source perspective, be mindful of the news you watch, the gossip you join in on and the negative words you allow to go on around you.

Having a positive mindset doesn't mean being blind to realities or just having happy-go-lucky thoughts. It means focusing on the good, or potential good, in any situation. This is even more important in environments that are undergoing rapid transformation. I think we can all agree, the accounting and tax preparation professions, and our firms need to transform rapidly to continue to grow. Having a positive mindset will help us create our future.

“How we perceive people, events and situations determines our reality.” – Jon Gordon



About the Author:

Jon Hubbard, Director of Business Development at Boomer Consulting, Inc. is certified as both a Kolbe™ Consultant and a Five Star Client Service Consultant. He is an enthusiastic speaker with experience providing leadership for multiple facets of BCI's overall sales, marketing and communications strategy.



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Accounting and Advising in the Nonprofit Sector

Steven D. Zimmerman

The nonprofit sector is comprised of passionate, caring individuals striving to make our world a better place. Every day they create strategies to house and care for the homeless, educate children, feed the hungry, heal the sick and bring music, art and dance to enrich our lives. Indeed, the sector plays a vital role in building the vibrant communities in which we all want to live. They are also substantial businesses.

Few individuals, both staff and volunteers, get involved with a nonprofit organization because of their passion for nonprofit accounting. However, representing approximately 7% of our country's GDP and 12% of our workforce, the nonprofit sector represents more than just a community engine: it represents a business engine.

Nonprofit businesses are complex. Without a strategy to accomplish an organization's mission—without the necessary complementary financial strategy to provision those efforts—it will remain a vision, and never be realized.

Likewise, we volunteer and work with nonprofit organizations because of our passion for the mission, not our unending desire to build a financially strong organization. For an organization to thrive it needs to manage to have impact, and be financially viable, at the same time.

Managing this dual—bottom line of impact and finances is complicated by organizational structures which often silo these two components—marginalizing the interconnectedness and setting up a dynamic for making decisions without considering either the finances or the mission. This leads to unintended consequences and less impactful, sustainable, organizations. Committee structures are partly to blame with separate finance, fundraising, and program committees. This disconnect also happens, in part, because leadership does not fully understand nonprofit finance.

Fortunately, accountants are uniquely positioned to break down these silos in order to engage staff and board in conversations geared towards deeper understanding of these complexities, and help them guide the organization toward greater sustainability.

Implementation of the new financial accounting standards provides an opportunity to discuss the world of nonprofit accounting and to build financial literacy among board and staff. Focused beyond the tactical steps for implementation, the discussions can lead to stronger decision making and strengthen sustainability for the organization.

Donor Restrictions

Donor restrictions are one of the most misunderstood areas in nonprofit accounting. Clara Miller, who at the time was the CEO of the Nonprofit Finance Fund, compared it to Alice in Wonderland where all is not what it seems in her seminal article, “Through the Looking Glass of Nonprofit Money” published in *Nonprofit Quarterly*. While the new accounting standards rid us of the jargon of permanently, temporarily, and unrestricted net assets, the concept of donor restrictions remain.

Board members with for-profit experience rarely grasp the significance of donor restricted funds and that all dollars are not necessarily equal. Unlike the for-profit sector, the donor’s wish trumps management’s desires by controlling which aspect of the organization they will support with their restricted donation. To release the restriction, the organization must fulfill their obligations to the penny, or obtain a written release from the donor. Creating efficiencies and shifting surpluses to other strategic imperatives is not in the purview of the board or management with these restricted funds.

These restrictions place a premium on two aspects of the organization – generating unrestricted support and understanding the true costs of programs.

Generating Unrestricted Support

Like manna in the wilderness, unrestricted support is the lifeblood for many nonprofit organizations—allowing leadership to allocate funding to areas that will allow the organization to maximize its impact. Sometimes, this may be for programmatic growth or innovation—exploring a new strategy to accomplish its mission. Other times, it may be to strengthen the infrastructure of the organization. In other instances, it may be, more importantly, to not spend the money at all, but to build a reserve or savings account for the proverbial rainy day. Operating a program at a surplus and utilizing that surplus to build an operating reserve is not permissible with restricted money unless explicitly stated in the donor agreement.

Building an operative reserve is a strategic decision every nonprofit should explore, and a discussion the accountant is uniquely qualified to lead. Often boards may wish to wait for a windfall or a slightly higher budget, but there will never be a time when the organization feels “flush with cash” where it can put off investing in a program. Operating reserves provide flexibility during funding shifts or economic downturns, and the accountant must communicate that building a reserve is an investment in the mission of the organization.

While the often-repeated mantra is that nonprofits should have between three to six months of operating reserve, we prefer to consider the volatility of revenue streams when arriving at a target. A reserve equal to the organization’s most significant and vulnerable revenue stream will allow leadership the flexibility to evolve and respond should the need arise. The reality, however, is that many nonprofit organizations operate on a slimmer reserve of between one to three months, with several more still operating on less than one month.

Accountants should lead the discussion in establishing the appropriate level of reserve for an organization, but need to be careful not to fall in the trap of discussing it from solely a financial perspective. Rather, tying the purpose of the reserve to furthering the mission of the organization can help bring all members of the organization’s leadership—staff and board—along in the discussion. Reserves are what enable organizations to provide critical services during economic downturns and what help make sure the mission and important work of an organization last long into the future.

The need for reserves will be highlighted in the new liquidity disclosures in the accounting standards. For non-accountants, the concept of accrual versus cash basis accounting remains vexing, but despite a somewhat complex calculation, the liquidity disclosure can help drive a more accessible discussion of the resources available for the organization to accomplish its mission.

Reserves are not created overnight and accountants should emphasize that building a reserve is a long, tension-filled task that balances the needs for operations today with the security for the future. Building a reserve requires unrestricted support which tends to come from two sources: fee for service, and philanthropic support. Accountants have an important role to play in both.

Like any professional services firm, and similar to the for-profit world, the fee for service revenue stream is a typical exchange transaction requiring a deep understanding of the cost of services provided and the market needs the product seeks

to fill. Accountants can lead both of these discussions, calculating the cost of services and inquiring among board members and other stakeholders about competitive pressures the organization might face. Nonprofit leadership tends to be skilled in calculating direct costs, but accounting assistance in calculating fully allocated true costs of programs—including direct and administrative expenses—is essential. Accountants have the skills and perspective to lead this important discussion and price services correctly.

Philanthropic fundraising has the equal distinction of nonprofit accounting as being a necessary evil. On its own, it is often one of the least favorite aspects of board membership. Holding the big picture of the organization and how everything works together to drive impact and financial viability, the accountant is well positioned to reframe the discussion around fundraising. Rather than viewing the organization as engaged in separate activities, the accountant can draw the connection between programs whose primary purpose it is to accomplish the organization's mission and the need to resource those efforts. While many board members understand this subconsciously, making the link between being great at program delivery and being great at generating resources. Beyond making this connection, knowing the cost of delivering impact can be motivating for solicitors and donors alike and help drive a conversation around value.

