



Leaders' Edge

The newsletter of The Michigan Association of Certified Public Accountants

May/June 2005



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Cover Story

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Image

Melancon told a record-breaking crowd of MACPA leaders that recent image research shows 97 percent

of general Business Decision Makers (BDMs) view the CPA as "favorable" compared to 94 percent in 2003. Survey results also indicate that 79 percent of BDMs and 82 percent of C-class BDMs (CEOs, CIOs, CFOs of large public companies) think the accounting profession has taken steps in recent years to address public concerns about corporate accounting.

"These are phenomenal results," said Melancon. "They indicate the changes we've been making are appropriate. Today, we need to continue our focus on doing the right things – delivering on the promise of quality and ethics – which goes back to the core heritage values of our profession."

Peer Review

Melancon also said the profession has an obligation to continue the peer review process. He noted that a number of changes related to peer review are occurring at the state regulatory level. State boards of accountancy across the country are moving toward requiring remittance of peer review results from licensees. Some states, Melancon reported, are seeking peer review results from the state societies as administrators. This conflicts with AICPA confidentiality provisions, so the AICPA is providing assistance to those state societies who face this dilemma.

In addition, numerous states – including Michigan – who currently do not require peer review are enacting legislation for mandatory peer review.

AICPA is working with NASBA to achieve uniformity, so peer review requirements will be consistent from state to state.

Private Company Reporting

Attendees were particularly interested in the conclusions of the Private Company Financial Reporting Task Force. While the issue of "big GAAP vs. little GAAP" has been considered numerous times over the last several decades, Melancon said this is the first time an AICPA task force has recommended the development of a model for creation of separate GAAP standards for private businesses. He explained that a significant shift in opinion over the past 20 years strongly suggests that private companies should be allowed to

View PowerPoint presentations from the [Members Advisory Forum](#).



Left to right. AICPA President Barry Melancon, MACPA Chair-Elect Peggy Haw Jury and MACPA Chair John Higgins.

measure certain areas differently.

As of publication time, the AICPA Council is slated to consider the task force's conclusions at its late May meeting.

Other Speakers

MACPA President Peggy Dzierzawski outlined important initiatives of the Association, such as [financial literacy](#), image and advocacy. She shared numerous video and print clips of [tax assistance programs](#), [high school leaders events](#), [Junior Achievement blitzes](#) and more.

Michigan Board of Accountancy Licensing Administrator Suzanne Jolicoeur provided a recap of the first year of the computerized CPA exam and talked about factors that may lead to increased exam costs (see related story, [State Board Update](#)).

MACPA Lobbyist Tom Hoisington and State Senator Mike Bishop emphasized the importance of participation in the [legislative process](#). They encouraged members to support the [MACPA PAC](#), and to consider running for local or state office.

Michigan Accountancy Foundation (MAF) President Steve Epstein presented 16 scholarships to help students complete their fifth/graduate year of studies. The scholarship recipients were listed in the [March/April issue](#) of *Leaders' Edge*.



2005 MAF Scholarship recipients pictured with
MAF President Steve Epstein.

Message from the Chair of the Board

Focus Groups Stimulate New Member Programs

To the confident, (change) is inspiring because the challenge exists to make things better.

- King Whitney Jr., President, Personnel Laboratory Inc., quoted by *Wall Street Journal*, June 1967



John H. Higgins
2004-2005 MACPA
Chair of the Board

Over the past decade, challenge and change have become part of the fabric of the accounting profession and the MACPA. Sometimes those challenges and forces of change come from outside the profession, such as legislative and regulatory initiatives. Others are inspired by and championed within the profession – by our members who are passionately involved in moving the profession forward. At the recent Members Advisory Forum in Lansing, we heard about both external and internal changes (see our [cover story](#)).

I'd like to share with you some information about a recent initiative within the MACPA to tap into the knowledge, concerns and needs of our members. Working with an outside consultant, the MACPA leadership has gathered feedback from focus groups to help us delineate our role in this ever-changing environment, identify and clarify member information needs and pinpoint how we can best serve our members.

Early results show us that specialized communication tools – like *The Business Edge* – news targeted to members in business and industry – effectively provide valued information to niche groups within the membership. And, while many of our members frequently access the MACPA web site for information, they really want to hear more about the activities, events and efforts supported by the MACPA. Clearly, we have a commitment to meet the challenging information needs of all members.

Another way the MACPA is changing to meet member needs is through development of a new format of web-based CPE. While online educational programming has been around for a while, the newest generation is live, web-based CPE. Recent feedback showed us that a large number of members are interested in this new format.

In these new web seminars, participants experience real-time interaction with a “live” instructor and other students through conference-call audio as well as through electronic polling mechanisms. This innovative programming essentially brings you into a virtual classroom, even though you are sitting comfortably in front of your home or office computer.

The biggest advantage of live, web-based CPE is the elimination of travel time and expense, while maintaining the benefits of a face-to-face seminar with an experienced instructor.

