



Interview with NSA President  
**MARILYN NIWAO**

The Best Succession Plan  
is to Build a Better  
Accounting Practice

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**Past Imperfect**  
Fixing Previous  
Preparers' Goofs

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How To Go Solo  
Without Going  
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**NSA Award  
Winners**  
Announced at  
the 69th Annual  
Meeting

See the full list of winners  
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By Marilyn Niwao, J.D., CPA, ATA, CGMA

September 2014

When I ran for the position of Second Vice President at the NSA Convention on Maui a little over two years ago, I ran on the vision of NSA being *BIG, PROFITABLE, and FUN!* My campaign motto was neither new nor complex: *MEMBERS FIRST!* My last two years have been spent studying under President Harlan Rose, President Steve Hanson, Executive Vice President John Ams, as well as the best teachers in the world—you, the members of NSA. Although I have, indeed, learned a great deal from all of you, these lessons ultimately reinforced both my vision and motto. Over the next year, *MEMBERS FIRST* will remain my compass heading—my True North—while serving as your president.

Just as I have grown over the last two years, so must NSA grow if it is to better serve its members. Regardless of what combination of services your practice offers your clients - tax, accounting and reporting, consulting, etc., NSA has resources and training to help you. But there are economies of scale in member benefits. The more members we have, the better we can help you meet the challenges of an increasingly complex and stressful profession.

In addition, while the demand for public accounting services continues unabated, there is no denying that the average age of main street practitioners is advancing. If our honorable profession is to remain robust, the next generation of practitioners must be recruited and trained to take over the reins in the years ahead. In this regard, I believe NSA can, and should, be at the forefront.

In the next year, to increase NSA membership and help recruit and train the next generation of accounting and tax professionals, I plan to implement two new initiatives. First, create a Young Professionals Committee comprised of NSA members under the age of 40 years with the objective of identifying what young professionals want from NSA. Second, make new efforts to add young professionals to the ranks of NSA.

NSA will also be launching a new Go-Getter Program offering NSA members generous incentives to sign up new members. Between October 1, 2014, and September 30, 2015, any member who recruits three new NSA members will receive his or her next membership renewal at no charge. Certain restrictions will apply, however. In order for the recruiting member to enjoy the free membership renewal, the three newly-recruited members must each pay a minimum of \$179 in dues, not be recruited through the IRS tax forums, and not have been NSA members for at least one year. For real Go-Getters, the recruitment incentives get even better. If a member recruits ten new members during this 12-month period, he or she will also get a \$300 credit toward NSA live or self-study education (i.e., applicable to annual convention costs, webinars, or self-study courses). [Read more here.](#)

In recognition that many of you provide accounting and financial reporting services for your clients, NSA will be forming a Quality Review Committee to investigate how to help NSA members comply with their states' peer review stan-

dards. One potential benefit we are exploring is offering post-issuance reviews of members' financial statements as part of member firms' annual inspections and monitoring processes under the peer review standards. NSA will also strive to offer its members more in education, including additional education geared toward those involved in bookkeeping, accounting, and financial reporting work. This will also be helpful for those needing the accounting knowledge to prepare business returns, such as corporation or partnership tax returns.

With respect to increasing education benefits available through NSA, I am pleased to write that NSA will be offering a live Gear-Up 1040 individual tax seminar at the Mohegan Sun Resort in Connecticut from November 20 to 21, 2014 ([Sign up here!](#)). As with the Baltimore NSA convention, plans are also underway to provide for outstanding continuing education offerings at next year's Vancouver, B.C. Convention, which will be held from August 19, 2015, to August 22, 2015, at the Hyatt Regency Vancouver.

And yes, the NSA convention in Vancouver will be another fun event to remember! Those who attended the recent Baltimore Convention know how much fun it was for both practitioners and their families with the Crab Feast; the Harbor Boat cruise; the ACAT Cocktail Hour; the Aloha Dessert Reception with live Hawaiian entertainment, hula dancers, and fresh orchid leis for all attendees; and the dancing at the Annual Convention Banquet. Next year's Vancouver Convention will similarly offer more for members and their families. Please plan to attend this NSA Convention, as Vancouver is truly a beautiful vacation destination with lots to see and do.

As you can see, this upcoming year will be an especially busy one for the Board, Committee volunteers, and those at the NSA office. I do hope to see you at one of the upcoming NSA events!

With warmest aloha,



Marilyn M. Niwao, J.D., CPA, ATA, CGMA  
President  
National Society of Accountants



# SSARS 21 is Coming!

By Joseph L. Santoro, CPA

*This is the first in a series of articles intended to provide NSA members with advance information about the AICPA's proposed Statement on Standards for Accounting and Review Services [SSARS] No. 21, which is expected to be released in October 2014. This first installment describes a new engagement level—The Preparation—which falls below the level of a Compilation as presented by the Accounting and Review Services Committee of the AICPA.*

Not since 1979 has the world of compilation and review services seen such a significant change in operating procedures. Some 35 years ago, Statement on Standards for Accounting and Review Services [SSARS] No. 1 defined two levels of service: (1) The Compilation, which is limited to presenting in the form of financial statements information that is the representation of management, and (2) The Review, which consists principally of inquiries of company personnel and analytical procedures applied to the financial data. While those two levels of service have survived almost four decades and nineteen updates, revisions, or other forms of clarification, the advent of SSARS No. 21, to be released in October 2014, could rock the non-audit community like never before.

SSARS No. 21 adds, among other things, a new level of service—The Preparation—that can be released by an accountant when financial statements are issued that have not been audited, reviewed or compiled. SSARS No. 21, at 172 pages, is a massive rewrite and codification of virtually every preceding SSARS [the one surviving SSARS is No. 14 with respect to *pro forma* financial statements], and is effective for engagements performed in accordance with SSARS for periods ending on or after December 15, 2015, with early implementation permitted.

Note, while SSARS No. 21 and its existence in draft form over the past two years was approved at an Accounting and Review Services Committee meeting August 21, 2014, formal release to the accounting profession may not be made until late October 2014. However, according to the AICPA, the early implementation option means that practitioners can begin using the new standard on the release date. Thus, financial statements for the period ending on October 31, 2014 could be treated as a “preparation” if all the related caveats have been addressed.

This article is intended as a “heads up” message of things to come, with emphasis upon the major changes to financial statement reporting. In all there will be four primary components to the new standard. While each will be addressed

separately, all four will be released as a single document, SSARS No. 21.

## AR-C Section 60: General Principles for Engagements Performed in Accordance with Statements on Standards for Accounting and Review Services

This component section is primarily definitional in nature. Discussion focuses on the tone of the engagement for non-audit services, and it provides definitions for such terms as “The Engagement Partner,” “The Engagement Team,” and “The Firm.” Also described is the concept of professional judgment, compliance with ethical standards, and the overall conduct of an engagement in accordance with SSARS.

The section emphasizes two primary professional requirements:

1. **Unconditional requirements:** When the word “must” appears within a standard, the accountant may not modify its application.
2. **Presumptively mandatory requirements.** When the word “should” appears within a standard, the accountant is obligated to comply—except in rare circumstances. When those rare circumstances occur, the accountant is nevertheless obligated to perform alternative procedures to achieve the intent of the requirement.

Quality control remains an important part of the process. The Engagement Partner should possess competence and capabilities to perform the accounting engagement, but must also possess competence in the field of financial reporting on that engagement. Financial reporting requirements are addressed in the three subsequent sections of SSARS 21: AR-C 70, with respect to the Preparation; AR-C 80, with respect to Compilations; and AR-C 90 for Review Reporting.

Quality control as a concept includes considerations with respect to client acceptance. The accountant should never accept or retain a client whose values conflict with the standards of the accounting profession. The phrase “birds of a feather flock together,” while not within the standard itself,

is philosophically ubiquitous: an ethical accountant will only accept ethical clients.

### AR-C Section 70: Preparation of Financial Statements

Perhaps the most attention getting element of SSARS No. 21 is the ability to perform services classified as a “Preparation.”

A “Preparation” is:

- a. A non-attest service. That means that independence or the lack thereof is not a factor.
- b. Not subject to information verification. That is, the accountant is not required to verify the accuracy or completeness of the information provided by management or to otherwise gather evidence to express an opinion or a conclusion on the financial statements or otherwise report on the financial statements.

With respect to what an accountant can deliver to a client, the following becomes possible:

- a. Submission to the client of one or more financial statements, with or without additional disclosures (notes), but specifically without an accountant’s report.
- b. Submission of “preparation” level financial statements to a bank to obtain credit, also without the inclusion of an accountant’s report.

In fact, the primary differences between a *Preparation* and a *Compilation* are summarized in the chart below.