For an organization to be great at delivering its mission, it needs to be great at resourcing it. This requires a level of financial literacy; understanding the expenses associated with mission delivery, and an assessment of the organization's overall financial health to build a strong foundation for the future. The implementation of new accounting standards provides an opportunity for these discussions.

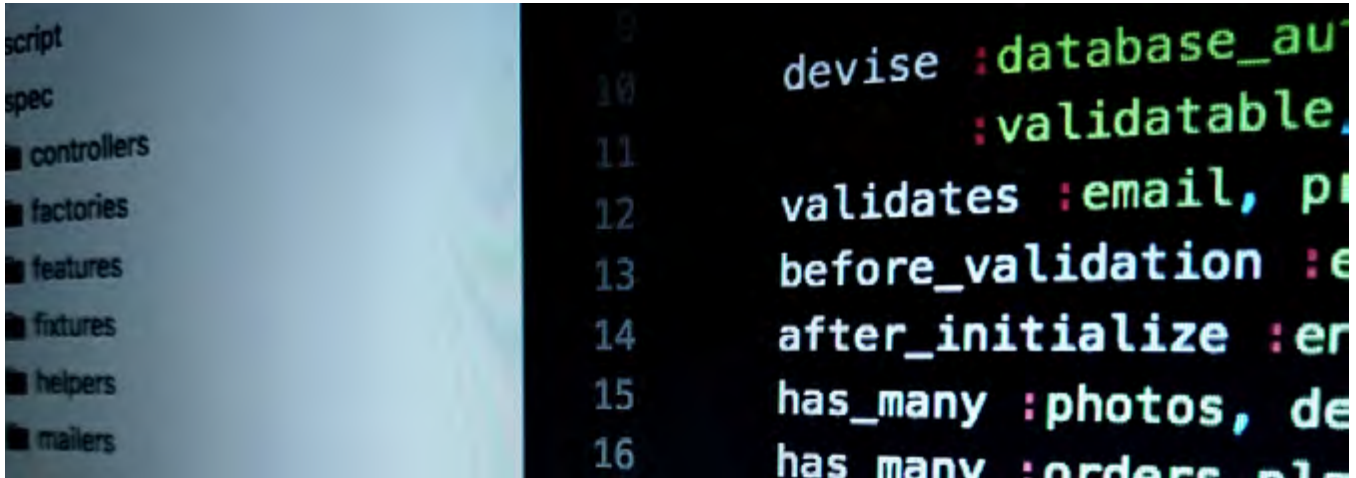
Accountants have an opportunity and the skill to facilitate these vital conversations whether they serve on the board, work with nonprofits as community volunteers or have the privilege of counting them among their clients. Nonprofit organizations build the heart of our communities. They're also complex businesses. Recognizing and facilitating conversations that encompass both sides of the dual bottom line will allow accountants to be a pivotal strategic partner in building stronger leadership, stronger nonprofits and stronger communities.



About the Author:

Steven D. Zimmerman, CPA, MBA is the Principal of Spectrum Nonprofit Services where he provides training and consulting in the areas of finance and strategy for community-based organizations, foundations and government agencies throughout the country. Steve is co-author of two books on nonprofit sustainability published by Jossey-Bass, [The Sustainability Mindset: Using the Matrix Map to Make Strategic Decisions](#) with

Jeanne Bell of CompassPoint and the best-selling book [Nonprofit Sustainability: Making Strategic Decisions for Financial Viability](#) with Jeanne Bell and Jan Masaoka. The books highlight Spectrum's integrated approach to nonprofits which balances mission impact and financial viability. In addition to speaking nationally on nonprofit strategy and finance, Steve has also written for [The Nonprofit Quarterly](#), [Board Source](#) and [Blue Avocado](#). His extensive nonprofit experience also includes serving as a Chief Financial Officer, Development Director and Associate Director at community-based nonprofits where he performed turnarounds resulting in increased financial sustainability and programmatic reach. He is a Certified Public Accountant and earned a BA from Claremont McKenna College and an MBA from Yale University.



Tax Season Hack

Steven D. Zimmerman

Why Accountants Need Encryption Now More Than Ever

Now that we're past the mad rush for spring filings, it's time to take a breath, reflect, and think about the future. There is a dark reality brewing on the horizon, and for some small- and mid-sized businesses it has already arrived.

Not long ago hackers focused their efforts exclusively on large companies. The payoff for a successful attack was enormous as many of these targets weren't taking data security (protecting their customers) very seriously.

Headline news stories appeared almost weekly spotlighting the latest breach. Millions upon millions of records were stolen, often because someone in an admin position mishandled their login credentials. Even companies like Equifax, with a massive IT organization, made security mistakes which cost them (and some 145 million U.S. citizens) dearly.

Fast forward to today. Many things have changed; some of these changes are good, others are not. On the positive side, more companies are realizing that a graceful recovery from a breach is no longer good enough. Many of these large companies are thinking differently about how they handle sensitive data in order to prevent a breach. They are using better encryption methods, taking better care of credentials, and diversifying their data risk by spreading it out across many secure servers (instead of inside one big repository where a hacker sees a giant bull's-eye). While there's still much more work to be done, these larger companies with cash to spare on security improvements are without a doubt getting smarter.

On the negative side, hackers are getting smarter too. And as a result, they are changing strategies. No longer are they focusing efforts exclusively on large companies which historically had the best return for their efforts. Today, the true gold mine of sensitive data is small- to mid-sized businesses that are still way behind the curve when it comes to digital security.

Another negative is an increasing reliance on mobile devices for doing business. While mobile devices usually have fairly strong native security (biometric authentication, encryption, etc.) they are also ripe for attacks via SMS. There is also a new wave of mobile ransomware attacks where a device suddenly becomes locked pending payment in bitcoin to some anonymous hacker.

A Lack of Awareness

According to a 2017 study by the Better Business Bureau[1], about a third of small-business respondents had never heard of ransomware. Equally as alarming, a quarter of the people surveyed had never heard of phishing.

While some small businesses might understand the attack vectors, many routinely make mistakes that have the potential to



wipe them out. For example, a large number of small businesses – including accounting firms – are still using free, public email (Gmail, Yahoo, Hotmail, etc.) to share extremely sensitive information. Also, client records are being kept inside the free versions of some popular cloud storage companies who routinely indicate a lack of focus on security. These same small businesses are likely using outdated operating systems that are ripe for a ransomware attack.

Another survey, conducted by Nationwide[2], reports at the end of 2017 58% of small businesses claimed to have been the victim of a cyber attack; and this number is predicted to grow as the toolset for widespread distribution of smaller attacks becomes a hacker commodity.

Unlike the larger companies who have teams of lawyers ready to execute a damage control plan in the event of an attack, most small businesses can't recover from a breach of their clients' sensitive data. Consider for example an accounting firm with only 20 clients. If 15 clients decide to take their business elsewhere (someplace perceived as being more secure), the financial impact will be devastating.

