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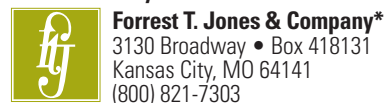
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FUNDING 529 PLANS FOR
GRANDCHILDREN**



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THE FIRST TIME:
INDEPENDENT
CONTRACTOR VS.
EMPLOYEE STATUS**



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**ART OF THE SPIN:
FIRMS THAT STAY IN
MOTION ARE THOSE
THAT CONTINUE TO
PROSPER**



Main Street Practitioner

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Main Street Practitioner is published six times per year in digital and print formats by the National Society of Accountants, 1010 N. Fairfax Street, Alexandria, VA 22314-1574. Subscriptions are available. Questions or requests can be directed to MSP Editor, Julene Joy, at jjoy@nsacct.org.

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PRESIDENT'S MESSAGE

By Harlan Rose



As the year 2012 drew to a close, I had the opportunity to meet face to face with Carol Campbell, Director of IRS Return Preparer on December 14. John Ams and I met at the IRS building to discuss the IRS RTRP plans in place for 2013. Little did we expect at that time that the entire RTRP program would be shut down with the Loving et al District Court Case ruling, which came mid-January.

Now after letting some time lapse and analyzing the RTRP fall out, NSA, with ACAT, will look into other options for legislatively approved tax preparation credentials. We have always endorsed requiring tax preparers to complete continuing professional education.

Prior to the December IRS meeting I took time in Alexandria to join in the holiday festivities of the entire NSA staff.

As January continued I attended the ACAT Board Meeting in New Orleans. Much discussion took place about getting ACAT credentials to have a more public presence and educating the public about what these ACAT credentials mean to them.

Some preliminary planning has begun to organize the 2013 Indianapolis Annual Meeting events. August 21, 2013 may seem like a long way off at this present tax time but it will be here before we know it.

NSA continues to work for you as you approach the end of tax season. Take one day at a time.

Truly yours in NSA,

A handwritten signature in black ink that reads "Harlan Rose". The signature is written in a cursive, flowing style.

Harlan Rose, EA, ABA
NSA President 2012-2013



HOT TOPICS AND TIPS FROM OUR TAX DESK

By Deborah Aiken, JD, CPA

SELLING PARTNERSHIP INTEREST AND PARTNERSHIP DEBT

If a partner sells the partnership interest, section 752 provides that the seller's share of the inside debts of the partnership, including non-recourse debt that was previously allocated to seller, shifts to the buyer. This is treated as an increase in the amount the seller has realized from the sale. Of course, the seller's outside basis in the partnership also includes those liabilities from when the debt was allocated to the seller. If, however, the partnership has produced losses, which reduced the seller's outside basis as the seller deducted them, then selling the partnership interest for even zero dollars could produce gain. That is because the liabilities shifted at sale to the buyer are treated as an amount realized by the seller on the sale, and the amount realized could exceed the seller's basis resulting in gain.

1031 EXCHANGE OF PARTNERSHIP OR LLC INTERESTS

Exchanges of partnership or LLC interests do not qualify for a tax-free exchange. If a taxpayer has a property in an LLC and wants to swap it for another property, the LLC would have had to be dissolved prior to the exchange and dropped down into each former LLC member's percentage interest as a tenant in common owner. At that point, the exchange may qualify under section 1031 if it meets the requirements.

DRIVING TO AA MEETINGS

The mileage for driving to Alcoholics Anonymous meetings is deductible as medical expense mileage providing the proper records are kept.

LOSSES ON IRAS

The resulting legislative for Ponzi schemes following the Madoff incident gave special treatment to losses, but it did not apply to IRAs. Money put into a traditional IRA pre-tax, has no basis to take a deduction on loss. Generally money has to be taxed before it has basis. However, losses can be taken as an itemized deduction, but only after every dollar that the taxpayer has in IRAs has been taken out and they have a loss on what they contributed to IRAs in post-tax dollars (non-deductible IRAs).

SELLING A PERSONAL RESIDENCE AS TWO PARCELS

There have been cases that held that when a residence and part of the surrounding land was sold first and the remaining land was sold in the same year, the entire parcel qualified as a residence for section 121 gain exclusion. Additionally, an IRS Private Letter Ruling held that when a taxpayer sold his residence two parcels, gain from the sale of each parcel is gain from the sale of a residence if the taxpayer sold the residence within two years of selling the vacant parcel.

CHILD TAX CREDIT WITH ITIN

According to the IRS website, a taxpayer can receive a Child Tax Credit for a child who just has an individual tax identification number (ITIN), rather than a Social Security number if the taxpayer otherwise qualifies.

LEGISLATIVE LINK

SO WHAT NOW?

By John G. Ams

As we all know by now, the IRS on January 18, was permanently enjoined from implementing the Registered Tax Return Preparer Program because the U.S. District for the District of Columbia Circuit found that the IRS did not have the statutory authority to implement such a program.

The IRS has, at this writing, asked for a stay of the injunction pending appeal and, even if the motion is granted, the court case is likely to drag on for a while. The RTRP program is unlikely to go away. However, rather than simply sitting on our hands and waiting for the court decision, perhaps it is time to review the program as envisioned by the IRS and see how it can be improved when and if the IRS gets the statutory authority (via legislation) or is determined to already have the statutory authority (via a final court decision). For example:

1. Testing

NSA has consistently testified, before the IRS and before Congress, that one of the minimum standards for preparers should be to successfully pass a qualifying examination to test basic knowledge any paid preparer should know. If a barber or a beautician needs to pass a competency examination, then a tax preparer should as well, given that a poor effort by the preparer can have substantially worse effects on the client than a bad haircut.

However, we have also testified, and continue to believe, that there are a number of practitioners who have earned a waiver of the examination requirement in addition to those practitioners who are currently covered under Circular 230. These folks who have earned a waiver are tax practitioners who have already demonstrated their competence by passing a valid examination recognized for regulatory purposes. For example, NSA recognized in the early 1970s that some preparers had no test available to them if they did not want to become an enrolled agent, CPA or attorney. As a result, NSA formed the Accreditation Council for Accountancy and Taxation to offer tax credentials. ACAT's examinations are psychometrically validated and are certified by the National Organization of Credentialing Agencies.

Importantly, successfully passing the ACAT examination is recognized for regulatory purposes in Delaware, Iowa, Minnesota among other places. Why did the IRS decide that some

state-recognized tests, such as the CPA exam and the bar exam, are valid determiners of tax competence (I am a lawyer and can assure you this is not the case with respect to the bar exam), whereas tax-specific tests like the ACAT Accredited Tax Preparer and the ACAT Accredited Tax Adviser exam are not? We continue to believe a waiver of the IRS examination requirement should be provided to any practitioner that passes or has passed an ACAT examination or any other relevant tax exam recognized for regulatory purposes in any state..