Exhibit 1: Comparison between Compilation and Preparation Engagement Services

	Compilation	Preparation
Is an engagement letter required?	Yes	Yes
Is independence required?	Yes, but can issue a modified report	No
Is a report required?	Yes	No
May the financial statements be released to users outside of management?	Yes	Yes
May the financial statements omit additional disclosures (notes)?	Yes	Yes

Issuing financial statements to a client and/or a creditor without an accountant’s report may seem like heresy. However, in the 21<sup>st</sup> Century, clients and bankers have grown accustomed to software products such as Quick Books and Peachtree that permit a business owner to provide financial statements absent any reports; the “Preparation” allows an accountant (CPA, PA, or other) to do precisely the same thing without the fear of violating a professional standard. In fact, the “Preparation” provisions prohibit the release of a report with “prepared” financial statements.

However, an accountant who is involved with a “Preparation” must—unconditionally—mark each page of the financial statements with a legend to make it absolutely clear to the reader of the financial statements that no assurance of any kind is implied or intended. To avoid any misunderstanding on the part of users with respect to the accountant’s involvement, the wording on each financial statement page must be similar to one of these versions:

1. “No assurance is provided on these financial statements.”
2. “These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.”

Note that the “Preparation” standards prohibit the issuance of an accountant’s report. However, the accountant may choose to issue a disclaimer in the form of a transmittal letter that reads as follows:

*“The accompanying financial statements of XYZ Company, as and for the year ended December 31, 20XX, were not subjected to an audit, review, or compilation engagement by me (us) and, accordingly, I (we) do not express an opinion, a conclusion, or provide any assurance on them.”*

Other *preparation* presentation items of note include:

1. The accountant should modify the titles on the financial statements when the statements are not in accordance with generally accepted accounting principles [GAAP]. Thus, the title “balance sheet” should be replaced with something similar to “Statement of Assets, Liabilities, and Equity—Income Tax Basis.”
2. When the statements do not include full note disclosures, the accountant must bring that fact to the reader’s attention even though there is no accountant’s report. This is done by placing words such as those that follow on the face of the financial statements themselves:

*“Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with [the applicable financial reporting framework, such as GAAP or Tax]. If the omitted disclosures were included in the financial statements, they might influence the user’s conclusions about the company’s assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.”*

One last point about the Preparation: there must be a signed engagement letter. A sample engagement letter for a Preparation is provided below.

## **Exhibit 2: Preparation Engagement Letter under SSARS No. 21**

To: Appropriate Representative  
ABC Company

You have requested that we prepare the financial statements of ABC Company, which comprise the balance sheet as of December 31, 20XX, and the related statements of income, changes in stockholder’s equity, and cash flows for the year then ended and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this engagement to prepare the financial statements of ABC Company by means of this letter.

### **Our Responsibilities**

The objective of our engagement is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA’s Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

### **Management Responsibilities**

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is the preparation of the financial statements in accordance with the accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking this engagement, in accordance with SSARS, to prepare your financial statements:

- a. The prevention and detection of fraud.
- b. To ensure that the entity complies with the laws and regulations applicable to its activities.
- c. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements.
- d. To provide us with:
  - (1) Documentation and other related information that is relevant to the preparation and presentation of the financial statement;

## Exhibit 2 (Continued)

- (2) Additional information that may be requested for the purpose of the preparation of the financial statements;
- (3) Unrestricted access to persons within ABC Company to whom we determine necessary to communicate.

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

### Other Relevant Information

Our fees for these services....

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement to prepare the financial statements described herein, and our respective responsibilities.

Sincerely yours,

---

Signature of accountant or accountant's firm

Acknowledged and agreed on behalf of ABC Company by:

---

Name, Title, and Date

To Download this document, go to the MemberConnect Library and search "Preparation Engagement Letter under SSARS No. 21, or [click here](#).

### Exhibit 2: Preparation Engagement Letter under SSARS No. 21

This new level of service—The Preparation—is expected to become a common practice component very soon. The AICPA anticipates that many firms will opt to have “preparation” engagements for the interim statements followed by higher service levels at year end. For example, if an accountant is concerned that certain monthly adjustments for inventory or receivables or depreciation may not be precisely calculated on a monthly or quarterly basis, the accountant will be permitted to have “preparation” level services for monthly and/or quarterly reports, followed by a yearend Compilation, with or without full disclosures, or a Review.

In fact, it is possible to have full year preparation-level services and not provide any higher level of service until such time has management or a creditor insists. And, as of September 2014, the AICPA's Peer Review Section is developing a procedure to eliminate the peer review requirement for preparation level services. Clearly, the preparation level of service will have a major impact on accounting practices, large or small. In subsequent articles we will discuss the preparation and the revisions to Compilations and Reviews as described in the new SSARS No. 21.

**Editor's Note:** These articles were written September 14, 2014 based upon the revised proposed SSARS No. 21 as of August 21, 2014. Subsequently, the ARSC Committee met twice more to make additional revisions that culminated in the release of SSARS No. 21 in December 2014. Readers are advised to check for themselves the final approved text of SSARS No. 21 for any differences between the proposal and the final standard. NSA will update these articles for those differences in the near future.

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*Joseph L. Santoro is a certified public accountant, an AICPA member, and, since 1981, a member of the National Society of Public Accountants. In addition to an MBA degree, Mr. Santoro holds certificates as a Certified Valuation Analyst, Accredited Business Advisor, and Master Analyst in Financial Statement Forensics. A former two-term NSA District 1 Governor, he has chaired numerous NSA committees, including Budget, Education, National Affairs, and Peer Review. Currently he is chair of NSA Accounting Standards Committee and serves also as a member of the Board of Directors for the Accreditation Council for Accounting and Taxation [ACAT], where he has for many years worked as a subject matter expert for its credentialing examinations. Although retired from the CPA practice he founded more than 30 years ago, Mr. Santoro, who is known nationwide as an author and lecturer for Gear Up, with which he has been associated for more than 20 years, continues to provide lectures on Accounting and Taxation at more than 80 seminars each year.*



# ATP and ABA Credential Holders Exempt from New IRS Annual Filing Season Program Course and Exam Requirements

**A**ccredited Tax Preparers (ATPs) and Accredited Business Accountant/Advisors (ABAs) are exempt from the requirement to take an Annual Federal Tax Refresher (AFTR) course and exam that is part of the new Internal Revenue Service (IRS) voluntary Annual Filing Season Program (AFSP).

The Accreditation Council for Accountancy and Taxation (ACAT) is a non-profit, independent testing organization that accredits professionals with the ATP and ABA credentials.

ABAs and ATPs will automatically receive the AFSP Record of Completion and be included in a public database of tax return preparers scheduled to launch on the IRS website by January 2015. This Directory of Federal Tax Return Preparers with Credentials and Select Qualifications will include the name, city, state, zip code, and credentials of all ABAs, ATPs, attorneys, CPAs, enrolled agents, enrolled retirement plan agents and enrolled actuaries with a valid Preparer Tax Identification Number (PTIN), as well as all AFSP Record of Completion holders, including ACAT-credentialed ABAs and ATPs.

Beginning in 2016, ATPs and ABAs—as AFSP participants—can also represent clients before the IRS regarding returns they prepared and signed. PTIN holders without an AFSP Record of Completion or other professional credential will not be allowed to represent clients before the IRS.

“We are thrilled that the IRS has recognized the experience, comprehensive ongoing education requirements, and stringent exams that are required for a tax preparer to earn the ATP and ABA credentials,” says ACAT President Roy Frick, EA, ABA, ATA, ARA, LPA. “All ATPs and ABAs in good standing are exempt from taking the annual AFTR course and exam.”

The ATP is a leading national credential for tax practitioners who have a thorough knowledge of the existing tax code and the preparation of individual tax returns. To become an ATP, candidates must pass the ATP exam, which is offered twice per year at testing centers around the country, and have three years of work experience in tax preparation, two of which may be satisfied through college credit.

The ABA is a prestigious professional accounting credential for accounting professionals who possess a thorough knowledge and proficiency in financial accounting, financial reporting, financial statement preparation, taxation, managerial accounting, business law, and ethics for small- to medium-sized businesses. To become an ABA, candidates must pass the Comprehensive Examination for Accreditation in Accountancy and have three years of related work experience, up to two of which may be satisfied through college credit.

The ATP and ABA exams will be offered at testing sites around the country between November 29 – December 22, 2014, just in time for tax season and in time for tax preparers to get their IRS Annual Filing Season Record of Completion.

For more information about ACAT and the ATP and ABA credentials, visit [www.acatcredentials.org](http://www.acatcredentials.org).



# The Best Succession Plan is to Build a Better Accounting Practice

By Brandon Poe

**T**he easiest practices to sell and the ones that get the best multiples are the most focused and profitable practices. That statement is quite obvious, but it is often a forgotten truth when it comes to succession planning. There is a lot of buzz in the profession about the need for succession planning and about how unprepared most accounting practice owners are. While I am a proponent of planning in general, some of the succession planning advice out there seems to be quite misleading for smaller firms.

Here are 3 important topics for owners of accounting practices to consider when thinking about succession planning:

## INTERNAL VS. EXTERNAL SALE

The fewer partners and employees a firm has, the more difficult an internal succession is likely to be. Internal succession makes perfect sense for larger firms for many different reasons. Large firms have human resources and recruiting departments. They have systems in place to continually seek and nurture people who demonstrate partner potential. It would also be impossible to conduct an outside sale every time a partner wants to retire. Large firms tend to have a clear partnership path to replace retiring partners.