Protecting Data

The good news is that there are some very simple and inexpensive things that can be done to protect your accounting business from an attack. And while none of these are foolproof, they can drastically reduce the risk of a breach.

- Use encryption. If you store digital copies of your files, make sure you encrypt them with keys that only you can access. There are many free cloud storage companies that claim to offer encryption, but bear in mind that the free version almost always means that your key is the same key used by many other users of that system. Read a little about the encryption technology used by these systems and look for “unique” keys.
- Stop using email to share important information. No matter how convenient or how ubiquitous email may be, it is never secure. Phishing is the second most common type of cyber attack (behind computer viruses) and it happens inside your email inbox. There are some encrypted email products, but they are generally very hard to use and require software installations on both the sender and recipient email accounts. There are better ways to share securely.
- Use a strong and unique password for your important data. One of the most common mistakes people make is to reuse passwords for many accounts. While your bank might have strong security, your local neighborhood watch group might not. And if your neighborhood watch password is the same as your bank password, this could lead to trouble. Another common mistake is to use a guessable password. An easy solution to this problem is to use a passphrase instead of a password. A passphrase is a combination of three small words that are easy for you to remember but extremely difficult for a human or a computer to guess. An example of a passphrase: “doggaragedroplight.”
- Diversify your risk. Don't store all your important data in one place. If possible use unique encryption to segment the data so that a breach only impacts one client or one project. You can survive a breach if you can keep the losses to a minimum
- Beware of the back door. Almost every system that requires a password for access also has a way to “reset your password.” What this really means is that the provider of this system can get into your account. And a common way of resetting passwords is through a code sent over SMS (text messaging). Many people don't know that SMS

has an easily exploited security hole that could easily allow a hacker to grab that code and take ownership of your account. Look for systems that allow you to disable the “reset your password” feature and that don’t use SMS for authentication.

As stated by Theodore Roosevelt, “In any moment of decision, the best thing you can do is the right thing, the next best thing is the wrong thing, and the worst thing you can do is nothing.”

With the craziness of tax season behind us, there is no better time than right now to start implementing the habits and technologies that will keep your data and your clients safe.



About the Author:

Dave Martin is Vice President of Marketing at [VeriFyle](#), a provider of secure messaging and file sharing solutions. He oversees corporate communications, brand strategy, website and customer acquisition.

• ALL AROUND NSA

SUMMER CONNECTED WEBINARS FROM THE NSA

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2018 EA Exam Prep Part 1: Individuals

06/07/2018 1:00 PM - 4:00 PM (EDT)

This webinar will review ten topics that are often tested on Part 1 - Individuals of the Enrolled Agents Exam. Materials include several comprehensive diagrams covering such topics as the individual format, netting capital gains and losses, IRA contribution and deductions, and the federal gift tax and the federal income tax. Length: 3-hours.

IRS CE: 1 Hour/Federal Tax Law; 1 Hour/Federal Tax Law Update; 1 Hour SEE Exam Preparation

NASBA CE: 3 Hours/Taxes

Presented by John O. Everett, CPA, Ph.D., and Cherie J. Hennig, CPA, Ph.D.

[Register](#)

Tax Planning Opportunities Under the New Tax Bill

06/12/2018 at 2:00 PM - 4:00 PM (EDT)

Congress has provided clients a gift with the new tax bill. In order to make the most of tax bill, accountants should look at tax planning opportunities under the new bill. In addition, tax planning is a great way to raise revenues outside of tax season while providing clients with tax savings. We will discuss what to look for on a client's return to determine the kind of impact the tax law change will have. We will also identify different areas that a client can use in order to minimize his taxes for the year.

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

Presented by Nicholas Preusch, CPA

[Register](#)

2018 EA Exam Prep Part 2: Businesses Part 1

06/13/2018 at 1:00 PM - 4:00 PM (EDT)

There are two 3-hour webinars devoted to Part 2 - Businesses of the Enrolled Agents Exam

This webinar will cover ten topics often tested on Part 2, including business income and expense topics applicable to all businesses, sales or exchanges of business properties, and partnership taxation. Materials include several comprehensive diagrams covering such topics as MACRS rules, tax-deferred exchanges, Sec. 1231 property nettings, depreciation recaptures, and partnership formations. Length: 3-hours.

IRS CE: 1 Hour/Federal Tax Law; 1 Hour/Federal Tax Law Update; 1 Hour SEE Exam Preparation

NASBA CE:3 Hours/Taxes

Presented by John O. Everett, CPA, Ph.D., and Cherie J. Hennig, CPA, Ph.D.

[Register](#)

2018 EA Exam Prep Part 2: Businesses Part 2

06/14/2018 at 1:00 PM - 4:00 PM (EDT)

There are two 3-hour webinars devoted to Part 2 - Businesses of the Enrolled Agents Exam.

This webinar will review ten topics that are often tested on Part 2 of the exam, including all tax issues related to both C Corporations and S Corporations, estate and trust income taxation, and business retirement plans. Materials include several comprehensive diagrams covering such topics corporate formation, corporate tax format, corporate distributions, and business retirement plans. Length: 3-hours.

IRS CE: 1 Hour/Federal Tax Law; 1 Hour/Federal Tax Law Update; 1 Hour SEE Exam Preparation

NASBA CE:3 Hours/Taxes

Presented by John O. Everett, CPA, Ph.D., and Cherie J. Hennig, CPA, Ph.D.

[Register](#)

Everybody Needs an Estate Plan

06/19/2018 at 2:00 PM - 4:00 PM (EDT)

Some of the most important decisions in our lives are not made until the moment is upon us. These are the kinds of decisions we should be making now, for they can directly affect our well-being in the future. There are financial, personal, and health care decisions that will be necessary as we grow older, such as when to make lifetime or postmortem account deposits or withdrawals, choosing where to live, and deciding on the type and extent of treatment in the event of a terminal illness.

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

Presented by Eric A. Smith, CFP, CLU, ChFC, CRPC, ATP

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2018 EA Exam Prep Part 3: Representation, Practice and Procedures

06/20/2018 at 2:00 PM - 4:00 PM (EDT)

This webinar will reviews ten topics that are often tested on Part 3- Representation, Practice and Procedures of the Enrolled Agents Exam. Materials include several comprehensive diagrams covering such topics as the sources of primary tax authority, possible tax preparer penalty thresholds, and indirect income estimation methods. Length: 2-hours.

IRS CE: 2 Hours/Ethics

NASBA CE: 2 Hours/Regulatory Ethics

Presented by John O. Everett, CPA, Ph.D., and Cherie J. Hennig, CPA, Ph.D.

[Register](#)

Understanding the Basis of Preparing Form 1041

07/10/2018 at 2:00 PM - 4:00 PM (EDT)

Trusts and estates are required to file Form 1041 each year. However, the rules around these filings can often be confusing and making a mistake can be costly. We will look at trust and estate rules in order to help learn the basis of preparing Form 1041. We will also look at common mistakes preparers make when preparing Form 1041.