2. IRS Employee Waivers

When the RTRP program was announced, the Report issued by the Commissioner took the position that there is no substitute for mandatory competency testing. Accordingly, many individuals who have been preparing individual income tax returns for decades, with no history of having prepared these returns inaccurately, were told they must pass an examination. Indeed, the Report explicitly stated that, "There will not be any 'grandfathering' from these testing requirements based upon past tax return preparation experience."

Little did we know the IRS was planning on exempting former IRS employees, who were able to get around the "past tax return preparation experience" limitation by pointing out they had no return preparation experience whatsoever. Seriously, IRS employees do not have to take the competency examination because of past experience even though those with actual tax return experience are told such experience does not matter?

If the IRS is serious about creating a tax return preparation profession, then testing for all should be mandatory whether at the state or federal level or by reputable third parties offering credible and validated tests. Former IRS employees should apply to become an Enrolled Agent or a RTRP under the same rules governing all others.

3. Volunteers

The IRS has long trumpeted that the RTRP program would ensure that all tax practitioners, tax return preparers, and other third parties in the tax system adhere to professional standards and follow the law." However, the program does not in fact apply to all tax return preparers since volunteer preparers are not required to have a PTIN. Individuals worked as Volunteer



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Income Tax Assistance (VITA) preparers, tax counseling for the elderly (TCE) preparers, and Low-Income Taxpayer Clinic (LITC) preparers are exempt because they are not compensated for preparing returns.

Why is this a problem?

As should be obvious, volunteering to prepare tax returns, even with the best of intentions, does not automatically provide tax law competence or promote adherence to professional standards.

The Treasury Inspector General for Tax Administration ("TIG-TA") has audited volunteer programs for a number of years. One recent report found that 41% of the returns prepared at program sites in 2009 were incorrect. In fact, the lowest error rate found during these audits was 31% in 2008, which was itself a significant improvement from prior years. Applying the lowest audited error rate—31%—tells us that more than one

million of these returns were incorrectly prepared.

Would it not be a good idea to be able to identify these preparers? And yet, the IRS would not even consider giving these preparers some identifying number—a VTIN?—so the agency could at least have the means necessary to identify which volunteer preparers made mistakes, how many they made or whether the same mistake was consistently made on each return.

Requiring a PTIN or VTIN of all preparers would also help the IRS enforce the non-disclosure rules contained in section 7216 or help track down—or hopefully prevent—identity theft concerns.

These are just some of the improvements NSA hopes the IRS makes to the RTRP program, but I am sure there are others. If you have some ideas you would like to share, please email NSA at members@nsacct.org and put "RTRP Program Ideas" in the subject line.



*John G. Ams, CAE
Executive Vice President
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Paying it Forward

Funding 529 Plans for Grandchildren



By Donald Jay Korn

Brendan Kelly's clients were a married couple in their sixties. Both were still working. Financially, they were ready for retirement, says Kelly, president of Somerset Capital Advisors in Berwyn, Pa. At Kelly's recommendation, the couple opened 529 accounts for each of their four grandchildren.

"Besides the tax benefits, they're enjoying a nice, warm feeling because they're able to help out," Kelly says.

Grandparent-owned 529 accounts offer distinct advantages. Clients concerned about estate taxes can move large sums from their estate, tax-free. They can help trim college costs for their progeny. And there's security knowing that money in 529 plans can be redeemed, if necessary, often with a modest tax bill.

"We always propose 529 plans to clients who are grandparents," says Paul Dixon, senior vice president at Sovereign Investment Group in Houston. "Almost half of those clients have 529 plans. They like the idea of making the gift of education, rather than buying their grandchildren computers or some other electronic item."

FIVE IN ONE

For grandparents as well as parents, contributions to 529 plans are treated as gifts. They're subject to the annual gift-tax exclusion, which means that a client can give up to \$13,000 to each beneficiary this year with no gift-tax consequences. Kelly says his clients with the four grandchildren plan to donate \$13,000 a year to each one.

The exclusion will rise to \$14,000 in 2013. (Exemption from state taxes varies.)

That means they'll remove \$52,000 from their taxable estate in 2012, free of gift tax, with four 529 contributions. If both spouses contribute that same amount, they can give \$104,000.

That's not even the maximum couples can give. Each person can contribute up to five years' worth of gift-tax exclusion to a 529 plan, Dixon says. "It can be a huge tool for estate-tax planning, and it will become more useful if the estate-tax exemption is reduced, as now scheduled," he says.

In a unique tax break for 529 plans, anyone can donate up to \$65,000 for each 529 beneficiary in 2013, while married couples can bestow up to \$130,000. Form 709, a gift-tax return, must be filed, Dixon says, because large gifts effectively use five years' worth of gift-tax exclusions.

Reducing taxable estates might not be a prime concern now, with a \$5.12-\$5.49 million federal estate-tax exemption. More clients, though, will likely pay attention if the exemption reverts to \$1 million unless Congress acts on this issue.

Even with this year's estate-tax exemption, some clients are using the accelerated exemption. The Hartford reports a significant number of large 529 contributions - those ranging from \$65,000 to \$130,000 - which the company attributes to people attempting to maximize the five-year allowance for these plans. John Diehl, senior vice president of strategic markets at the Hartford, says it's likely that many of these five-year contributions come from grandparents because they're most likely to have accumulated enough wealth and to be concerned with estate-tax planning.

Taking five years of gift-tax exclusion up front won't automatically remove \$65,000 from a client's taxable estate. "If someone dies within five years," says Kelly, "a pro rata portion of the gift will be returned to his or her taxable estate. However, the growth of those assets won't be returned, so it can make sense to make a larger gift at one time."

**GRANDPARENT-OWNED 529 ACCOUNTS
OFFER DISTINCT ADVANTAGES.
CLIENTS CONCERNED ABOUT ESTATE
TAXES CAN MOVE LARGE SUMS FROM
THEIR ESTATE, TAX-FREE.**



FREE OF THE FORMULA

Even if grandparents are wealthy enough to have estate-tax concerns, there's certainly no guarantee that their children—the parents of the students—have immense income or net worth. Financial aid may be needed to help make college affordable for grandchildren, and a grandparent-owned 529 plan can bolster that assistance.

Consider a family in which the father accumulates \$100,000 in a 529 account for his daughter. When the student fills out her Free Application for Federal Student Aid form, up to 5.64% of her parents' assets will be included in her family's expected contribution. Holding the 529 plan in her father's name can increase the family's expected outlay by \$5,640 and thus reduce financial aid by that much.