Small firm succession planning needs to factor in a few very important differences. First of all, the fewer staff you have, the less likely you are to have a good candidate to take your place. Most people are just not cut out to be business own-

ers. Think about your clients and think about what it takes to run a business. The most successful business owners are a different breed. Most of your employees are not likely to want the responsibilities of ownership and if they do, they still may not be equipped for the job. Entrepreneurial accountants are a small percentage of the profession. It is quite likely that you have no one on staff who is willing and capable, and no matter how hard you might try to make someone capable, it simply won't work. Secondly, if you are lucky enough to have one such individual on your staff, then you are limiting yourself to one buyer. It is far easier to negotiate fair-market terms with a larger universe of buyers. And thirdly, they may not have the money to purchase. (That's an important detail, right?)

## GROOMING A PERSON TO TAKE OVER

So, if no one is capable in-house, why not invest in hiring someone to groom? This can work, but I have talked with many accountants who have tried this approach and for whatever reason, it didn't work out. Usually, it is for one of the reasons stated above and the person ends up leaving the firm. If you are seriously considering this approach, you should get a non-competition agreement from this person when they join the firm. You should also do your due diligence before hiring them—about their level of ambition and financial means. (If they are truly ambitious, why do they want to be an employee?) Remember, you are still limiting yourself to one buyer. How can you negotiate an arms-length transaction when your entire succession plan depends upon one buyer?

**IMPROVING YOUR PRACTICE - THE BETTER SUCCESSION PLAN-FOCUSING ON PRACTICE IMPROVEMENT AS THE PRIMARY MEANS OF PLANNING FOR SUCCESSION**

Again, the easiest practices to sell and the ones that get the best multiples are the most focused and profitable practices. Grooming, mentoring, and creating an internal succession plan have significant costs. Perhaps most costly is that they require a heavy investment of time and energy from the owner(s). Energy is often very precious to retirement-minded practitioners. Why not use that energy to make significant improvements to your practice over a 3 to 5 year timeframe? You will create a far more marketable practice, and you will probably have a lot more fun doing so.

What's paradoxical about this approach is that when owners make significant improvements, they don't mind working

longer. Improving a business and making it more profitable is fun and energizing. It's also the best, the most practical, and the only succession plan that most small practice owners need. It's simple, really...build something that people want to buy!



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# Past Imperfect

## Fixing Previous Preparers' Goofs

By Jeff Stimpson



**I**t's probably one of the most frustrating and time-consuming jobs in tax prep: fixing the mistakes of preparers who mangled a business or individual return before you saw it.

Many problems seem to stem from bad communication. "The greatest number of items I find is the number of items that the previous preparer didn't ask the taxpayer about, [and] leaving out of the return many deductions," said Paul French, an RTRP in Johnston, Iowa.

His examples of missed deductions include home offices and business mileage, "especially where the taxpayer's employer reimburses for business miles driven but the employer reimburses at less than the IRS-allowed limit."

"Calculating depreciation incorrectly, [and] taking bogus employee business expense deductions," are among the mistakes seen by Stephen DeFilippis, an EA at the DeFilippis Financial Group in Wheaton, Ill.

Delmar Gillette, an RTRP at Newport News, Virginia-based Economic Planning Services, sees previous preparers most often not setting up a depreciation schedule correctly or not using various carryovers: "Long- and short-term losses, passive losses, charitable carryovers, not picking up the taxable portion of the prior-year's state refund."

### LAUNDRY LISTS

Marie Young, an EA at TaxTalk Inc., in Arden, N.C., and preparer of individual returns for more than 20 years, noted some of the biggest but simplest mistakes for individual tax prep:

- Failing to carry forward prior-year losses for capital losses, but also including suspended rental losses.

- Self-employed health insurance premiums.
- Depreciation for rental properties.
- Failing to capitalize expenditures for rental properties.

Regarding partnerships and corporations, the balance sheet is not required for some entities based on revenue and assets.

"I find the most errors when a preparer does not prepare the balance sheet," Young added. "Other errors on business tax returns include deductions for non-deductible insurances, as well as for automobile improvements and equipment, rather than capitalizing the asset."

EA Michael Harvey Baum, of Baum Accounting, Tax & Computer Help in Naples, Fla., lists what he sees as previous preparers' biggest blunders:

- On both corporate and partnership returns, many preparers fail to balance the Schedule L, as well as tie the M-1 to net income (loss) or tie the M-2 to retained earnings or partner capital. "This often makes it very difficult to prepare the current-year return when using just the current-year information, usually from a QuickBooks file," he said. "Often, the preparer either does not give the client's adjusting entries and verify they're made or makes them in the client's QuickBooks file. This adds a lot of time to preparation."
- No proper basis statements, which also adjust a shareholder or partner's debt basis.
- Failure to provide the client with a fixed asset schedule.

## SERIOUS IMPLICATIONS

One prior-preparer horror story began for Las Vegas-based EA Shirley Callahan with a client family whose aunt went into a nursing home.

“The aunt had sold a rental property that had been sold on an installment sale contract,” she said. “The prior preparer reported the interest as a principal payment and the principal payment was reported as interest. The cost basis of the rental property was listed as \$95,925, instead of \$35,257. This created an excess depreciation deduction which in turn created an excessive loss on the rental property.”

“I agonized before making the call to tell the family about the errors of the prior preparer and informing them that they now owed the IRS,” Callahan said. “I expected them to be mad at me and distrustful of the returns I prepared, and I was almost certain I was never going to get paid for my work. Imagine my surprise when they were ever so grateful to hear the news.” Callahan even laminated the rotten return and occasionally pulls it out to remind clients of the importance of a qualified tax professional.

Some previous preparers’ work obviously crosses the line from simple carelessness to an apparent attempt at crime. Catonsville, Maryland-based CPA Al Giovetti offered this laundry list:

- Putting false information on individual 1040s to get larger refunds, such as large fraudulent deductions for charitable expenditures or losses on schedule Cs, Fs, or Es.
- Advising clients to justify gambling losses with other taxpayers’ losing tickets for the lottery or horse races, and not using a gambling card to track losses.
- Not taking deductions for items that increase the chance of an audit. “There have been cases where not claiming legitimate deductions was evidence of covering up unreported income,” he noted.
- Filing returns where unreported income was omitted.
- Not following up with reasonable questions and requests for documentation when a client gives a preparer apparently suspicious information.
- Ignoring IRS audit guides and procedures.
- Not subtracting land values from amounts depreciated for buildings and improvements.

## ‘BUNCH OF MONEY’

Smacking your head over previous preparers’ goofs can pay off far less than your better course: correcting mistakes and earning goodwill and future clients.

CPA John Stancil in Lakeland, Florida, for example, taught tax and other accounting at a local college. “Frequently,” he recalled, “students would come to me for tax help, particularly international students who got a W-2 or 1099-MISC and were totally baffled. Recently, a student came to me with a 1099-MISC for the current tax year and a copy of a return prepared by another preparer for the prior year. Fortunately, the prior-year return had not been filed by the preparer.”

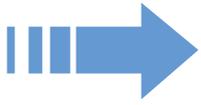
“The student was in the U.S. on a student visa and was required to file a 1040-NR,” Stancil added. “In filing this return, there are three very important things to be aware of: Visa information for the individual is to be included on the return; someone filing a 1040-NR can itemize deductions but does not get a standard deduction as an alternative; and the individual on a student visa is not subject to Social Security and Medicare.”

## SMACKING YOUR HEAD OVER PREVIOUS PREPARERS’ GOOFS CAN PAY OFF FAR LESS THAN YOUR BETTER COURSE: CORRECTING MISTAKES AND EARNING GOODWILL AND FUTURE CLIENTS.

“The preparer had prepared a 1040, taken the standard deduction, and calculated self-employment tax on the student. The first words out of my mouth were, ‘Have you paid her for preparing this return?’ I explained what was wrong with the return and saved him a bunch of money,” he said.

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*Republished with permission from Accounting Today. Original article published in June 2014.*



## NSA MEMBER SPOTLIGHT



NSA has a member in its midst who has been honored by the Small Business Administration: Barbara Zimmer, CPA, and founder of B. Zimmer & Company, was named Maryland's "Home-Based Business Champion" for 2014. A champion of the "solopreneur," Zimmer did not always know how to effectively manage the challenges of her very first business. But that business prompted her to get further education and find mentors, which helped her to build the successful consulting firm she runs today. Here, she shares advice on finding and effectively using trusted advisors, and the critical importance of having a business plan.

### BARBARA ZIMMER

**Congratulations on winning the SBA Maryland "Home-Based Business Champion" for 2014! Did you need to enter this as a contest, or were you nominated? Or did it come as a complete surprise?**

I was contacted by the Severna Park Chamber of Commerce—they told me they had chosen me as their "Home-Based Business Champion" of 2014 and wanted to submit my name to the Maryland SBA as a nominee for the SBA award. I was given forms to complete, since the SBA does a background check on nominees. I honestly did not expect to win, but was very flattered to be nominated.