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

Presented by Nicholas Preusch, CPA

[Register](#)

NSA MEMBER MAKES NEWS ON NBC TAX STORY



NSA Governor for District X, Ruth Godfrey, was recently featured in a local NBC Bay Area story “Homeowner Down \$10K, Blames Solar Company”. In this segment, the reporter covers the case of a local woman who was dealing with a \$9K tax dispute over solar panels. To get a professional take on the situation NBC Bay Area brings in Ruth Godfrey, who provides taxpayers with valuable advice: “You should never take tax advice from a door to door salesman on anything solar or otherwise.”

Congratulations to Ruth for being a great resource in her community.

LIVE EA/ATP REVIEW COURSE AND EXAM IN MINNEAPOLIS

EA Exam Review Course & ATP Review Course/Exam August 20th – 22nd

NSA's Enrolled Agent Exam Review Course will be held at the Downtown Marriot in Minneapolis, MN, prior to the National Society of Accountants' Annual Convention. This review is a comprehensive and intensive—and we mean intensive—course geared toward a single purpose: to help you master tax basics and pass the EA exam.

Detailed study notes will be provided for each topic, including figures and charts that prove the old adage that “...a picture is worth a thousand words.” Hundreds of past exam questions from the open-exam era and many more potential questions on newer topics are incorporated and each is reviewed in class so the real exam itself will look like an old friend. Study tips, tricks and shortcuts are a staple of this course.

Both the Live Enrolled Agent Exam Review Course and the ATP Exam Review Course will be taught by two leading experts:

John O. Everett, CPA, Ph.D., is Professor Emeritus of Accounting at VCU in Richmond, VA. John's teaching specialty is federal taxation. He has authored or co-authored over 90 articles in academic and professional journals including the NSA EA Exam Review Course and 1040 101 Course, and is the coauthor of several textbooks, including CCH Practical Guide to Schedule M-3 Compliance, The HBJ Federal Tax Course, Income Tax Fundamentals, and Tax Planning With the Computer.

William A Duncan CPA, Ph.D., is an Associate Professor of Accounting at Arizona State University. Dr. Duncan was formerly a Director with Ernst & Young where he guided tax education for the firm. He is the author or co-author of three textbooks and has published a number of articles on a variety of tax topics in publications ranging from Taxes and The CPA Journal to the Journal of the American Taxation Association. He has taught in the AICPA National Tax Education program for over 20 years.

Requests for refunds must be received in writing and will be subject to a \$75 cancellation fee. For more information regarding refund, complaint and/or program cancellation policies, please contact our offices at (800) 966-6679.

Program Level: Basic/Intermediate

Prerequisites: Basic knowledge of federal taxation

Advance Preparation: None

Delivery Method: Group Live



Earn the Accredited Tax Preparer (ATP) Credential

The Accredited Tax Preparer (ATP) designation, offered by the Accreditation Council for Accountancy and Taxation (ACAT), is also a leading national credential for tax practitioners who have a thorough knowledge of the existing tax code and the preparation of individual tax returns with an expertise in comprehensive 1040 issues including supporting schedules, self-employed returns, and ethics.

Earning the ATP credential exempts practitioners from taking and passing an Annual Federal Tax Refresher course and exam each year for the the Internal Revenue Service (IRS) Annual Filing Season Program (AFSP).

NSA is approved by NASBA, the IRS, ACAT, and CTEC as a provider of continuing professional education.

The National Society of Accountants is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org.

Registration

Choose Any 1 Part or All 3!

Complete Course (all three parts)

NSA Member: \$699

Nonmember: \$775

EA Part 1/ATP Course:

NSA Member: \$275

Nonmember: \$325

ATP Exam Fee: \$100

EA Part 2:

NSA Member: \$375

Nonmember: \$425

EA Part 3:

NSA Member: \$200

Nonmember: \$250

[Register](#)

[Download a Registration Form](#)

[For more information](#)

Schedule

Monday, August 20

EA Part 1: Individuals & Accredited Tax Preparer (ATP)
Exam Review 8:00am - 5:00pm

ATP course ends at 6:00pm

CPE: 2 Hours/Federal Tax Law Update; 2 Hours/Federal
Tax Law; 4 Hours/SEE Exam Preparation

Tuesday, August 21

EA Part 2: Businesses 8:00am - 5:00pm

ATP Exam 9:00am - 12:00pm

Wednesday, August 22

EA Part 2: Businesses, continued 8:00am - 12:00pm

Total CPE Part 2: 3 Hours/Federal Tax Law Update; 3
Hours/Federal Tax Law; 6 Hours/SEE Exam Preparation

EA Part 3: Representation, Practices & Procedures
1:00pm - 5:00pm

CPE: 2 Hours/Ethics/Regulatory Ethics

Thursday, August 23

ATP Exam 9:00am - 12:00pm



**PASS the
Enrolled Agent Exam
THE FIRST TIME**

Register for NSA's Enrolled
Agent Exam Review Course
August 20 - 22, 2018 • Minneapolis



NSA Live EA Exam Review Course/Accredited Tax Preparer Course & Exam

Pass the IRS Special Enrollment Exam the first time with NSA's Enrolled Agent Exam Review Course

Want to earn the Accredited Tax Preparer (ATP) credential and be exempt from the Annual IRS Filing Season Program Tax Refresher Course each year? Take Part 1 of the EA course and the ATP exam onsite!

NSA's Enrolled Agent Exam Review Course is a comprehensive and intensive—and we mean intensive—review geared toward a single purpose: to help you master tax basics and pass the EA exam.

Detailed study notes will be provided for each topic, including figures and charts and more. Hundreds of practice exam questions are incorporated and each is reviewed in class so the real exam itself will look like an old friend. Study tips, tricks and shortcuts are a staple of this course. **Earn up to 22 Hours CPE!**

Presented by William A. Duncan, CPA, Ph.D & John O. Everett, CPA, Ph.D

BONUS! Get the NSA Enrolled Agent & ATP Review Courses (online & PDF)—a \$300+ Value!

“ I have taken and passed all three parts and filed form 23! Thank you John and Bill for teaching an outstanding EA Exam Course. I couldn't have done it without you! ”

Name _____ NSA/ACAT ID# _____

Company _____ Address _____

City _____ State _____ Zip _____

Phone _____ Email _____

<i>Choose Any 1 Part or All 3!</i>	NSA Member	Nonmember
Complete Course (Parts 1, 2 & 3) August 20-22; 8:00am – 5:00pm each day	___\$699	___\$775
Part 1: Individuals/ATP Combo Monday, August 20; 8:00am - 5:00pm <i>ATP class concludes at 6:00pm</i>	___\$275	___\$325
Part 2: Businesses Monday, August 20; 8:00am - 5:00pm Tuesday, August 21; 8:00am - 12:00pm	___\$375	___\$425
Part 3: Representation, Practices & Procedures Wednesday, August 22; 1:00pm - 5:00pm	___\$200	___\$250
ATP Exam: 9:00am - noon Select your testing date: ___ Tuesday, August 21 ___ Thursday, August 23	___\$100	
Total \$ _____		

Hotel Information

Minneapolis Marriott City Center
30 South 7th Street
Minneapolis, MN 55402
Group rate: \$159

[Reserve Online](#)

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*Ask for the National Society of
Accountants room block.*

*Reserve by July 30, 2018 to receive
the group rate.*



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Questions? For more details including CPE information, go to <http://www.nsaacct.org/eacourse> or call NSA at 800-966-6679



NSA'S ANNUAL CONVENTION AUGUST 23-25 IN MINNEAPOLIS

NSA's 73rd Annual Convention is coming to Minneapolis on August 23 through August 25, 2018!