If the student's grandmother is the person who owns that \$100,000 529 plan, those assets aren't included in the FAFSA calculation. The girl could qualify for \$5,640 more in financial aid.

"Advisors should be cautious about discussing the role of a grandparent-owned 529 account in financial aid planning," Diehl says. "Some people say that such accounts have no ramifications for financial aid. That's true for the asset itself—it's not on the FAFSA. However, when distributions come out of the 529 plan to pay for college, they become income for the student."

If the student's grandmother uses \$20,000 from her 529 account this year to pay for the grandchild's education, the distribution from that grandparent-owned 529 plan will be considered the girl's income. (The same is true for a distribution from any 529 plan owned by a third party and not reported as an asset on the FAFSA form.) It will be reported on the next year's FAFSA form as student income, which reduces financial aid eligibility by nearly 50%, or \$10,000 in this case.

"There's a workaround for those situations," says Mike Piershale, president of Piershale Financial Group in Crystal Lake, Ill. "The advisor can tell the grandparent to delay distributions from the 529 plan until no earlier than January of the student's junior year, if it's possible to wait that long. By then, the student will be done with filling out the FAFSA, so the income won't matter."

Suppose that the hypothetical student starts college in August 2013 and graduates in May 2017. Her last FAFSA form (assuming she won't attend graduate school and apply for financial aid again) would cover the 2016-17 academic year. That FAFSA form will be filed early in 2016, based on financial data from 2015. Thus, distributions from the grandmother's 529 plan to the student in 2016 and subsequent years may not affect financial aid.

FAMILY VALUES

Regardless of whether grandparents have estate-tax concerns or hopes of helping to obtain financial aid, putting money into a grandchild's 529 account may be an appealing option. "Unemployment is high and a college background can have a substantial impact on future earn-

**SO GRANDPARENTS CAN PROVIDE GENEROUS
SUPPORT TO THEIR GRANDCHILDREN'S FUTURE WHILE
KNOWING THEY CAN RECLAIM THEIR OWN MONEY
IF THE SCHOOL OF HARD KNOCKS DEALS THEM
SOME UNEXPECTED TOUGH LESSONS.**



ings," Diehl says. "If grandparents want to help grandchildren with college funding, then a 529 plan is the best vehicle," he says.

Many grandparents think about college costs, Kelly says. "If a client's retirement strategy is clear, we ask about secondary objectives," he says. "Grandchildren's education is usually not first on the list, but it's generally in the top five."

As with any 529 plan, the account owner can withdraw the money. Income tax and a 10% penalty will be due, but only on the earnings portion of the withdrawal. So grandparents can provide generous support to their grandchildren's future while knowing they can reclaim their own money if the school of hard knocks deals them some unexpected tough lessons.

Donald Jay Korn is a Financial Planning contributing writer in New York. He also writes regularly for On Wall Street. This article first appeared in the Financial Planning magazine. Reprinted with permission.

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Get it Right the First Time: Independent Contractor vs. Employee Status

How does a business determine if its workers are employees or independent contractors? This distinction is not as simple as most may think.

The old adage of “*My workers are subcontractors because they pay their own taxes,*” is not one of the 20 questions that the IRS or state labor agencies use to determine worker classification – and that defense would not ever carry any weight in an employment audit. In an era where worker misclassification and due diligence requirements are at an all-time high, accounting professionals must understand all the complexities. Improper classification not only carries a huge burden on the business, but can also have a significant impact on the worker.

If the IRS determines employees were erroneously classified as independent contractors, the IRS may notify the workers that they are not entitled to deduct their business expenses from gross income on Schedule C and/or that they were not entitled to contribute to a retirement plan because they are not self-employed. When the IRS prohibits business expense and deduction claims for contributions to self-employed retirement plans, it can be very costly to the worker.

In addition, when a business fails to properly classify its worker as employees, these individuals are unable to participate in benefit programs, such as health insurance provided by the employer. This issue, which usually arises after the fact, can catch a worker by surprise and put them in a predicament that oftentimes they are not prepared to resolve.

Yet, the consequences and impact on the business are far greater than those for the misclassified worker. In most cases, businesses categorize workers incorrectly due to lack of knowledge and understanding of the guidelines. However, in some cases, the misclassification is clearly willful and negligent. There are only so many employ-

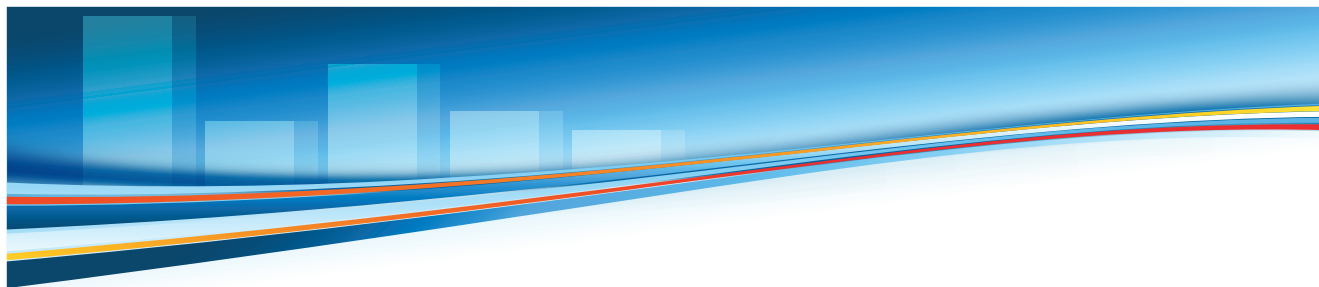
ments audits the IRS and state labor agencies can conduct, but should a business that is negligent go through an audit, the consequences can be quite severe.

For example, a willfully careless business that has its workers misclassified will not only be responsible for the tax liability, the penalty for improper classification and the penalty for failure to file returns, but will also be responsible for the 100% penalty for willful failure to collect tax. By the time the audit case is closed, a business *may owe three times as much just for improperly classifying their workers.*

Most times, employment classification issues occur at the state level. In today's tough economic times, workers will apply for unemployment compensation, which triggers the state unemployment office to conduct an investigation when it discovers that the business doesn't have the worker classified as an employee. Other times, employment classification issues are triggered by workers' compensation claims, or complaints to the state unemployment board about a work-related situation. As I always say, it's the least expected situation that can get a business under fire for worker misclassification.

While it's quite clear what the consequences are to the business and the worker for improper classification, it isn't always clear how a business determines if its workers are employees or independent contractors. The key issue that the IRS asks about is whether the business had “control” over the worker. Control is the clear-cut word, but how control is determined is not so clear cut.