**What has it been like being named a "Home-Based Business Champion"? What was the ceremony like?**

I received the award at the annual SBA banquet. There were about 500 people there, including ten of my clients. I was seated on the stage along with all the other award winners for the State of Maryland. I was honestly a bit nervous that I would trip or something, but also extremely happy and proud to have won.

**You have said you recommend that "solopreneurs" have trusted advisors to help them out. Who are your trusted advisors and how did you get them? Any tips for how busi-**

**ness owners can find advisors of their own?**

I rely on advice from just a few people: a lawyer, a marketing specialist, and a retired CFO. I met the lawyer and the marketing specialist at chamber of commerce events, and I have known the CFO for over 20 years.

I feel that you have to have a rapport with someone to trust their advice—there isn't one fit for everyone. I often tell people that if you're not comfortable and at ease talking to a professional, then look for another. And check out their credential. A professional shouldn't be offended because you want to confirm their credentials.

Also, expect to pay for their time—it's how they earn a living. They spend years in school and usually have additional years of experience to back that up, so they are worth their fees. Just make sure they're familiar with your industry and with small businesses in general.

Last but not least, you need to take their advice seriously. I don't mean that entrepreneurs should blindly follow advice, but it is crazy to pay for advice that you do not seriously consider.

**How long have you had your own business? What made you decide to be a "solopreneur"?**

I became a small business owner in my twenties. I wanted to be with my children when they were young, so I started a day care in my home that grew to a pre-school center with 60 children and 12 employees. In order to understand the financial part of my business, I went back to college and obtained my Bachelor's in Accounting and then my CPA.

In the years since, I've alternated between being a consultant and holding full-time positions as a Controller or CFO for small, privately held companies. Since I enjoyed the diversity of consulting, I decided in 2010 to leverage over 30 years' experience and open my own firm. It's probably what I should have been doing all along.

**Being a "Solopreneur": Scary or Exciting?**

**What was the scariest thing for you about starting your own business?**

We solopreneurs don't think of what we do as "scary." Instead, we view it as exciting and challenging. But if you don't plan well, the scary comes later. My first business was underfinanced—I had no idea what I was doing. I didn't know about budgeting, advertising and marketing, or the legal requirements that come with being an employer. I learned it all the hard way, which is also the expensive way. My business did survive, yet after owning and running it for 15 years, I sold it for almost nothing.

This time around I've taken the time to create a business plan and a marketing plan. I knew how much capital I would need and where it would come from. This time the process has been smooth and painless. In fact, it worked so well for me that I've added business planning to the services I offer to small business owners.

**How many employees do you have? What percentage**

**of the time do you spend doing managerial tasks, or do you delegate that?**

I work with contracted partners. From time to time I have actually hired an employee, but I find that I can keep my overhead down by working primarily with virtual contractors. That way I can obtain fixed price quotes from them, which contains my costs.

**How did you come to choose accounting as a major in college? Did you know from the beginning that it was what you wanted to do?**

I chose accounting so I could understand my first business better. I felt that I had no one to turn to, and my accountant didn't understand small businesses. He did a great job on tax returns but had no experience with businesses.

**You have done some post-graduate training at George Washington University. What did you study there, and why did you decide to get more education beyond your BS in Accounting?**

I took additional courses to better understand the Federal Government contracting arena and the legal requirements surrounding it.

.....  
" We solopreneurs don't think of what we do as "scary." Instead, we view it as exciting and challenging. But if you don't plan well, the scary comes later. "  
.....

**A Few of Her Favorite Things...about the NSA**

**Tell us about your experience with the NSA. What are your favorite things about being a member?**

The NSA has been, and continues to be, a great resource for me. The discussion forums and libraries are a great place to find answers and get another's take on issues and challenges. I also enjoy reading the monthly magazine, "Main Street Practitioner."

**Do you participate in the Tax Talk Forum, and if so what is some of the best feedback you've gotten there?**

On a few occasions, I've reached out for help or clarification regarding a tax point and received very quick and helpful responses. I usually review the forum's content and often search for certain topics to increase my knowledge.

**Tell us about your family. Do you come from a large family as a child? And how do you handle work/family life balance now?**

In addition to running my business, I am also the caregiver for my 94-year old mother. I am also the youngest of four sisters, the mother of one girl and two boys, and stepmother to one boy and two girls. I have twelve grandchildren ranging in age from 5 months to 22 years. I schedule family time on my calendar and make it a priority. Life moves very quickly and I don't want to spend all my life working. I love my clients, but I love my family more.

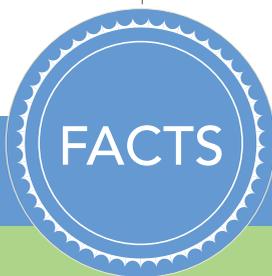
**Are you from Maryland originally?**

I was born and raised in Maryland. I think it will always be my home.

**Is there a book or other resource you would recommend to other financial professionals who want to start their own businesses?**

I read business-related books all the time. A couple of the books that I would recommend without hesitation are *The Go-Giver: A Little Story about a Powerful Business Idea* by Bob Burg and John David Mann, and *The E-Myth Accountant: Why Most Accounting Practices Don't Work and What to Do About It* by Michael E. Gerber and M. Darren Root ,CPA, CITP.

BARBARA



ZIMMER

- Received her degree in ACCOUNTING from the University of Maryland.
- Obtained a CPA in order to better understand her business.
- Launched current CONSULTING business in 2010.
- Born and raised in MARYLAND, where she owns and operates her business.
- Has more than 30 years experience as CONTROLLER, CFO, and CONSULTANT for small companies.
- Awarded "Home-Based Business Champion of 2014" by Maryland SBA.



NSA MEMBER SPOTLIGHT



# How to Go Solo Without Going Crazy

By Sally Glick

**R**ecently, I had dinner with a friend of mine who is a solo practitioner with a practice that focuses on small entrepreneurs and family-owned companies. During our conversation, she mentioned that she “doesn’t do any marketing.” She was very concerned that she has no print materials and has not updated her website in several months. She wanted my advice on how to find time to do more in this regard.

Recognizing that she has two critical responsibilities—to provide excellent client service and to build her CPA practice—I asked her where leads typically come from currently. She shared that she has a full pipeline of referrals that are generated by word-of-mouth from existing clients and other business advisors—especially bankers—in her community.

My advice might be shocking, but for those of you who represent small to midsize practices, especially those with fewer than 10 staff, I would say that you should be investing your limited time and financial resources in those areas that are most likely to bear fruit and not in chasing after ideas that force you to spread yourself too thin.

Since owners of small companies often gather at local Chamber of Commerce meetings and business groups, that is where I would establish a strong presence. You can offer to host some roundtables on basic financial issues, covering topics such as “How to Read a Financial Statement” or “Year-end Tax Planning.” These are relevant concerns for your audience, who will quickly see you as a resource for their own companies.

Once you are well-regarded in this space, you can branch out to try other options. I would not spend much on promotional (self-serving) materials but instead would suggest you consider developing a document that can be emailed to

**SINCE OWNERS OF SMALL COMPANIES OFTEN GATHER AT LOCAL CHAMBER OF COMMERCE MEETINGS AND BUSINESS GROUPS, THAT IS WHERE I WOULD ESTABLISH A STRONG PRESENCE.**

prospects, to avoid print costs. Whatever you create should clearly demonstrate your ability to solve clients’ problems and should showcase the value you add.

Even small firms can track how leads are generated on a simple spreadsheet. Knowing where opportunities arise can help you refine your efforts to those key areas. Instead of trying to do too much, narrow your activities to stay targeted on those businesses and groups where you can have an influential impact as a smaller player. You can’t compete with the budgets of the midsize or large firms, so why bother? You have a different audience to attract—one that is usually more influenced by a word on your behalf from a trusted colleague than on your website video.

Remember, I am not suggesting that you don’t need to incorporate all the tools available—from websites to LinkedIn to blogs and more—but these should not be your primary strategy. For smaller firms, and for many larger ones as well, relationships trump everything.

So, my advice to my friend was that she stop stressing about all of the things she is not accomplishing and concentrate instead on all the initiatives she participates in, and on continuing to build a network of powerful relationships that will serve her well and provide her with qualified leads.

The bottom line for smaller firms is to be practical and realistic. Know where business develops and plant yourself in that space. Take root—and flourish!

*Article was originally published in [AccountingWEB](#)*



*Sally Glick is CMO and principal of Sobel & Co. LLC. She was named Accounting Marketer of the Year for 2003 and was voted into the AAM Hall of Fame in 2007.  
[sally.glick@sobel-cpa.com](mailto:sally.glick@sobel-cpa.com).*



*Not surprising for an accountant, one of Niwao's main goals for the 2014-2015 year is to increase membership revenue and diversify its sources. But read all of Niwao's story to find out how all her past experiences brought her to accounting—including a scary court encounter with a mass murderer.*

**New President**

# **Marilyn Niwao Aims to Grow NSA in 2014-15**

**By Julia Wilkinson**

**O**ne look at the long list of degrees and credentials after Marilyn Niwao's name—M.S.P.H., J.D., CPA, ATA, and CGMA—hints at her several “past lives.” Starting with her interest in math and a master's degree in biosta-

tistics, Niwao (also known as Marilyn Niwao Roberts) subsequently got a law degree, but found that the nitty-gritty of criminal law and crime scenes weren't for her. However, in her accounting practice and various leadership roles, including for the State of Hawaii and Boy Scouts, she has found all that education helpful.