NSA is excited to announce the 73rd Annual Convention in Minneapolis this coming August. Like every NSA event, attendees can expect excellent education programs as well as social and networking time. Prior to the opening of the convention, we kick off the week with the popular NSA EA Exam Review Course from Monday, August 20 - Wednesday, August 22.

This year's Leadership, Networking Conference & Legislative Strategy Meeting will be held from Wednesday, August 22 to Friday, August 24, in conjunction with Annual Convention programming.

Thursday, Friday, and Saturday will be dedicated time for continuing education focusing on topics including the Federal Tax Cuts and Jobs Act, identity theft, cyber security and how to protect your practice, plus estates, gifts, trusts and more. Earn up to 16 hours CPE and get the well-rounded education you don't have access to anywhere else.

REGISTRATION PACKAGES

Early Bird Discount			
Postmarked By:	July 15		After July 15

Full Conference			
NSA Member:	\$625		\$725
Nonmember:	\$799		\$850
<i>Includes a full year NSA membership</i>			

2- Day Package			
NSA Member:	\$425		\$499
Nonmember:	\$499		\$550

Leadership Networking/Legislative Strategy Package Registration		
8/22 & 8/23:	\$380	

CPE Only:	\$400
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Spouse/Guest:	\$325	\$375
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Youth Registration:	\$99
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[Register Online](#)

Registration Package Details

Your Full Registration Package is All-Inclusive! You Get:

- Earn up 16 Hours of CPE
- LNC Sessions
- Fabulous 50's Welcome Reception
- Awards Luncheon
- Three Continental Breakfasts
- Wine & Cheese Reception
- Dessert Reception
- Installation Reception and Banquet

2-Day Package

2-Day Package includes programs offered on the days selected:

Thursday, August 23

- Continental Breakfast
- Awards Luncheon
- Business Session
- Cyber Security CPE Sessions (4 hours)
- LNC Sessions
- Wine & Cheese Reception

Friday, August 24

- Continental Breakfast
- Tax Cuts and Jobs Act CPE (4 hours)
- Dessert Reception

Saturday, August 25

- Continental Breakfast
- 8 Hours CPE: The Long and Winding Road - How Accountants can Assist their Clients Achieve Tax Heaven
- Installation Reception and Banquet

Leadership Networking/Legislative Strategy Package

The Leadership Networking/Legislative Strategy Conference (LNC) Package includes:

Wednesday, August 22

- LNC Sessions
- Fabulous 50's Welcome Reception

Thursday, August 23

- Continental Breakfast
- Awards Luncheon
- LNC Sessions
- Wine & Cheese Reception

CPE Package

The CPE Only Package includes continuing education sessions on Thursday, Friday and Saturday. Earn up to 16 hours of CPE

- Cyber Security Thursday: 4 hours
- Tax Cuts and Jobs Act of 2017: 4 hours
- The Long and Winding Road will Come to an End: How Accountants can Assist their Clients Achieve Tax Heaven (8 hours)

Spouse/Guest Package

The Spouse/Guest Registration Package includes:

- Continental Breakfasts
- Fabulous 50's Welcome Reception
- Wine & Cheese Reception
- Dessert Reception
- Awards Luncheon
- Installation Reception and Banquet

The Spouse/Guest Package is intended for guests of NSA members and is not available to NSA members.

Youth

- Includes all meal functions



Schedule

AUGUST 20 • MONDAY

8:00am – EA Exam Review Course Part 1: Individuals

AUGUST 21 • TUESDAY

8:00am – EA Exam Review Course Part 2: Businesses

AUGUST 22 • WEDNESDAY

8:00am - EA Exam Review Course Part 2: Businesses

9:00am - NSA Board of Governors Meeting

1:00pm - EA Exam Review Course Part 3: Representation, Practices and Procedures

1:00pm - LNC Programming

6:30pm - Fabulous 50's Party

AUGUST 23 • THURSDAY

7:00am - Continental Breakfast

8:00am - NSA Business Session

11:45am - Awards Luncheon

12:00pm - Voting Opens

1:30pm - Cybersecurity for Tax Professionals: Karen Brehmer (2 hours CPE)

1:30pm - LNC Programming

3:20pm - IT Security Protections EVERY Business Must Have in Place: Chris Benson (2 hours CPE)

5:00pm - Wine & Cheese Dine Around Reception

AUGUST 24 • FRIDAY

6:45am - Scholarship Walk

7:00am - Continental Breakfast

7:30am - District Networking Sessions

8:45am - Voting Closes

9:15am - NSA Business Session

1:15pm - Tax Cuts and Jobs Act: Who are the Winners and Losers?: Timothy Sundstrom, CPA, CFP (4 hours CPE)

8:00pm - Dessert Reception Honoring Incoming President Christine Freeland

AUGUST 25 • SATURDAY

7:00am - Continental Breakfast

8:00am - The Long and Winding Road Will Come to an End-How Accountants Can Assist Their Clients to Achieve Tax Heaven: Beanna J. Whitlock, EA, CSA (8 hours CPE)

6:00pm - Closing Night Reception

7:00pm - Installation Banquet

HOTEL INFORMATION

Marriott Hotel City Center

30 South 7th Street
Minneapolis, MN 55402

Discounted room rate: \$159

Reservation cut off date: July 30, 2018

To book your room reserve [online](#) or call 1-877-303-0104 and ask for the National Society of Accountants group rate.

Every room features stunning views of the Twin City skyline, plush bedding, convenient plug-in panels, Wi-Fi access and ergonomic workstations.





REGISTRATION FORM

Please print legibly to avoid errors and delays on-site

Name _____

Title _____

Name to Appear on Badge _____

Company _____

Street Address _____

City _____

State _____ Zip _____

Phone _____ Fax _____

Email _____

NSA Member ID# _____

CTEC Member ID# _____

PTIN# _____

☐ This is my first NSA Annual Convention

☐ I am an ACAT credential holder

☐ Special meal request: _____

☐ I have special needs and would like to be contacted by an NSA Representative

☐ **NEW!** Please contact me about setting up a financial statement review

4 EASY WAYS TO REGISTER

ONLINE www.nsaminneapolis2018.org

MAIL this form with a check or credit card payment to:
NSA, 1330 Braddock Place, Suite 540, Alexandria, VA 22314

FAX form with credit card payment to: 703-549-2984

CALL 800-966-6679

METHOD OF PAYMENT

☐ Check ☐ Discover ☐ MasterCard ☐ Visa ☐ American Express

Credit Card # _____

Exp. Date _____

Signature _____

Total Due: \$ _____

Cancellation Policy: Registration fees are refundable (less a \$75 per registration administration fee) until August 1, 2018.