In order to determine if a business had control, the IRS will generally consider 20 questions in making the final determination of worker classification. Keep in mind that not all these inquiries apply in every worker classification audit. Often, the IRS will use only those questions that apply, depending on the industry the business is operating in.



Of these 20 questions, here are nine that most businesses can use to make a fairly safe and correct classification of their workers:

- Is the worker required to comply with instructions given by the business?
- Does the business provide the worker with training?
- Is there a continuing relationship between the business and the worker?
- Does the business provide set hours of work for the worker?
- Is the worker required to have substantial hours towards the needs of the business?
- Who furnishes the worker's tools and materials to conduct the work?
- Will the worker realize a profit or loss from the services provided to the business?
- Does the worker work for more than one business at a time?
- Does the worker receive payment by the hour, week or month?

When conducting worker classification audits, these are some of the questions that are considered by the IRS and state labor agencies. Worker classification audits have a case-by-case basis, so the degree of importance given to the answers of each of the 20 questions will vary depending on the business and its situation.

Remember, too, that a business will be in an industry where IRS or court case rulings on worker's status exist and set precedence. Therefore, it's not necessarily *where* the business thinks their worker's should be, but rather what prior case rulings dictate.

Helping your clients understand the guidelines and properly classifying their workers can prevent an audit, as well as save the business significant money in penalties and interest. In addition, it can keep you, as the accounting professional, out of the hot seat during these challenging times when the IRS is mandating higher due diligence requirements. There is nothing better than getting it right the first time!

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Andrew Poulos, EA, is principal of Poulos Accounting & Consulting, Inc., in Atlanta, Ga., where he focuses working with tax clients and representing clients before the IRS. Andrew is the producer of the QuickBooks Ultimate Lesson Guide DVD Series being marketed nationally through wholesale and retail distribution channels. He is also founder of Elite Tax Seminars, a division of Poulos Accounting & Consulting, Inc. Contact him at www.poulosaccounting.com.



Diversify YOUR Accounting Practice Beware of LARGE Clients

By Hugh Duffy, Build Your Firm

With the recent turmoil in the marketplace, it really pays to have a diversified portfolio of clients in your accounting practice. Heck, even great businesses with spotless credit histories can run into crash crunches given the current lending crisis.

To use the traditional example of investing, having more than 10% of your investment portfolio tied up in one investment can be detrimental. Recently, we've seen highly respected institutions like AIG, Merrill Lynch, Lehman Brothers, Washington Mutual, Wachovia, and

**BECAUSE MOST ACCOUNTING FIRMS ARE NOT GEOGRAPHICALLY DIVERSE,
IT IS EVEN MORE IMPORTANT THAT YOUR
PORTFOLIO OF CLIENTS ARE DIVERSE
AND NOT REPRESENT MORE THAN 10% OF YOUR ANNUAL BILLINGS.**

Bear Stearns come crashing down. And if you had a large portion of your portfolio invested in one of these institutions, the net impact on your portfolio was a disaster.

For example, Maurice "Hank" Greenberg owned about 243 million shares of the largest insurance company in the world, AIG. His shares in AIG were once valued at more than \$700 million and now valued at less than \$30 million. Clearly, Hank's portfolio was not diversified and when AIG stock came tumbling down, so did his net worth.

Diversification is a fundamental investment concept that is easy to understand. If done properly, this diversification is done by type of investment, geographically, and by industry sector. A typical financial planner will diversify your portfolio globally to limit risk within a region of the world and spread those investments between

stocks, bonds, commodities, and short-term interest bearing instruments.

Now take this simple concept and apply it to your accounting practice. Ask yourself these questions:

- Do any of my clients represent more than 10% of your annualized billings?
- Are my clients geographically diverse?
- Are my clients diversified by industry sector?

If you answered no more than once, your practice is at risk. Grave risk.

Most small accounting firms are not diversified geographically. In fact, their destiny is tied solely to the local economy. For example, an accounting firm in the Detroit metro may not have any automotive clients but still feel the economic pain as domestic auto sales suffer, unemployment hovers around 9%, and real estate values plummet.

Because most accounting firms are not geographically diverse, it is even more important that your portfolio of clients are diverse and not represent more than 10% of your annual billings. Otherwise, the health of your practice can operate like a portfolio of Merrill Lynch, AIG, and Wachovia.

Diversification is a simple concept that should be applied to your accounting practice.



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Features and Enhancements

- ❖ The homepage will have a new design that makes visiting the most frequently used webpages easier with quick links, such as the buttons above.
- ❖ Finding what you are looking for will become quicker through more intuitive menu options.
- ❖ A rotating banner on the homepage will provide you with timely information on the latest promotions and events.
- ❖ NSA MemberConnect remains the members area for the organization. You can also now find member benefits from the drop down menu on the main homepage

Keep in mind...

- ❖ The web address for the site remains www.nsacct.org.
- ❖ Your login information remains the same.
- ❖ We are here to help. Contact us with questions or concerns at 1-800-966-6679 or members@nsacct.org.

If you have never logged into the website, your member benefits are waiting for you! Sign on today to make the most of your membership. If you need assistance, we are here to help. Contact Member Services at 1-800-966.6679.



IRS ANNOUNCES THE 2013 NATIONAL TAX FORUM SCHEDULE

2013 IRS Tax Forums

The IRS has announced the dates and locations for the 2013 Nationwide Tax Forum. See the full schedule on the page insert. NSA members can use the code **CodeNSA=2013+10** during registration for a \$10 discount off the registration price. The IRS registration is now open. Click on the link below for more information or to register for the 2013 Forums. To stay informed, follow us on Twitter (@NSATax), visit the NSA Tax Forum webpage at: <http://www.nsacct.org/education-events/2013-irs-tax-forums>, or the IRS Tax Forum webpage at: <https://www.irstaxforum.com>.

2013 IRS TAX FORUM SCHEDULE

Preregistration deadlines are in parentheses

Orlando

Hilton Orlando

July 9 - 11

(Preregistration deadline: 6/25)

Grapevine (Dallas)

Gaylord Texan Resort & Conv Ctr

July 30 - August 1

(Preregistration deadline: 7/16)

New Orleans

Hyatt Regency New Orleans

August 13 - 15

(Preregistration deadline: 7/30)

Atlanta

Atlanta Marriott Marquis

August 20 - 22

(Preregistration deadline: 8/6)

National Harbor (DC)

Gaylord National Resort & Conv Ctr

August 27 - 29

(Preregistration deadline: 8/13)

San Diego

Town and Country Resort

September 17 - 19

(Preregistration deadline: 9/3)

NSA members use code:

CodeNSA=2013+10

<https://www.irstaxforum.com>

SAVE THE DATE: NSA ANNUAL MEETING & EXPO AUGUST 21 - 24

NSA Annual Meeting

The NSA 68th Annual Meeting & Expo will be held in Indianapolis, IN at the Hyatt Indianapolis from August 21 - 24. Mark your calendars and plan to attend. More details will become available after tax season. To see the latest information and to begin planning your visit to Indianapolis, follow the links below:

- [NSA Annual Meeting](#)
- [Hyatt Indianapolis](#)
- [Indianapolis Tourism](#)

Watch for more information, including discount travel opportunities!