**MARILYN NIWAO, PRESIDENT  
NATIONAL SOCIETY  
OF ACCOUNTANTS**



**NSA CONGRATS ON BEING ELECTED THE NEW NSA PRESIDENT! YOU ALSO SERVED IN NUMEROUS LEADERSHIP ROLES FOR NSA, SUCH AS 1ST AND 2ND VICE PRESIDENT, GOVERNOR, AND STATE DIRECTOR. WHEN DID YOU KNOW YOU MIGHT WANT TO RUN FOR NSA PRESIDENT SOMEDAY?**

At the end of my term as NSA Governor for District XI, I decided to run for the position of 2nd Vice President of NSA. Generally, the 2nd VP is elected to 1st VP the following year, and the 1st VP is elected as President of NSA, although this is not guaranteed under the current NSA Bylaws.

**NSA YOU ATTENDED THE UNIVERSITY OF WASHINGTON AND RECEIVED A BACHELOR OF SCIENCE DEGREE IN MATHEMATICS, AS WELL AS A MASTER OF SCIENCE IN PUBLIC HEALTH DEGREE IN BIostatISTICS. WHAT GOT YOU INTERESTED IN PUBLIC HEALTH, AND DID YOU WORK IN THAT FIELD BEFORE DECIDING TO GO ON TO OTHER THINGS?**

Prior to obtaining my degree in mathematics, I decided to further my education and seek a practical application to mathematical statistics. While taking my probability courses, I learned a lot about probability theory applied to gambling (i.e., dice, roulette, cards), but I had never been to a casino, and I sought a practical application to statistics that could lead to a regular career.

My Master's degree was a two-year degree in biostatistics, which is statistics applied to medical research. In addition to public health courses, I had to learn to read and research medical studies, and I worked briefly in epidemiology for the State of Washington. My thesis was entitled "Epidemiological Factors Distinguishing Two Types of Viral Hepatitis – An Application of Discriminant Function Analysis."

**NSA YOU ALSO HAVE A LAW DEGREE FROM THE UNIVERSITY OF MICHIGAN LAW SCHOOL. WHY DID YOU DECIDE TO STUDY LAW AFTER PUBLIC HEALTH? DID YOU WIND UP PRACTICING LAW OR WORKING AS A LAWYER, OR DO YOU STILL DO SOME LEGAL WORK TODAY?**

Although my UW college advisor wanted me to go on to medical school, I did not have the stomach to handle needles and blood, nor did I particularly enjoy seeing pictures of people with various diseases. So I went on to law school, thinking that I would be happier dealing with paper. My older sister was also attending law school, so it seemed a viable option for me.

I practiced clinical law in law school and I had two summer legal internships. I thought it would be exciting to be a trial lawyer, and so I worked both in a prosecuting attorney's office and for the defense in clinical law. Unfortunately, I found out that as a prosecutor, you would be called upon to check the evidence at the scene in murder cases (possibly in

the middle of the night). I also found myself looking at pictures of dead bodies with stab wounds, with the prospect of arguing about the angle of the knife entry. It didn't help that during a hearing, a mass murderer with Charles Manson-type eyes came up to me while I was sitting next to the prosecutor and told the two of us that the reason why he was in this situation was because of us, and that he would "get us" when he got out. I subsequently concluded that criminal law and criminal trial work was not for me.

With respect to my current practice, I have done an appeal to the U.S. Tax Court, and I have served a number of times as a special Master in Hawaii Circuit Court, which involved legal filings. I also do a fair amount of litigation support work, which sometimes involves legal work, and I have worked as a U.S. bankruptcy examiner.

**NSA WHAT BROUGHT YOU TO HAWAII? ARE YOU FROM THERE ORIGINALLY?**

I was born and raised in Hilo, Hawaii, a beautiful small town on the Big Island of Hawaii, about 30 miles from the Volcanoes National Park.

**NSA WHEN AND HOW DID YOU DECIDE TO BECOME AN ACCOUNTANT, AFTER STUDYING THOSE OTHER AREAS (PUBLIC HEALTH, STATISTICS, AND LAW)?**

Other than one pass/fail course in management accounting for lawyers, I took no accounting courses before graduating from law school and starting my first job in public accounting with Coopers & Lybrand (PricewaterhouseCoopers). However, I did take several rigorous tax courses in law school, which is where I first became interested in taxes.

Taxes were like a big mathematical puzzle to me, and I loved learning about tax shelters, especially with the top Federal tax rates at 70 percent. I wanted to practice as a tax lawyer and write tax opinion letters and was told that I should get some business and tax experience with a "Big Eight" CPA firm first.

I had a miserable first few weeks working in public accounting at Coopers in Honolulu, trying to learn how to use a clunky adding machine and trying to figure out what a trial balance and adjusting journal entries were about. I didn't understand debits and credits. I was ready to quit, except that I had a lot of help from coworkers who were sympathetic and helped explain accounting concepts to me. One of the tax partners also kept assigning me tax research projects and tax opinion letters to write for clients, so I was functional.

My original plan was to stay and work in public accounting for two years, but I ended up liking the work after a few months. I took a few night courses in accounting, passed the CPA exam, and have continued to work in public account-



ing for over thirty-five years. In Hawaii, tax lawyers usually handle criminal tax issues or estate taxes, and I prefer working with individual and business income taxes instead.

**NSA YOUR FIRM HAS A LOT OF SPECIALTIES LISTED. DO YOU HAVE A FAVORITE SPECIALTY, AND WHY?**

My CPA firm recently discontinued doing audits due to lack of time and desire. We still perform compilations, reviews, and transfer pricing work. I currently review tax returns prepared by my staff, and I do a lot of litigation support work, IRS representation, and international tax work. I like doing litigation support work because much of it is interesting forensic accounting work.

**NSA YOU ALSO HAVE A LOT OF VOLUNTEER EXPERIENCE AND AWARDS. FOR EXAMPLE, CAN YOU TELL ME ABOUT YOUR INVOLVEMENT WITH THE BOY SCOUTS AND THE CHILDREN'S ADVOCACY CENTER? WHAT MADE YOU WANT TO WORK ON BEHALF OF YOUTH?**

I do not have children of my own because at the time I planned to start a family, my first husband was diagnosed with cancer. He passed away in his 30s after battling cancer for over three years. My first husband was a CPA; we worked together and managed the Maui office of Deloitte Haskins & Sells—now “Deloitte”—before starting our own CPA firm. He was an NSA State Director, which is how I first was introduced to NSA in the 1980s. We attended several conventions during that period.

My first husband was also an Eagle Scout and achieved one of the highest levels as an Eagle Scout in his youth. I had a lot of free time after I was widowed, and I was asked to serve on the boards of these youth organizations. I am now only involved on the board with the Boy Scouts, and I am in charge of the major fundraising events for the Boy Scouts.

I believe that if young people are brought up right, they make better citizens in the future. I am a strong believer in the Boy Scout program in educating youth, teaching them good values, and helping them develop strong character.



Marilyn and husband John Roberts at the NSA Annual Meeting in Maui, 2012

**NSA CAN YOU TELL US ABOUT YOUR EXPERIENCE IN OTHER LEADERSHIP POSITIONS YOU'VE HELD WITH NSA?**

**DO ANY STORIES STAND OUT ABOUT THEM? HOW DO YOU THINK THEY'VE HELPED YOU PREPARE TO BE PRESIDENT?**

Serving as Governor for four years was one of the most important steps in preparing me to be NSA president. Serving as Chair of APs (Administrative Policies), together with learning the Bylaws and Mission Statement, was invaluable in learning the purpose of NSA and how it was operated. In addition, my 1st Vice President experience working as Budget Committee Chair proved to be quite enlightening regarding the finances of NSA. As Budget Committee Chair, I realized that NSA has to work not only on increasing membership revenue, but also on diversifying its revenue base.

**NSA WHAT ARE YOUR FAVORITE THINGS ABOUT BEING AN NSA MEMBER?**

Attending annual conventions and talking to other tax and accounting practitioners from around the country.

**NSA WHAT ARE YOUR PLANS OR PRIORITIES AS PRESIDENT OF NSA FOR THE 2014 – 2015 YEAR?**

1. Concentrate on bringing in young professionals to NSA (under the age of 40) so that NSA can go on to serve future generations.
2. Increase membership revenue and member benefits.
3. Diversify NSA revenue sources, such as by adding more educational offerings or offering additional services to ASOs or NSA members for a fee.
4. Plan for a great and fun NSA annual convention in Vancouver, B.C. for next year.
5. Facilitate the sale of the NSA office building and move to a new office location if the NSA Board so desires.