No refunds after August 1, 2018.

Questions? Call NSA toll-free: 800-966-6679

REGISTRATION PACKAGES

Early Bird Discount

Postmarked By: July 15 After July 15

Full Conference

Includes a full year
NSA Membership! →

NSA Member: ☐ \$625 ☐ \$725

Nonmember: ☐ \$799 ☐ \$850

2- Day Package

NSA Member: ☐ \$425 ☐ \$499

Nonmember: ☐ \$499 ☐ \$550

Select two days you wish to attend:

☐ Thurs., 8/23

☐ Fri., 8/24

☐ Sat., 8/25

Spouse/Guest:

☐ \$325 ☐ \$375

The Spouse/Guest Package is intended for guests of NSA members and is not available to NSA members.

Youth Registration:

☐ \$99

Spouse/Guest/Child Name _____

Spouse/Guest/Child Name _____

Leadership Networking/Legislative Strategy Package

8/22 & 8/23: ☐ \$380

CPE Only Package:

☐ \$400

EA Exam Review Course & Accredited Tax Preparer Review Course

NSA Member/ACAT
Credential Holder

Nonmember:

Full Course: ☐ \$699

☐ \$775

EA Part 1/ATP: ☐ \$275

☐ \$325

EA Part 2: ☐ \$375

☐ \$425

EA Part 3: ☐ \$200

☐ \$250

ATP & ARA Exams

Choose your date.

ATP Exam: ☐ August 21: \$100

☐ August 23: \$100

ARA Exam: ☐ August 21: \$100

☐ August 23: \$100

A la Carte Tickets

Opening Night Reception 8/22: \$125 x _____ = _____

Awards Luncheon 8/23: \$100 x _____ = _____

Installation Banquet 8/25: \$150 x _____ = _____

NSA PAC Suite Deal Raffle

Buy your NSA PAC Suite Deal Raffle ticket(s) and you'll be entered to win an upgrade from a standard room already purchased to a Suite for up to 5 nights. Raffle ticket sales end on August 1st.

NSA PAC Suite Deal Raffle Tickets: \$50 each x _____ = _____

The PAC can not accept corporate contributions.

NSA Scholarship Walk Donation:

Registration: \$35 per person x _____ = _____

Sleep in for Scholars: \$60 per person x _____ = _____



REGISTRATION PACKAGE DETAILS

REGISTRATION PACKAGE DETAILS

Your Full Registration Package is All-Inclusive!

You Get:

- Earn up 16 Hours of CPE
- LNC Sessions
- Fabulous 50's Welcome Reception
- Awards Luncheon
- Three Continental Breakfasts
- Wine & Cheese Reception
- Dessert Reception
- Installation Reception and Banquet

2-Day Package

2-Day Package includes programs offered on the days selected:

Thursday, August 23

- Continental Breakfast
- Awards Luncheon
- Business Sessions
- Cyber Security CPE Sessions (4 hours)
- LNC Sessions
- Wine & Cheese Reception

Friday, August 24

- Continental Breakfast
- Tax Cuts and Jobs Act CPE (4 hours)
- Dessert Reception

Saturday, August 25

- Continental Breakfast
- The Long and Winding Road will Come to an End: How Accountants can Assist their Clients Achieve Tax Heaven (8 hours)
- Installation Reception and Banquet

Leadership Networking/Legislative Strategy Package

The Leadership Networking/Legislative Strategy Conference (LNC) Package includes:

Wednesday, August 22

- LNC Sessions
- Fabulous 50's Welcome Reception

Thursday, August 23

- Continental Breakfast
- Awards Luncheon
- LNC Sessions
- Wine & Cheese Reception

CPE Package

The CPE Only Package includes continuing education sessions on Thursday, Friday and Saturday. Earn up to 16 hours of CPE

- Cyber Security Thursday: 4 hours
- Tax Cuts and Jobs Act of 2017: 4 hours
- The Long and Winding Road will Come to an End: How Accountants can Assist their Clients Achieve Tax Heaven (8 hours)

Spouse/Guest Package

The Spouse/Guest Registration Package includes:

- Continental Breakfasts
- Fabulous 50's Welcome Reception
- Wine & Cheese Reception
- Dessert Reception
- Awards Luncheon
- Installation Reception and Banquet

The Spouse/Guest Package is intended for guests of NSA members and is not available to NSA members.

Youth

- All meal functions

HOTEL INFORMATION

Marriott Hotel City Center

30 South 7th Street
Minneapolis, MN 55402
866-315-9403

Discounted room rate: \$159

Ask for the National Society of Accountants Room Rate.

Reservation cut off date: July 30, 2018

Reserve [Online](#)

Every room features stunning views of the Twin City skyline, plush bedding, convenient plug-in panels, Wi-Fi access and ergonomic workstations.



BENEFITS SPOTLIGHT: CONTINUING EDUCATION

The NSA offers our [ConnectEd](#) webinars to members and non-members alike. Members can take advantage of 4 free webinars every year, whether they are live presentations or on demand recorded sessions. However, NSA offers members much more than that.

Are you preparing to take the EA exam this year? Take advantage of the [NSA's Enrolled Agent Review Course](#). You can order the print/PDF/online combination that contains over 1,000 pages of detailed study notes, hundreds of past exam questions, and weekly study guides, which will prepare you to pass the exam the first time.

For an even more immersive experience, come to the Live EA Review Course offered before NSA's Annual Convention in Minneapolis this year. More details are available [here](#).

NSA has also partnered with some of the best continuing education providers in the country to offer you discounts on the programs you need every year. These CPE providers include:

[CCH Learning Center & CCH CPE](#)

[Checkpoint Learning Series](#)

[Surgent McCoy Self-Study CPE](#)

[Becker CPA Exam Review Course](#)

[SmartCenter](#)

[Becker Professional Education CPE Subscriptions](#)

You can also prepare for the Accreditation Council of Accounting and Taxation ABA, ATA, and ATP certification exams with NSA. Visit these pages to learn more:

[Accredited Business Accountant/Advisor Preparatory Course](#)

[Accredited Tax Advisor Preparatory Course](#)

[Accredited Tax Preparer Preparatory Course](#)

Be sure to log into your NSA account and visit My Benefits to keep up to date on what is available to you through us. Remember, the more you take advantage of your NSA member benefits, the more valuable your membership becomes!

NOMINATIONS FOR NSA'S ANNUAL AWARDS

The NSA awards program recognizes the contributions of our individual members, volunteers and Affiliated State Organizations (ASOs) for furthering the work of the society and the profession. These awards are presented annually at the NSA annual convention, and the Awards Committee is now accepting nominations for these prestigious awards. We encourage members to nominate fellow NSA members who embody the theme of each category.