ACAT ACCEPTING REGISTRATIONS FOR THE NEXT TESTING SESSION

2013 Exam Dates: June 10–July 9

Upcoming Test Dates are June 10–July 9

The Accreditation Council for Accountancy and Taxation (ACAT) is now accepting exam applications for the next testing period from professionals seeking to earn the following four credentials:

- 2013 ABA Accredited Business Accountant/Advisor®
- Accredited Tax Advisor® (ATA)
- Accredited Retirement Advisor® (ARA)
- Accredited Tax Preparer (ATP)

Accreditation in 3 easy steps:

1. Register to take an ACAT exam
2. Find an authorized test center, study, take, and pass the exam
3. Activate your credential

Test sites are open to take all four examinations throughout the country during the testing windows. The exams are offered at more than 700 computer-based testing centers throughout the United States. Also, students attending colleges and universities where ACAT offers its “Capstone” accounting program courses can take the exams at their college or university. Test dates for Capstone programs is April 29 - May 31.

Visit ACAT Now

ABA Exam



The Comprehensive Examination for Accreditation in Accountancy tests for proficiency in financial accounting, financial reporting, financial statement preparation, taxation, managerial accounting, business law, and ethics.

[Click here to view the ABA exam blueprint.](#)

ATA Exam



The ATA examination is for practitioners who handle sophisticated tax planning issues, including ownership of closely held businesses, qualified retirement plans, and complex estates.

[Click here to view the ATA exam blueprint.](#)

ARA Exam



The ARA examination is an exam for professionals who have a thorough knowledge of topics relevant to retirement planning and the special issues of senior citizens, including tax planning and tax preparation for decedents, estates, and trusts.

[Click here to view the ARA exam blueprint.](#)

ATP Exam



The ATP examination is for professionals who have a thorough knowledge of comprehensive 1040 issues including supporting schedules, self-employed returns, and ethics.

[Click here to view the ATP exam blueprint.](#)

The ABA, ATA, ARA, and ATP exam blueprints, resources for study aids, and registration information are on the ACAT website at www.acatcredentials.org. Click on “credentials” at the top of the page. Questions? Call ACAT toll-free at (888) 289-7763.

[Click here to find a Testing Center near you.](#)

WHAT IS HAPPENING ON MEMBERCONNECT DURING TAX SEASON?

CONNECT, COLLABORATE, COMMUNICATE

MemberConnect

Discussions

Tax Talk is buzzing during tax season. It is being utilized by members to help answer countless questions on a variety of topics. This discussion forum is a valued resource by NSA members. The discussion archives, with almost 22,000 entries, offer a wealth of information for research purposes. Stop in and take a look, or check your digest email to see what is being discussed. Here are just a few of the most recent topics:

- Cancellation of Debt - 1099C
- S Corp Transfer of Ownership
- Special Credits for Vets
- Incorrect 1099s--how to report on the return?
- Timeshare Donations
- Amortization of Points from a Refi
- EIC

[Click here to visit Tax Talk now.](#)

Resource Library

View the many resources available to members in the numerous libraries. Search through all libraries, or delve into a specific one to find just what you are looking for. For example, there are over 280 client letters in the Client Letter Library. The letters are on a variety of topics, both commonly used and some hard to find ones as well.

Separate libraries house sample tools and forms, such as engagement letters, and articles on practice management, tax, and accounting topics, as well as new technology information. Visit the Resource Library often to enhance your practice management efforts. Search for what you need by topic or keyword. Remember to log in first so you have access to the numerous members only resources.

NSA Blog

Become a blogger or share your current blog entries on the NSA website. We welcome members to share their expertise with fellow peers in this simple-to-use forum. Visit the NSA Blog page at: <http://connect.nsacct.org/NSACCT/Blogs/NSABlog/>.



STAY CONNECTED WITH NSA ON SOCIAL MEDIA

NSA on Social Media



Keep up to date on recent NSA membership news, events, photos and other interactive content by clicking "like" on the NSA Facebook page. <https://www.facebook.com/nsacct>



This networking site is a great resource with over 85 million trusted users who are professionals exchanging information and ideas. Many companies use LinkedIn for sales, marketing, recruiting, and advice to strengthen their business. Join the NSA LinkedIn group and get access to industry news and a great opportunity to network with other tax and accounting professionals. <http://www.linkedin.com/groups?mostPopular=&gid=90627>



Follow @NSAtax to stay updated on tax and accounting information as soon as it becomes available from the IRS and other top news sources, in addition to helpful practice management and workflow articles from industry thought leaders. NSA Twitter account: <https://twitter.com/NSAtax>

HIGHLIGHTS FROM THE 2012–2013 INCOME AND FEE SURVEY:

THE PRACTICE

The typical firm:

- operates as a sole proprietorship
- had an annual gross practice income of \$245,597 in 2011
- had a net income of \$84,607 in 2008
- has 4 full-time employees, 2 part-time employees, and 3 seasonal employees
- when a partnership, has 2 principals/partners
- processes 170 not-itemized 1040s annually
- processes 322 itemized Schedule A 1040s annually
- derives nearly 61% of its gross income from the preparation of federal/state tax returns
- charges an hourly fee of \$138 to represent clients before the IRS
- uses personal interviews to collect data from clients
- expects to see a 6% increase in tax preparation fees in 2013
- is 43% paperless
- salaries/benefits represent 40% of total expenses
- devotes 11% of annual expenses to technology products

FEES: FEDERAL TAX RETURNS

The typical firm charges an average of:

- \$59 for a Form 940 (Federal unemployment)
- \$143 for a Form 1040, not itemized
- \$246 for an itemized Form 1040
- \$468 for a Form 1041 (fiduciary)
- \$444 for a Form 5500 (pension/profit sharing plans)
- \$556 for a Form 1065 (partnership)
- \$628 for a Form 990 (tax exempt)
- \$717 for a Form 1120S (S corporation)
- \$759 for a Form 1120 (corporation)

BILLING PRACTICES

The typical firm:

- bills at the end of the job (61%)
- accepts credit cards for payment of services (30%)
- offers a free initial consultation with prospective clients
- utilizes progress billing (23%)
- has 64.1% of all clients receiving tax organizers, 68.2% are individuals, and 35.4% are business clients
- one in five practices has employee manuals

Go to
Income & Fee Survey Library

Keep NSA Heard in the Halls

Please help by submitting
your donation along with
this form via mail or fax to:

NSA PAC
1010 N. Fairfax St.
Alexandria, VA 22314
Fax 703-549-2512



Your payment must be separate from your dues and must be individual (not corporate) according to FEDERAL ELECTION LAW.