**NSA IS THERE ANYTHING YOU'D LIKE TO SAY ABOUT EXPERIENCES YOU'VE HAD WITH SOME OF THE LOCAL HAWAIIAN LEADERSHIP WORK YOU'VE DONE, SUCH AS WITH THE HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS, HAWAII COUNCIL ON REVENUES, OR THE HAWAII TAX REVIEW COMMISSION?**

The experience with the Hawaii Association of Public Accountants (HAPA) has been invaluable in teaching me leadership skills and lobbying skills on legislative matters that are pertinent to the work of the NSA president.

With the Hawaii State Council on Revenues, I am Vice Chair of the seven member Council which forecasts State of Hawaii revenue estimates for the Governor and State Legislature. These forecasts are used in preparing the state's budget and in determining the state expenditures and enacting any revenue-related legislation. I have had to use all of my accumulated knowledge in taxes, business, and statistics, plus

read a lot on economics to provide meaningful input, so it has been quite a rewarding (and challenging) experience.

As a past Commissioner for the Hawaii Tax Review Commission, I participated in a systematic review of Hawaii's tax structure using standards such as equity and efficiency. The experience provided some insight and perspective into the criteria as to what constitutes good or bad tax laws.

**NSA TELL US ABOUT YOUR FAMILY.**

I am married to my second husband, John W. Roberts, who is a college sweetheart of mine from the University of Washington (UW) and who rowed with the Husky crew while attending college. After graduating from the UW and going on to obtain a Harvard MBA degree, John worked for a few years in public accounting before going overseas to work as an intelligence officer. When he heard that I was widowed and single, he gave up his career overseas to be with me. I asked him to take the CPA exam in the event something happened to me and the practice had to be wound down. In between reading various motorcycle magazines, he took and passed the CPA exam.

John has worked with me for over 20 years in our CPA firm—Niwao & Roberts, CPAs, a P.C., and he is involved with management consulting, litigation support, and both accounting and tax matters for our practice. He recently stepped down as president of the Hawaii Association of Public Accountants (HAPA) after serving for five years, and he has been heavily involved with legislative matters for HAPA. He also served earlier with the Hawaii Tax Review Commission.

As a hobby, John loves to hunt wild boar in Hana with some Hawaiians, using dogs and hunting in the traditional Hawaiian way. He spends a lot of time watching the hunting channel.

**NSA WHAT DO YOU ENJOY DOING IN YOUR FREE TIME?**

Lately, I don't have very much free time. When I do have a moment, I swim and lift weights. I used to be a competitive swimmer in high school and was co-captain of the swim team.

Also, I love to travel and I love planning trips to new destinations.



Marilyn and John Roberts

**NSA CAN YOU RECOMMEND A GOOD BOOK, FILM, OR OTHER RESOURCE TO OTHER NSA MEMBERS THAT MADE AN IMPACT ON YOU, WHETHER IT IS FOR PERSONAL ENJOYMENT OR CAREER ENJOYMENT?**

I'm sorry to say that I spend much of my time reading about the economy and economic theories, and lately, about Hawaii politics. I have read some leadership books, but I don't agree with all that is written. Leadership is something that I've learned from experience. I don't have all of the answers, and I believe life is about learning.

**NSA IS THERE ANYTHING ELSE YOU'D LIKE TO ADD?**

Please help NSA to grow bigger (and better) by asking your friends and colleagues to join NSA! Thank you!



Julia Wilkinson  
Freelance Writer  
Alexandria, VA



# NSA Presents the ConnectED Fall Webinar Schedule

[See the full webinar listing](#)

## Hot Topics in the Federal Tax Controversy: The Latest Developments in Audits, Investigations, and Tax Litigation

September 30, 2014

2:00 PM ET (11:00 AM PT)

The program will focus on current Internal Revenue Service enforcement priorities, including international tax compliance and the Offshore Voluntary Disclosure Program (OVDP); the Foreign Account Tax Compliance Act (FATCA); foreign bank account (FBAR) reporting, the new FinCEN 114 reporting form, and the new electronic filing requirements; audit rates and trends; the Form 1099-K/Small business initiative; and the Gift Tax Return Compliance initiative. [Read more](#)

*Presented by Matthew D. Lee*

NASBA CPE: 2 Hours/Taxes

IRS CE: 2 Hours/Federal Tax Law Update

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## IRS Collection Division Representation

October 2, 2014

2:00 PM ET (11:00 AM PT)

The IRS has loosened rules for installment agreements, late payment penalties, and offers in compromise. Join this discussion and learn the new flexible rules for installment agreements, changes to the offers in compromise program, new rules for late payment penalty waivers, and more. [Read more](#)

*Presented by Robert E. McKenzie, EA, Attorney*

NASBA CPE: 2 Hours/Taxes

IRS CE: 2 Hours/Federal Tax Law Update

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## Solve Your Time Problem in Your Practice

October 9, 2014

2:00 PM ET (11:00 AM PT)

Time is the great equalizer between the rich and the poor: both have an equal amount of 24/7. The key is how they use it. Learn 9 habits of self-made millionaires and how they leverage their time to get more done without putting in more hours, make more money, and enjoy their lives. [Read more](#)

*Presented by Sandi Leyva*

NASBA CPE: 1 Hour/Practice Management

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## Business Expenses and the S Corporation

October 21, 2014

2:00 PM ET (11:00 AM PT)

S Corporations continue to be the most popular business entity in the US today. In this hour, you will gain an understanding of business expenses related specifically to the preparation of the S Corporation tax return. Learn about fringe benefits, depreciation, employee-shareholder compensation, the new reporting requirements for officer compensation on Form 1125-E, how to handle a home office, and more. This session will give you real answers, tips and solutions to give you confidence in preparing the Form 1120-S. [Read more](#)

*Presented by Kathy Hettick, EA, ABA, ATP and Gene Bell, EA, ATA, CFP*

NASBA CPE: 1 Hour/Taxes

IRS CE: 1 Hour/Federal Tax Law

**REGISTER NOW** 

## NSA ELECTS 2014-2015 OFFICERS AND DIRECTORS

[www.nsacct.org](http://www.nsacct.org)

The National Society of Accountants elected and installed a slate of new officers, District Governors, and State Directors at its 69th Annual Meeting in Baltimore, Maryland.

### NSA 2014-2015 Executive Board



*President*  
**Marilyn M. Niwao, JD, CPA, ATA**  
Wailuku, HI



*First Vice President*  
**Kathy Hettick, EA, ABA, ATP**  
Enumclaw, WA



*Second Vice President*  
**Alfred Giovetti, CPA, ABA, ARA, ATA**  
Catonsville, MD



*Secretary/Treasurer*  
**Brian Thompson, CPA**  
Little Rock, AR



*Past President*  
**Steven J. Hanson, CPA, EA**  
Cokato, MN



*Executive Vice President*  
**John G. Ams, CAE**  
Alexandria, VA

## NSA HOLDS INDUSTRY ISSUES PANEL TO DISCUSS EMERGING ISSUES AFFECTING SMALL TO MIDSIZE PRACTITIONERS

This lively discussion panel featured NASBA president and CEO, Ken Bishop; NASBA Chair, Carlos Johnson; Chad Piehl, CPA; and Michael Salazar, CPA, EA, ABA who discussed emerging issues affecting your practice.



*Industry Issues Panel*  
**Carlos Johnson, NASBA chair; Ken Bishop, NASBA President and CEO; and NSA members Chad Piehl, CPA and Michael Salazar, CPA, EA, ABA**



Districts II, IV, VI, VIII, and X elected new members to the NSA Board of Governors for two-year terms ending in 2016.

Elected to terms as governors were:

- Robert Genovese, ATA, ATP (District II), Howard Beach, NY
- Dave Rancourt, EA, ATA, ABA, ARA (District IV), Sarasota, FL
- Cynthia Hunt, EA, ATA (District VI), Huntsville, AL
- Bradley Crain, CPA (District VIII), Prescott, AR
- Christine Freeland, CPA, ABA, ARA, CSA (District X), Chandler, AZ

State Directors stood for election and re-election in Districts I, III, V, VII, IX, and XI

Elected for first terms as State Directors were:

- Richard Petrucha, EA, ABA (MI – District V)
- Debra J. Cope, CPA, ATA, ATP (TN – District VI)
- Pamela C. Stamps, CPA (MS – District VI)
- Eric R. Hansen, ATP (NE - District VII)
- Mae Yee, CPA (NM – District VIII)
- Kathy Hammer, EA, ATA, ABA, ATP (AK - District IX)
- W. Brian Haderlie, CPA (ID - District IX)
- Shirly Kindig, ABA (OR - District IX)
- Lawrence Walkden, EA, ATA, ABA, ARA (WA – District IX)
- Joanne Elsen, CPA (AZ – District X)
- Morris Miyabara, EA, ATA (CA – District X)

Re-elected as State Directors were:

- Marcus McAllister, EA (ME – District I)
- Jerome Sweeney II, JD, CPA, ABA, ATA, ATP (MA – District I)
- Edda Martin, ATP, ARA (NH – District I)
- Thomas Fuoco, Sr., EA (RI – District I)
- Ronald Grafman, EA (MD – District III)
- Kathleen Lovett, CPA (WV – District III)
- Robert Thoma, EA, ABA, ATA, ATP, ARA (IL – District V)
- Frankie Cummings, EA (IN - District V)
- Thomas Adler, CPA, ATA, ATP (WI - District V)
- Allen L. Kockler, EA (IA - District VII)
- Lorinda Jean Grady, EA, ABA (MO - District VII)
- Ellen E. Stebbins, EA, ABA, ATA, ATP, ARA (MN - District VII)
- Albert D. Krueger, EA (ND - District VII)
- Robert Kuziak, PA, ATP, ARA (CO - District IX)
- Mary Lemons, EA, ABA (MT - District IX)
- Julane M. Wood, EA, ABA, ATA, ATP, ARA (WY - District IX)
- Isoo (Dick) Oshima, CPA (HI - District XI)



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National Society of Accountants

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- Recruit **10 new NSA members** and also get **\$300 credit on NSA live and self-study education!**
- For **every new NSA member** you recruit, you'll be entered in drawings to **win \$250 American Express gift cards!**

[CLICK HERE TO FIND OUT MORE](#)

# IRS Commissioner John Koskinen Criticizes Congress for Lack of Funding

**F**or tax preparers, taxpayers, and others frustrated by long wait times on the phone for Internal Revenue Service (IRS) assistance with tax questions, IRS Commissioner John Koskinen has a message: Call your member of Congress.

The reduced funding for the IRS—cut 7 percent in FY 2014 at the same time the IRS was forced to implement tax provisions of the Affordable Care Act while 7 million more taxpayers filed returns—is “the biggest challenge facing the IRS,” according to Koskinen.

This was the overriding theme of Koskinen’s remarks as he keynoted the NSA 69th Annual Meeting on August 21, 2014, at the Hyatt Regency Inner Harbor in Baltimore, Maryland.

“People don’t vote for me—they vote for members of Congress,” Koskinen declared. “Congress needs to hear and understand the impact of the funding cuts. As I tell people on Capitol Hill, we are the only agency still operating at the post-sequester level.”

Koskinen drew on his private-sector experience to point out the false logic of reducing funding for the major revenue-generating function of the U.S. government at a time when a revenue shortage continues to force budget cuts. In his view, there is a net revenue benefit to providing full funding for the IRS. “Congress is starving our revenue-generating operation. If voluntary compliance with the tax code drops by 1 percent, it costs the U.S. government \$30 billion per year,” he explained. “The IRS annual budget is only \$11 billion per year.”

Koskinen applauded NSA for writing a letter to the U.S. House of Representatives Appropriations Committee earlier this year that strongly opposed IRS funding cuts and pointed out how these cuts punish American taxpayers.

The IRS was forced to cut 5,200 call center employees because of budget cuts, and Koskinen warned that wait times for phone service will increase through the rest of the year because of a lack of staff.

His message to Congress is, “You cannot continue to reduce our resources and ask us to do more things. The blind belief in Congress that they can continue to cut funding and we will just become more efficient is not the case. We are becoming more efficient, but there is a limit. Eventually, the effects will show up. We are no longer going to pretend that cutting funding makes no difference.”

Koskinen said that the IRS will “play the hand we are dealt” when it comes to funding, but added, “I will tell you what we can do with the funding we have but I will also tell you what we can’t do.”



John Koskinen speaking at the NSA Annual Meeting in Baltimore, Maryland



NSA Past President Steve Hanson, IRS Commissioner John Koskinen, and NSA EVP John Ams



Margie Strider meets with Commissioner Koskinen

While IRS budget cuts may have been driven partially by outrage over the tax scandal involving audits of tax returns from certain tax-exempt organizations last year, Koskinen was emphatic that “this was a mistake that should never happen again. My job is to make sure the public knows that.”

#### Late Tax Law Changes

He also noted that when Congress passes tax law changes late in the year, it creates huge challenges for the IRS and taxpayers. “We think it is unlikely that the tax provision extender package will pass before the mid-term elections, but we hope it will pass soon after that,” he said. “Congress needs to understand that the later these are passed and the more complicated they are, the more challenging it is for taxpayers to file accurate returns on time.”

The IRS has to amend its tax forms to reflect these changes and then deliver them to tax preparers, tax software companies, and taxpayers. This takes time and can effectively shorten the tax filing season. “We will keep you informed as best we can,” he said.

#### Voluntary Continuing Education for Tax Preparers

Koskinen spoke about the IRS voluntary education program the agency plans to implement by the beginning of the 2015 tax filing season.

The program is part of a broader effort the IRS began a few years ago to achieve a minimum level of competency across the federal tax return preparer community. Koskinen believes that taxpayers need to be confident that the preparer they hire knows enough about taxes to help them with their federal income tax returns.

“It is important to keep the momentum going for the educa-

tion of tax preparers, but it is only an interim step,” he said of the education process.

#### IRS Progress on Key Issues

Koskinen highlighted the IRS “Taxpayer Bill of Rights,” which contains 10 fundamental rights that taxpayers have and is now featured prominently on the IRS website home page.

He also spoke about ongoing efforts to flag tax returns that may be tied to identify theft. “We rejected 5.7 million suspicious returns last year that may have been tied to identity theft,” he noted.

To catch tax evaders, Koskinen said, “We have made great strides in getting people to disclose foreign accounts. Congress has given us an important new tool—the Foreign Account Tax Compliance Act. The average taxpayer needs to know that the tax system is fair and that the very wealthy cannot hide part of their income in foreign accounts.”



Commissioner Koskinen with NSA First Vice President Kathy Hettick

The Commissioner with NSA Secretary-Treasurer Brian Thompson



## GET INVOLVED: SIGN UP AT THE NSA VOLUNTEER HUB

*Volunteer Hub*



Would you like to get more involved? Are you looking for a way to connect with and help other members? Do you have valuable skills and perspectives that could benefit NSA's volunteer groups? If your answer is yes to any of these questions, consider joining the NSA Volunteer Hub and responding to NSA's Call for Volunteers. Click on the button below to sign up to receive email requests for short term projects, or to read about the current volunteer opportunities and apply.

Go to the HUB 

## SHORT TERM PROJECTS

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NSA's Volunteer Hub is a great way to find out about volunteer opportunities as they become available and to get involved by helping with both long- and short-term projects. We will put out calls for volunteers as needed for committees and special projects. Many tasks take just a few hours or less.

If you are looking for a short-term commitment or want to experience what it is like to volunteer for NSA before committing to a full year, open volunteering is for you.

We accept new volunteers all year long. Once you join NSA's Volunteer Hub, you will be notified of opportunities to help when they come up.

## WHAT IS HAPPENING ON MEMBERCONNECT?

<http://connect.nsacct.org>

*CONNECT, COLLABORATE, COMMUNICATE*



### *Tax Talk*

Get in on the discussion! NSA members are helping one another every day to answer questions and receive guidance on tax and accounting issues.

The discussion archives, with over 48,000 messages, offer a wealth of information you can search through by keyword and/or subject area. Here are the current TOP 5 discussion topics:

- [1120s and Falsified 941s](#)
- [Advertising and Front Office](#)
- [Charitable Benefit](#)
- [Never Filed a Return](#)
- [S Corp 3-Year No-Filed and Shareholder Compensation](#)

*Go to Tax Talk now!*



### *Resource Library*

The Resource Library houses hundreds of letters, forms, articles, and links to help you in your practice. Search by topic or keyword for the resources you need.

There are over 490 client letters in the Client Letter Library. Topics range from 2014 Planning to new small employer healthcare tax implications.

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 to enhance your practice management tools.

*Go to the Resource Library now!*



### *Member Discount Programs*

**How much can you save with NSA?**

NSA offers members discounts on many of the products and services you use in your practice every day. Take advantage of our national buying power with companies like CCH, Taxbot, Mozy, Swizznet, TaxBook, Quickfinder, Sharefile, UPS, Veracity Payment Solutions, Forrest T. Jones, and many more.

The Discount Programs webpage provides information on each company with links to their promotional websites. Take a look to see how much you could be saving!

*Go visit the Discount Programs now!*

## MARK YOUR CALENDARS TODAY FOR THE 2014 LEADERSHIP NETWORKING CONFERENCE!

October 30 - 31 Indianapolis, IN

The 2014 LNC/LTC/LSC Conference will be held on October 30 and 31 in Indianapolis, IN, at the Hyatt Regency Indianapolis.

The conference this year will feature engaging sessions on practice management, such as overcoming team dysfunc-

tions and communicating effectively both within and outside of your organization. Day one will also cover updates on federal and state tax return preparer regulations and current state regulatory and Legislative issues. Update on UAA, NASBA, and AICPA issues.

For more information, [click here](#).