Please submit your nominations prior to July 7th:

Accountant of the Year

The Accountant of the Year award recognizes an individual's service and contributions to the profession, to NSA or an Affiliated State Organization and public service (business and civic). Any NSA member in good standing is eligible, except members of the NSA Board of Governors. All NSA members in good standing may nominate themselves or other NSA members in good standing.

To nominate an accountant, [click here](#).

Young Professional of the Year

This new award honors a young professional who is making a difference in the profession, who may be stepping forward in leadership and is enthusiastic about the future of our profession.

Who is Eligible? Young professionals are under 40 years old and/or are new to the industry (less than three years' experience). Nominees must also be NSA members in good standing.

Nominate a deserving Young Professional [here](#).

Above & Beyond Award

The Above & Beyond Award identifies and recognizes those members who have gone above and beyond to provide exceptional voluntary service in our profession or to their community. NSA wants to recognize those services or achievements with this award. *The Awards Committee is accepts nominations for this award throughout the year.*

[Nominate a member today!](#)

Tax Talker of the Year Award

This award is given to a person who has contributed significantly and consistently to the NSA Tax Talk member discussion forum with technical, knowledgeable and practical assistance to member tax questions and needs.

The NSA Award Committee evaluates Tax Talk contributions to find the most deserving winner.

ASO Awards

ASO of the Year

This award honors the overall achievements of a NSA's Affiliated State Organization (ASO) for excellence in member recruitment, legislative activity, education, seminars, and promotion of NSA programs.

Download an ASO of the Year Nomination [Form](#).

Keith Billings Memorial Award

This designation honors the most outstanding ASO publications, judged according to the importance of topics, coverage of activities, timeliness of articles and format and overall appearance. There are two divisions: states with 300 or more NSA members and states with fewer than 300 members.

To submit an issue for consideration, send a PDF file or link to the issue to the NSA Award Committee Chair: shanson@phbcpa.com.

National Editorial Award

This award recognizes both the outstanding original article and a series of articles (2 awards) written by NSA members for their Affiliated State Organization publications.

To submit digital articles for consideration send to NSA Award Committee Chair: shanson@phbcpa.com.

Accountancy Board Monitoring Award

This award recognizes ASOs that meet the criteria established by the State Regulation and Oversight Committee in monitoring the state accountancy boards. Monitoring reports are submitted throughout the year to NSA headquarters.

Charles W. McAllister Memorial Award

This award is presented to the ASO with the highest net growth in NSA membership.

The award nomination forms and additional information can be found at www.nsacct.org/awards. If you have any questions, please contact the awards committee at Shanson@phbcpa.com.

NSA SPEAKERS PRESENTING AT 2018 IRS TAX FORUMS

NSA is presenting sessions at five summer IRS Tax Forums this year. Visit our table, meet NSA staff and volunteers, and learn more about NSA benefits. You can even renew your membership or join NSA onsite. Below are titles and descriptions of our sessions.

Partnership Schedule K-1 – What You Need to Know in Light of The Tax Cuts and Jobs Act

Do you feel overwhelmed when your client hands you a partnership Schedule K-1 (Form 1065)? Where do you start, what questions do you ask, and what do you need to know? What qualifies for the 20 percent Qualified Business Income (QBI) deduction? With the increasing popularity of pass through entities, it is more likely that you may be dealing with a Schedule K-1 from a partnership on your client's tax return. This session will discuss how to take the Schedule K-1 items to the 1040 tax return and practice points on issues such as passive and active participation, basis issues, and unreimbursed partner expenses. This session includes real life examples, potential hazards, and resources to keep you in compliance and help you report the Schedule K-1 correctly.

CE: 1 hour/Federal Tax Law

S Corporation Hot Spots – What You Need to Know in Light of the Tax Cuts and Jobs Act

For the last several years, S corporations have been the most popular entity for a small business. The Tax Cuts and Jobs Act (TCJA) impacts S corporations in a variety of ways. In this session, we will cover what you need to know about the tax act provisions and their effect on S corporation "hot spots." This seminar will include a new analysis of reasonable compensation, health insurance, cash vs. accrual basis, shareholder loans and distributions, depreciation, fringe benefits, accountable plans and revoking the S election. It is more important than ever to understand and watch out for the hazard areas of S corporations.

CE: 1 hour/Federal Tax Law

This year's summer 2018 NSA Speaker Team is:



Kathy Hettick, EA, ABA, ATP, has been the owner and principal of an accounting and tax practice for over 23 years. She has held numerous leadership positions at local, state, and national levels, including WAA President and served as NSA's President 2015-2016. In January 2017, she was appointed to, and now serves on, the Internal Revenue Service Advisory Council (IRSAC).



Gene Bell, EA, ATA, CFP, is the owner and president of Gene Bell & Associates, Inc. where he provides personal and business tax preparation and planning as well as wealth management services. He was awarded the NSA Distinguished Service Award for 2012, and received the NSA's Speaker of the Year Award in 2015.

Register to attend one of the five 2018 IRS Tax Forums in destination cities throughout the U.S.

Atlanta, GA

Atlanta Marriott Marquis
July 10-12, 2018

National Harbor, MD

Gaylord National Hotel and Convention Center
July 17-19, 2018

San Diego, CA

Town & Country Resort and Convention Center
August 7-9, 2018

Chicago, IL

Hyatt Regency Chicago
August 21-23, 2018

Orlando, FL

Hyatt Regency Orlando
September 11-13, 2018

REGISTER ONLINE

Tax Topics

NSA's tax research team is busy helping members answer the toughest Federal tax questions.

This installment of Tax Help Desk features a recap of tax season 2018—some of the more common interesting questions and tax issues that were posted by the membership in their use of our service.

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Q-1 With the change in the filing deadline for the partnership tax return, Form 1065—from its long-time tax due date of April 15th, or the 15th day of the fourth month—to its “new” due date of or March 15th, has generated a lot of requests about the ability to get a waiver of the late filing penalty from the IRS.

A-1 As a matter of fact, there is an administrative remedy for many of the late filed Form 1065's. Given a set of facts and circumstances, and if the list of factors are satisfied the, IRS will automatically waive the late filing penalty for the partnership tax return.

The procedures are set out in IRS Revenue Procedure 84-35. The revenue procedure requires that the partnership must be a domestic entity, consist of 10 or fewer C-corporation or individual partners (other than nonresident aliens or estates), whom have properly reported their share of partnership income or loss on their timely filed income tax returns. (There can be no special allocations of any pass-thru partnership items.)

This waiver will be honored by the IRS if all the conditions listed above are satisfied and the taxpayer makes a formal request for the waiver.

Partnerships that file late and are assessed the late filing penalty, and do not satisfy the list of conditions within the Revenue Procedure, can still make a request for waiver under the normal reasonable cause provisions. Also keep in mind that this revenue procedure does NOT apply to the late filing of an S-corporation tax return or the Form 1120-S, as there is no equivalent revenue procedure for the S-corp entity.