YES, I want to assure that the voice of my profession is heard in Congress. Sign me up as indicated below:

Name _____

Street _____

City _____ State _____ Zip _____

Email _____

Fax _____

Voice _____

Occupation _____

Employer _____

☐ Capitol Club = \$150

☐ Sustaining Member Club = \$50

Check enclosed in the amount of _____
(Please make check payable to NSA PAC)

Charge: ☐ Visa ☐ MasterCard ☐ Discover

Account Number _____

Expiration Date _____

Signature _____

NSA PAC is a political action committee formed by the National Society of Accountants to help ensure that the voices of small practice independent accountants remain a force in the halls of Congress. The ability to participate fully in the electoral process is a hard-won freedom that should not be taken for granted. NSA PAC is here for the exclusive benefit of NSA members. Please join in support of your NSA PAC today. Here's how:

Capitol Club Membership

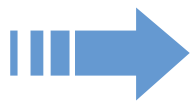
Your \$150 contribution will make you a member of the prestigious Capitol Club. As a Capitol Club Member, you will receive a personalized certificate, the *Capitol Club Update*, an exclusive email publication just for Capitol Club members, and special recognition in NSA PAC publications.

Sustaining Members Club

A voluntary contribution of \$50 or more will enable you to become a member of the NSA PAC Sustaining Members Club. Sustaining Members receive a personalized certificate and special recognition in NSA PAC publications.

Your payment must be individual (not corporate) according to Federal Election Law.

Thank you for your support!



NSA MEMBER SPOTLIGHT

NSA IS PLEASED TO INTRODUCE A NEW FEATURE, MEMBER SPOTLIGHT, WHERE WE HIGHLIGHT A MEMBER OR MEMBERS IN EACH ISSUE.



Here we're getting to know **Andrew G. Poulos, EA, ABA, ATP**; www.poulosaccounting.com. The author of The QuickBooks Ultimate Lesson Guide DVD series, Poulos shares his story of being the son of Greek immigrants, with English as his second language; the challenges along the way in his path to accounting; and how he's helped turn businesses around. Read on for his thoughts on how early rejections led to his entrepreneurial success, and the biggest reason most businesses fail.

ANDREW POULOS

How did you get started as a tax professional?

I got interested in accounting and taxes when I was in high school. My parents' CPA, Jake Grisewood—and good friend to this day—would come by the house to discuss the books with my stepfather for the small restaurant they had at the time. Since my parents were immigrants and didn't know how to read or write English, I was given the task of helping maintain all the books and records. I started to develop an interest, since I had always been good with numbers, and I found this type of work interesting.

I took my first accounting class in my junior year of high school, and was

actually good at it. My accounting teacher sent me to an accounting competition, where I placed in the top 10%. I figured since I was good at it and enjoyed it, that perhaps I should pursue it for a career path.

I ended up studying accounting at Georgia State University, and added Real Estate in my senior year, since I found it interesting, and wanted to have a backup career path in case I didn't like accounting.

In my junior and senior year at GA State I interviewed with every public accounting firm and got rejected by all of them. I probably had over two dozen rejections, which was heartbreaking, since I was a good student, had been president of Beta

Alpha Psi, and had led my chapter to National Honor status. Every past president had received multiple offers, and I was the first one who didn't get a single job offer. I graduated in December 1994, and in February 1995, with the advice from Jake I started my own practice. I thought since I can't get any firm to hire me, I might as well make the most of it and start my own business. Looking back now, I see it being the best situation for me, and I realize now that the recruiters could see the entrepreneurial side of me back then, when I couldn't understand why I kept getting rejections at all my interviews.

Tell us about your firm. Is it small, large, medium? What is your specialty or specialties?

My firm is small. My specialties or focus is working with small businesses that are either start-ups or existing businesses who need a more hands-on approach from an accountant/tax professional. I also have a good core group of individual tax clients that I provide tax preparation services for during tax season. The majority of my business is working with small businesses and providing accounting, payroll, consulting services throughout the year. Payroll has been one of my specialties since the inception of my firm. I have found throughout my years of being in the business that small businesses need someone to help them on a regular basis. Leaving a small business owner to operate their business without any guidance or consulting with accounting and taxation is a recipe for failure. I make myself accessible to my clients at all times so they know that I'm there to assist them any time they have a question or need help.

A specialty that I have been working on developing the last few years is to acquire clients in the professional sports industry and the entertainment industry. I have a current NFL athlete for a client, a former NFL athlete for a client that recently came to me, and working on a few others.

One of my other niche products is offering tax seminars. I have been an Adjunct Professor for Auburn University, going into my fourth year this year, and I will also teach this fall for University of North Carolina-Charlotte. I have formed a new division Elite Tax Seminars, and have been approved by NASBA and the IRS as a CPE provider. I'm hoping to build a career in speaking, and I am very fortunate to have my good friend Beanna Whitlock as my speaking mentor.

Your profile says your firm also provides consulting services to new business start-ups, existing businesses in financial distress, and businesses seeking acquisitions and mergers. Can you tell us how you got into that and are there any interesting or success stories you can tell about businesses you advised starting up, etc.?

This sort of developed as I came across new clients, or existing clients that required assistance with restructuring if their business was in financial distress, or clients that happened to be in growth mode. I use my background and skills to help my business clients in the best way possible.

One of the success stories was a client that came referred to me in 1996 to prepare his individual tax return. The client had a personal checking account with barely \$100 in

it, had no savings, no outlook for the future besides doing his construction work for a living. Throughout the years I gave him guidance on taking his skills and expertise to become a viable and successful business. He got set up as a corporation and started keeping records and operating as a successful business owner, even though he was at the beginning stages.

As I tell all my clients, planning and recordkeeping are 70% of the challenge, and that is where most small businesses fail. With my guidance and advice my client grew his business and eventually an opportunity presented itself where he was able to acquire a construction inspection company for a very reasonable price, which we structured for him to buy with almost no money down. My client was able to use his knowledge in the industry and contacts to grow this new company and build wealth for retirement. He slowly started to acquire foreclosure properties and eventually got to the point of having several properties with lots of equity, a successful business with tens of thousands of dollars in the bank, several cars, and leisure items such as motorcycles and a boat. He literally went from having not much of anything to having more than he ever imagined he could have.