Questions? Contact Michelle Panek at [mpanek@nsacct.org](mailto:mpanek@nsacct.org)

## NSA GEAR UP INDIVIDUAL TAX SEMINAR THIS FALL

November 20 - 21 Mohegan Sun, CT

<p><b>Get your Year-End Tax CPE &amp; Updates</b></p>	<p><b>NSA GEAR UP 1040 INDIVIDUAL TAX SEMINAR</b></p>	<p>NOV. 20-21, 2014 MOHEGAN SUN RESORT, CT</p>	<p>16 HOURS CPE TAX / TAX UPDATE</p>	 <p>WWW.NSACCT.ORG</p>
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Gear Up's industry-leading two-day 1040 course attracts thousands of attendees each year. Attendees receive a comprehensive manual that alone is worth the price of registration! Gear Up's speakers are superlative in their fields as hands-on practitioners and recognized authorities.

This comprehensive course covers key tax issues for completing complicated individual returns. All topics include coverage of new legislation and extenders, revenue rulings and procedures, and case law to help the busy practitioner keep current. Speakers are all practicing preparers who will share practical tips and insights to help you get ready for tax season.

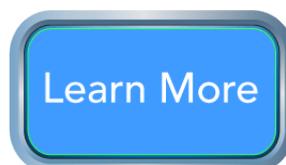
Mohegan Sun, created in 1996 by the Mohegan Tribe of Connecticut, is one of the world's most amazing destinations with some of New England's finest dining, hotel accommodations, retail shopping, live entertainment and sporting events. Amenities include: three world-class casinos, a 10,000 square foot pool, a luxurious day spa, and a state-of-the-art poker room. Make a vacation out of it!

Topics include:

- Complete coverage of new tax rates for higher income taxpayers
- Return of the phase-out of itemized deductions and exemptions
- New Medicare taxes effective in 2014
- Health care insurance penalties effective in 2014
- Permanent and temporary extensions
- Updated information on Form 1099
- Changes to the IRS Voluntary Classification Settlement Program
- Due diligence requirements for claiming the EIC
- Changes to Circular 230 and other IRS preparer requirements
- Business and energy extenders
- Reporting foreign financial assets on Form 8938
- Good news on AMT and transfer taxes
- Safe harbor deduction for home offices

Click on the button below for details about the course and to register.

Or you can visit the webpage: [www.nsaacct.org/education-events/nsa-gear-up-live-1040-seminar](http://www.nsaacct.org/education-events/nsa-gear-up-live-1040-seminar)



## HIGHLIGHTS FROM THE NSA 69TH ANNUAL MEETING



Photos courtesy of Nancy Ams

NSA held its 69th Annual Meeting at the Hyatt in downtown Baltimore, Maryland from August 20 - 23. Some of the activities in this year's annual meeting included continuing education sessions; an exhibitors expo; a keynote speech by IRS Commissioner John Koskinen; an Industry Issues Panel on emerging issues affecting small to mid-size practitioners; business sessions addressing important decisions affecting the future of NSA; the return of the popular Meet the Candidates forum where questions from members were presented live to the candidates; a festive Aloha dessert reception hosted by HAPA (Hawaii Association of Public Accountants) on behalf of incoming president Marilyn Niwao; a scholarship walk; a silent auction benefiting the Political Action Committee; and an evening of dining and dancing at the installation banquet to welcome in the 2014-2015 board members.



Incoming President Marilyn Niwao (HI)

an Industry Issues Panel on emerging issues affecting small to mid-size practitioners; business sessions addressing important decisions affecting the future of NSA; the return of the popular Meet the Candidates forum where questions from members were presented live to the candidates; a festive Aloha dessert reception hosted by HAPA (Hawaii Association of Public Accountants) on behalf of incoming president Marilyn Niwao; a scholarship walk; a silent auction benefiting the Political Action Committee; and an evening of dining and dancing at the installation banquet to welcome in the 2014-2015 board members.



NSA member early risers attend the Scholarship Foundation Walk



NSA members and family members attend the Installation Banquet

Attendees of the Annual Meeting were treated to a traditional Baltimore Crab Feast, complete with paper covered tables and wooden mallets to help break the shell, as well as all the trimmings. Guests had a great time extracting what can be described as the candy of the sea.



Edda Martin (NH) attends the Crab Feast in style



Roy Frick (MD) offers the crowd a crab picking tutorial



NSA staff members (from left) Allison Ingram, Claire Berlin, Michelle Panek, Julene Joy, Jodi Goldberg

It was an action-packed, three-day event in the bustling downtown area of Baltimore's Inner Harbor. NSA members balanced business with pleasure, taking advantage of the close proximity to the Harbor, which boasts wonderful museums, water cruises, and four ships available to tour, not to mention myriad shops and eateries all within walking distance of the hotel.

Visit the NSA Flickr website to view the many photos taken by NSA's photographer extraordinaire, Nancy Ams. To view the photos, go to: <https://www.flickr.com/photos/nsacct/sets/72157647186609522/>.

## NSA HONORS AWARD WINNERS AT 69TH ANNUAL MEETING

[www.nsaacct.org](http://www.nsaacct.org)

*The best and brightest in the accounting profession were honored at the recent National Society of Accountants 69th Annual Meeting in Baltimore, Maryland. A number of individuals and NSA Affiliated State Organizations (ASOs) were presented with distinguished awards.*

### ACCOUNTANT OF THE YEAR



*Christine Giovetti is awarded 2014 Accountant of the Year*

The Accountant of the Year was presented to Christine Giovetti, CPA, ABA, ATA, ARA of Catonsville, MD, for outstanding achievement and service to NSA, the accounting and tax profession, the state society, and the community.

Giovetti has either chaired or been a member of nearly all NSA committees. She is a Fellow of the Inaugural Class of the National Tax Practice Institute of the National Association of Enrolled Agents and earned the Maryland Society of Accountants Tax Professionals Fellow designation 22 years ago. She is a Past President of the Maryland Society of Accounting & Tax Professionals.

### AFFILIATED STATE ORGANIZATION (ASO) OF THE YEAR

This award went to the Arkansas Society of Accountants for its commitment to NSA and its members during the past year. This society supports its members through education, newsletters, ethical standards, and a commitment to excellence and was well represented at the NSA conference.



*Marchelle Foshee accepts the award for ASO of the Year on behalf of the Arkansas Society of Accountants*

### NORMA KRAUS AWARD

This award is given to the best State Director of the year. The recipient for 2014 was Joanne M. Elsen, CPA, of Phoenix, AZ. She has served on the Governors' State Director Committee and is a member of the Ten Plus Club, having recruited 21 members. This award recognizes her enthusiasm and dedication to NSA.

### KEITH BILLINGS MEMORIAL AWARD

This award is given in memory of Keith Billings, a mainstay of the original NSA Editorial Review Committee, and recognizes the most outstanding ASO publication based on content, coverage of activities, timeliness of articles, newsletter format and overall appearance. The award for ASOs with fewer than 350 members went to the Public Accountants Society of Colorado. The award for ASOs with 350 members or more went to the Independent Accountants Association of Illinois.

### BEST ASO WEBSITE

This award, which recognizes website appearance, content, and usability went to the Public Accountants Society of Colorado (for ASOs with fewer than 350 members) and the Minnesota Association of Public Accountants (for ASOs with 350 members or more).

### DISTINGUISHED SERVICE AWARD

This special award was presented to Carolyn Holomon, EA, ATA, ABA, of Phoenix, AZ for significant and exemplary contributions for the betterment of NSA and its membership, as well as the accounting profession. This prestigious award recognizes continuous service, loyalty, and dedication to NSA. Holomon has served NSA for many years as a committee member, committee chair, and District Governor.



*Lynn Holomon receives the Distinguished Service Award*

This past year she was asked to step in mid-year to serve as administrative chair of the NSA Governance Committee, where she helped develop the proxy voting process used at this year's convention as well as other issues faced by the Governance Committee.

### NATIONAL EDITORIAL AWARD

The award for best article was presented to Randall Carlson, ARA, EA, ATA, ABA, ATP for his article "Does your After Tax Season Schedule include the SPA?" featured in the May 2014 issue of the Kansas Public Accountant. In the article, Carlson encouraged members to take time after tax season to reflect on enjoying a good quality of life by following the acronym SPA, which stands for Spiritual-Physical-Attitude. The thought-provoking article encouraged readers to take time to set a plan, refocus, and restructure priorities.

The award for best series of articles was presented to Gerry Waddell, CPA, for his "Notes from the ASA President" column, featured in ASA News, published by the Arkansas Society of Accountants. The column covered a variety of topics, including a personal story providing a caution to readers about disaster planning and the importance of accountants taking an active role in local, state, and national government. All of his columns were thoughtful, entertaining, and insightful.

### OUTSTANDING TAX TALKER AWARD

This award recognizes an NSA member for their exceptional participation in the NSA Tax Talk Bulletin, an online discussion forum launched in 2006 that grows in popularity every year. Members often cite it as one of the NSA benefits they value most. The award went to Peggy Johnson, CPA, EA, ABA, ATA, ARA, for her masterful advice on a range of topics.

**CONGRATULATIONS TO ALL THE 2013-2014 AWARD WINNERS!**



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