.....

Q-2 A new issue to the Tax Help Desk this year, but one that surfaced often during the tax season, involved the tax treatment of cryptocurrency, or more specifically, Bitcoin. The issues that were raised involved how this new form of monetary exchange is handled for income tax purposes? Is it ordinary income, is it a capital asset entitled to capital gain tax rates, or is it some form of income or loss due to currency fluctuations?

A-2 The IRS—a few years back in 2014—came out with a formal announcement in the form of IRS Notice 2014-21. This notice takes the form of a Q&A and basically tagged Bitcoin and other forms of cryptocurrency, such as Linden dollars, Litecoin, and Ethereum as **property**. This property would take the form of a capital gain or loss when bought and sold. However, the new form of internet money can be used to buy a cup of coffee, to buy products, or hire services, means that cryptocurrency can produce trade or business deductions, and even ordinary income subject to self-employment tax.

This new form of payment has generated a whole new world of unreported activity. In fact, one report from the Government Accountability Office claims that there are over 1,000 virtual currencies on the internet right now.

The quote below emphasizes the current lack of reporting and disclosure with this new form of barter and trading.

“The increasing likelihood each year that a taxpayer is mining, holding, using, or exchanging virtual currency mandates that preparers ask all taxpayers if they own or use any virtual currency. In an affidavit filed by the IRS seeking ownership information on the accounts of a popular conduit for handling virtual currency transactions, the IRS revealed that in 2015,

Tax Topics

NSA's tax research team is busy helping members answer the toughest Federal tax questions.

out of almost 129 million e-filed 1040s, only 802 reported a Bitcoin transaction on Form 8949, Sales and Other Dispositions of Capital Assets. This lack of tax reporting occurred even though this virtual currency intermediary claims to serve 4.9 million customers in 190 countries and handles about \$2.5 billion worth of Bitcoin exchanges".²⁴

The Tax Help Desk recommends that tax practitioners ask clients about this new medium of making money: whether it creates an expense or produces income for them. At a minimum take a minute to review the IRS Notice 2014-21 on the IRS website, irs.gov. It is well worth the gained knowledge and insight.

Some of the tracking and reporting agencies that handle this new form of currency will be issuing the IRS Form 1099-K. Brokers may be sending your clients the Form 1099-B for trading activity done thru their brokerages houses as well.

.....

Q-3 Yet another issue that arose during tax season was the issue of “tax free” payments from government sources for the in-home care of an elderly parent or disabled dependent. IRS Notice 2014-7 deals with certain types of “Medicaid Waiver Payments” being tax-free to the recipient if they meet certain criteria.

A-3 The answer here lies within IRC Sec 131, under the difficulty of care rules of foster care payments. In this situation, a taxpayer, parent, or guardian is receiving payments from a government (State) based Medicaid home-based service program. Historically, they have been paid for services typically rendered by other medical professionals and now as parents, guardians or other individual care for dependents, or other related or unrelated individuals in their homes the payments help keep disabled or otherwise incapacitated individual out of facilities and in their homes.

In the past, the payments have been considered taxable and in most cases produced a Form W-2 from the governmental agency. Under this notice the IRS has finally given in on the taxability of these payments.

The determination in IRS Notice 2014-7 and its updated version—which can be found on the IRS website (irs.com)—classifies the Medicaid waiver payments as nontaxable under IRC Sec 131.

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This tax season brought some new challenges for accountants and tax preparers everywhere, and we encourage you to take advantage of your NSA Member benefits and use the Tax Help Desk. We can help you keep up to date on changes that impact you and your clients, and remember **You have 5 free questions every year that you can submit to us. We are here to help you.** Drop us an e-mail anytime at taxresearch@nsacct.org

.....

²⁴ 21st Century Taxation, “IRS Guidance and Government Reports on Taxation; IRS Petition to enforce ‘John Doe’ summons upon Coinbase, No. 3:17-cv-01431-JSC (ND CA, 3/16/17). Petitions and related documents, www.21stcenturytaxation.com/virtual-currency-and-tax.html.

Legislative Link



John Ams
Executive
Vice President

IRS Expects To Issue Expensing Regulations “By Late June Or Early July”

Taxpayers can expect the IRS to issue regulations implementing the 2017 tax law’s full expensing provision in less than two months, according to Kathleen Reed, Branch 7 Chief in the IRS Office of Chief Counsel (Income Tax and Accounting).

Tax professionals will recall that the tax law amended Section 168(k) to permit businesses to immediately and fully write off purchases of qualified property and capital, effective for items bought and placed into service after Sept. 27, 2017. Beginning in 2023, the allowance winds down from 100 percent bonus depreciation—also known as full expensing—to 80 percent, and tapers by another 20 percentage points each following year.

Reed, speaking at the May meeting of the American Bar Association Section of Taxation in Washington, DC, said “A lot of rules are already under the existing regulations. We are just looking to see which ones have to be changed, but the package will be a complete package.”

Reed added that old rules governing the code section will stay in place, as “they apply to prior years and are necessary for examinations,” and she said the IRS “will consider” allowing taxpayers to rely on the proposed rules before they become final.

Reed said she is “anticipating” issuing the proposed rules by “late June or early July.”

The IRS is still deciding whether taxpayers will be able to rely on the guidance prior to it becoming final, Reed said at a later panel.

The IRS is pretty far along in writing the regulations, Reed said, but is still considering some issues. Among items the IRS is discussing is whether there need to be rules to prevent related parties from buying used property from one another to take advantage of the depreciation rules. The IRS is also looking into issues surrounding depreciating property constructed by the taxpayer, she said.

Estate Tax Account Transcripts Now Available Online From IRS

Practitioners can now obtain estate tax transcripts online through the IRS website, according to Catherine Hughes, estate and gift tax attorney-adviser in the Treasury Department’s Office of Tax Policy. Hughes said that the tool was implemented on the IRS website on May 10 and that “I’ve been guaranteed that this works and hopefully it will be a benefit to everyone.”

Hughes said that in [Notice 2017-12](#), issued in January 2017, the agency said that in lieu of closing

Legislative Link



John Ams
Executive
Vice President

letters, executors, local probate courts, state tax departments, and others can request an account transcript—a computer-generated report that includes the date on which the return was received, payment history, refund history, penalties assessed, interest assessed, the balance due with accruals, and the date on which the examination was closed.

Practitioners have expressed concern that states or financial institutions like brokerage firms that have traditionally required closing letters before releasing funds to beneficiaries may not accept the account transcript as a valid substitute. Hughes said she hopes those entities will come to see the transcript as a “good substitute.” In the meantime, practitioners still have the option to request a closing letter.

The transcripts can be accessed online by going to [IRS.gov](https://www.irs.gov), typing “estate tax closing letters” in the search box on the upper-right-hand side of the homepage, and then selecting [“Transcripts in Lieu of Estate Tax Closing Letters.”](#) The link provides instructions for obtaining an account transcript.