As I tell all my clients, planning and recordkeeping are 70% of the challenge...

One of my most recent success stories involves my newest small business (corporate client) that I started working with. In the spring 2011 I had the opportunity to begin working with a [client in the restaurant industry]. They switched accounting firms, seeking an accountant who could be more hands-on and help them with cost cutting measures and restructuring, and one who understands the restaurant industry. Having had many clients in the restaurant industry for 18 years, we both agreed that this would be a mutually beneficial relationship. I started working with the client and assisted them with issues at their four restaurants.

One day a client called me and asked if I could stop by so we can talk. At our meeting he told me that he was going to close down one of the stores that was losing thousands of dollars each month. As we talked, I also found out that



he and his father were on the hook for a substantial amount of money in a personal guarantee to the landlord for their lease. He was days away from closing the doors at this store, which would have been a financial catastrophe. I came up with a strategy within two days and met with Paul again, hoping to convince him that I had a better solution. I developed a strategy to sell the business, even though it was failing miserably, and get him and his father off the hook with the lease, as well as walk away with money from the sale of the store.

I introduced him to one of the best restaurant business brokers in Atlanta who saw my vision. We got the store listed the next day, and within four weeks Paul was at the closing table walking away with a huge check for the sale of a failing store. With my strategy, my clients saved over \$500,000 between the money they got from the sale, the lease they were no longer on the hook for, and the debts they paid off. To this day my client is grateful for my vision and assistance. They have been able to restructure and keep the profitable stores so they can continue to be successful restaurateurs.

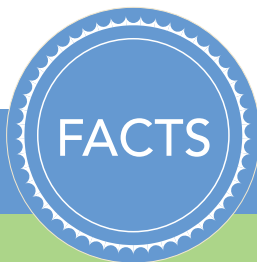
Your firm also produces of the QuickBooks Ultimate Lesson Guide DVD series—16 hours of self-study computer based training on the fundamentals of QuickBooks. Can you tell us how that came

about; did you want to share your expertise with QuickBooks? Is it easier to work with clients who know how to use QuickBooks?

My firm produced and released the *QuickBooks Ultimate Lesson Guide* DVD series in late spring 2011. I have been teaching QuickBooks classes for six years, and I started to get phone calls and emails from people across the country asking if I offer classes in their city. With this I decided to film a class of business owners, and turn it into a self-study DVD course. The DVD is group of live participants who came to class to learn QuickBooks, and it is interspersed with screen shots allowing viewers not only to listen but to see what they are learning.

The DVD was accepted for review by the Library Journal in Manhattan, NY. It was given a great review in the September 2011 Library Journal publication. Currently, the DVD sells to consumers, accounting and tax professionals on my website at www.poulosaccounting.com or QBlesson.com. It's also marketed to public and academic libraries, and bookstores internationally through our distribution partners Midwest Tape, Baker & Taylor, Alliance Entertainment, Follett Library Resources, and Ingram. The DVD also sells online at Target.com and BestBuy.com. Recently, sales hit globally, with copies being purchased by the Toronto public library system in

ANDREW



POULOS

- Serves as **BOARD OF DIRECTOR** for Georgia State University School of Accountancy.
- Serves as a **MENTOR** for the GA State University Robinson College of Business, Honors Program.
- **Current CHAIRMAN** of the Business & Technology Advisory Board for Tucker High School (the local high school in my community).
- Serves as the **DISTRICT 4 REPRESENTATIVE** for the Tucker Civic Association Board of Directors.
- **In the process of WRITING** *The Everyman's Guide for Employee's and Independent Contractors*, a book that will be marketed to small business owners, accounting and tax professionals. Recently, I was signed to an agency contract by a AAA Books Unlimited in Deerfield, IL.
- **ENJOYS WATCHING AND ATTENDING** sporting events.



NSA MEMBER SPOTLIGHT

Canada. We also have hit libraries in major markets like New York, Chicago, Phoenix, and California among other cities and states.

I wanted to provide affordable QuickBooks training to people across the country that don't have live classes being offered in their local community. As a tax professional, it's much easier to work with clients that are using QuickBooks and actually know how to use the software versus thinking they know how to use it, but they had done it all wrong for an entire year. My clients save money in fees for services that they don't need me to provide when they know how to manage their own books correctly, and I can be more productive because I don't get tied down with managing and cleaning up QuickBooks files. It allows me to focus my time on the bigger things that can make a difference to my clients' business.

When did you join NSA, or how long have you been a member?

I joined NSA on 3/1/2005.

What are your favorite things about NSA? How has it helped you as a tax professional?

I like the resources that NSA provides on their website, and the e-newsletter with updates on major developments. I also appreciate the presence that it has in the industry, and its making sure practitioners' rights are protected for practicing in the industry.

Where are you from, originally? Do you work there, or if not, where is your practice and how did you land there?

I was born in Atlanta, GA. My family lived for about seven years in Brooklyn, NY when I was very young, and at the age of 10 we moved back to Atlanta, which is where I have been ever since. I started my practice in Atlanta and have had it here since inception at the start of 1995.

Can you tell us any personal info about your family?

I come from a family of five children where I'm the oldest. My father died a few months after we moved to Atlanta, when I was 10 years old. Both my mother and father came to the U.S. as immigrants in 1971, and I'm a first generation Greek. English is my second language and I always had a challenging time in school from kindergarten through

college, since my parents didn't know how to read, write, or speak English. It's always been tough, but fortunately I was always good with math, so I was able to find something that worked for me.

.....
“ I like the resources NSA provides on their website... and the presence that it has in the industry...”

My wife is Debbie Poulos, and we don't currently have any kids. It's just the two of us, and I'm fortunate that my wife is very loving and understanding of my long hours and hard work that I put to make my business a success.

What do you like to do in your spare time?

Haha, what spare time? Well, when I do have spare time I try to spend it with my wife.. I also have developed a real estate portfolio acquiring foreclosed investment properties and that seems to take up most of my spare time. I enjoy going to Vegas, or a trip to the beach when we can get away.

What book or movie has been most influential in your life, and why?

A book that I have found valuable to my speaking career is *The Exceptional Presenter*, by Timothy J. Koegel. I try to focus on things that can help enhance my career.

What might other NSA members be surprised to learn about you?

I am not the typical accountant or tax professional. I have an entrepreneurial spirit and vision, and I enjoy having multiple ventures or business opportunities going on at any given time. I enjoy working with clients who are entrepreneurs, and young adults who aspire to start up their own business and become entrepreneurs. Often time people ask me to help them or mentor them in becoming entrepreneurs, which I gladly do.



The Art of the SPIN

Firms that stay in motion are those that will continue to prosper

By Kristy Short, Ed.D.

Everyone remembers the Law of Inertia. Physics 101...an object in motion will remain in motion; an object at rest will remain at rest. Newton may have explained it with a bit more detail, but that's the gist. The law of inertia can be applied, ever so loosely, to today's accounting firms. A firm in motion is one that is continually moving and growing. A firm at rest is one that has failed to keep up with change and finds itself at an exceptionally slow moving pace or a complete stand still.

It takes a lot of effort to operate a successful firm, including defining niche services, keeping current on technology and best practices, recruiting and maintaining qualified staff, and implementing dedicated marketing and branding initiatives. Successful firms are doing all of these things to maintain a leadership position and enjoy a growing client base and generous profit margins. These are the firms that have mastered the *Art of the Spin*.

The Spin Theory

The Art of the Spin is a fairly simple in concept. Firms that are "spinning" move at a strong and steady pace—always seeking new learning opportunities to keep current. Only through ongoing learning can firms expect to remain up-to-date on technology innovations, integrated solutions, and leading practice trends. And good for the profession, there is no shortage of learning opportunities. Just consider all the channels available—trade shows, conferences, webcasts, online training, networking forums, peer-to-peer interaction, and the list goes on.

The bottom line is that successful firms do not rest. They

are in a constant state of movement, lead by professionals who continually seek knowledge and then thoughtfully implement what they've learned into their practices.

Gaining Momentum

A firm in full spin doesn't often stop. Once sufficient momentum is achieved, it's a simply a matter of maintenance. Consider a firm that has all the pieces and parts in place:

A fully integrated software suite that supports end-to-end digital processes.

SaaS-based applications that support online, 24/7 exchange and delivery data and documents.

A custom, interactive website that serves as a core marketing tool (not just a static brochure) and supports efficient client processes via portals.

SCANNING IS AN INTEGRAL COMPONENT OF A HIGHLY EFFICIENT TAX PROCESS; THEREFORE, TAX PROFESSIONALS SHOULD INVEST IN A PROFESSIONAL QUALITY SCANNER TO DRIVE THAT PROCESS.

Professional marketing collateral that effectively represents the firm's brand image.

A balanced combination of these parts helps a firm run smoothly—like a well-oiled machine. And like any machine

THE DAYS OF THE ONE-MONITOR DESKTOP ARE COMING TO AN END, AND FOR TAX PROFESSIONALS THAT HAVE EXPERIENCED A DUAL MONITOR SETUP, THERE IS NO GOING BACK. THE VALUE OF BEING ABLE TO QUICKLY VIEW MULTIPLE PROGRAMS AND DOCUMENTS SIMULTANEOUSLY CANNOT BE OVERSTATED.

that is well oiled, it's simply a matter of dedicated maintenance to keep it running (or spinning) smoothly.

At the heart of the Spin Theory are proven and tested strategies. The best of the “spinners” have adopted these strategies and made them an integral part of the firm’s core philosophy. Consider each:

Community Learning—When professionals consider any education event, they tend to be more receptive to those that are lead by *one of their own*. After all, who better to teach a firm about successful practices than someone engrained in the daily process? This is why peer-to-peer networking is so important. Events that are geared toward knowledge sharing among peers are a hotbed of information exchange—including technology (what’s good and what’s better), best practices, and creative branding efforts. Other firms are not competition; they represent valuable resources. Smart firms are getting engaged in community learning forums—whether in the form of onsite retreats, webcasts, or larger vendor conferences. Learning from within the profession is the best way to stay current and maintain full spin.

Portals—If portals are not a core element of a firm’s operations, it’s an issue. Portals represent the premier technology to digitize firm workflow and offer ultimate convenience for clients. Portals support real-time access to client accounting software and data and ease of information exchange. And let’s not forget...clients expect this level of service. Would anyone even consider a bank that didn’t offer online services? It’s portal time, people...there’s no more denying the necessity of a sound portal strategy.

Practice Management—At the heart of most firms is a powerful practice management solution. With the volumes of data flowing through a firm every day, it would be impossible to keep up without a proper monitoring system in place. Best-of-breed practice management solutions act

as the *hub* of firm operations, presenting data in organized dashboards. Dashboards can be set up at the firm, staff, and client levels for at-a-glance views of current data, including client project status, staff availability, and firm financials. Brilliant!

Branding and Marketing—The importance of proper branding and marketing cannot be understated. The image a firm projects is critical in this referral-based profession. Present a bad image, and watch the referrals dissipate. Firms that are taking branding and marketing seriously are those that understand the importance of a consistent message—from their website and marketing collateral to exterior signage and superior client service (insert another plug for portals here). Every interaction (communication point) within a firm speaks to its reputation and sets an expectation in the minds of clients. If firms wants to attract a certain caliber of client, they had better project a professional brand image—and do it with consistency.

Each strategy is an important spoke in the big spinning wheel. Implemented thoughtfully, these strategies will help firms reach full spin mode...and maintain that momentum. To master the Art of the Spin, the first step for professionals is to venture outside the walls of their firms to seek learning opportunities. In a rapidly changing profession, firms can’t expect to stay current on their own. It’s all about sharing and exchanging knowledge. After all, we are all in this together.

The accounting profession is one that is educationally rich. Just consider all the options—webinars, peer networking forums, content-specific blogs, trade shows, summits, consulting, training...and the list goes on. That said, there is little reason for firms to fall behind the change curve. It takes effort and constant movement, but it can be done. Those that are doing it have mastered the Art of the Spin.



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Columnist for *CPA Practice Advisor*
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SAScommunications360.com
RootWorks.com

You spend a lifetime trying to save money...



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Get a free quote. **GEICO**[®]
1-800-368-2734
geico.com/acct/NSA



MENTION YOUR NSA MEMBERSHIP TO SAVE EVEN MORE.

Some discounts, coverages, payment plans and features are not available in all states or all GEICO companies. Motorcycle coverage is underwritten by GEICO Indemnity Company. Homeowners, renters, boat and PWC coverages are written through non-affiliated insurance companies and are secured through the GEICO Insurance Agency, Inc. Discount amount varies in some states. One group discount applicable per policy. Coverage is individual. In New York a premium reduction may be available. GEICO is a registered service mark of Government Employees Insurance Company, Washington, D.C. 20076; a Berkshire Hathaway Inc. subsidiary. GEICO Gecko image © 1999-2012. © 2012 GEICO.