As plans for live, web-based CPE move forward, consider participating in [upcoming webcast programs](#) or in one of the dozens of live, web-based seminars being planned for the fall.

Your participation and feedback are drivers of change and crucial to our success. And, you help us keep on

target in moving the profession forward.

Financial Literacy

New Guide Helps CPAs Provide Community Education Programs

A new CPA Mobilization Kit User Guide makes it easier for CPAs to take full advantage of the vast array of resources available for use in offering community workshops and financial literacy programs.

The User Guide includes information on integrating your efforts with the profession's *360 Degrees of Financial Literacy* initiative, talking points, financial literacy statistics with sources, a timeline for planning an event, as well as sample flyers, invitation and questionnaire for audience feedback.

Download the [User Guide](#), or access it along with toolkits through the [CPA Financial Literacy Resource Center](#).

Financial Literacy

CPAs: Inspiring Students to Consider Accounting, One Classroom at a Time

The MACPA Speakers' Bureau program reached more than 2,000 middle school, high school and college students in the 2004/05 academic year, teaching them what it takes to become a CPA and talking about the benefits a career in accounting can bring.

The MACPA thanks Bureau volunteers that spoke in these classrooms, at career days or conferences over the past school year.

Those who have utilized a speaker from the MACPA Speakers' Bureau have expressed positive experiences.

Michael Kelch, an educator at Cleary University, said, "Using an MACPA speaker allowed my students to get a reinforcement of concepts I was teaching, as well as a different and more practical perspective on small business development that went outside the confines of text book theory."

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Michael Kelch, an educator at Cleary University

Jim Moss, a student at Baker College – Flint and president of the college's Accounting Association, has utilized Speakers' Bureau four times over the course of the school year.

"All of the speakers gave terrific presentations and provided real world testimonies," Moss said. "Every speaker answered questions until all questions were exhausted."

"Not only were the speakers knowledgeable, most were experts in their topics of presentation. Every single speaker presented their material in a very personable way and included the students in their presentations. After every event, students mentioned they were both entertained and inspired."

If you're interested in joining the Speakers' Bureau, contact the MACPA [Communications Department](#) today. Even if you don't have experience in doing classroom presentations, you can join. The MACPA provides tips, guidelines and ready-made presentations to assist you in this endeavor.

Join the Speakers Bureau to help expand the horizons of Michigan students.

"Some people would consider speakers and their presentations an extracurricular activity," Moss said. "However, these little 'extras' are just as valuable as our education. Education for accountants is very diversified today. It is the contact with CPAs through events like the Speakers Bureau that give students an opportunity to bring their diversified education into focus."

Corporate Finance

PCAOB Issues Guidance on Audits of Internal Control

On May 16, the Public Company Accounting Oversight Board (PCAOB) published additional guidance to auditors on how to implement the PCAOB's Auditing Standard No. 2, "An Audit of Internal Control over Financial Reporting Performed in Conjunction with an Audit of Financial Statements."

The guidance consists of a [Board Policy Statement](#) and a series of [staff questions and answers](#). The questions and answers provide technical guidance to auditors on how to use the provisions and underlying principles of Auditing Standard No. 2 to conduct effective and cost-efficient audits of public companies' internal control over financial reporting.

The Board's Policy Statement amplifies some of the themes in the questions and answers and articulates the Board's policy on how it intends to administer Auditing Standard No. 2 in its oversight of the registered public accounting firms that audit public companies.

The guidance represents the PCAOB's response to questions and concerns raised at the April 13, 2005, Roundtable on Implementation of Internal Control Reporting Provisions, hosted by the SEC and attended by the Board. At the roundtable, the Board heard directly from issuers, auditors and investors on the front lines of implementing Section 404 of the *Sarbanes-Oxley Act of 2002*.

While roundtable participants generally supported the objectives of Section 404, many expressed concerns about compliance costs and offered constructive comments about how the implementation process can be improved. At the close of the roundtable, PCAOB Chairman William J. McDonough pledged that the Board would respond to some of the concerns about auditors' implementation of Auditing Standard No. 2 by issuing additional guidance on the standard on May 16.

"It is clear to us that the internal control assessment and audit process has the potential to significantly improve the quality and reliability of financial reporting," McDonough said. "At the same time, it is equally clear to us that the first round of internal control audits cost too much. Through the guidance we issue, as well as our upcoming inspections, we are committed to seeing that AS No. 2 is implemented in a manner that captures the benefits of the process without unnecessary and unsustainable costs."

Both the Board Policy Statement and the staff questions and answers focus primarily on the scope of the internal control audit and how much testing of a company's internal control over financial reporting is required. The PCAOB identified these as the issues that primarily drive cost and therefore needed to be addressed most urgently in order to affect the 2005 audit process.

In particular, the staff questions and answers seek to correct the misimpression that certain provisions of Auditing Standard No. 2 need to be applied in a rigid manner that discourages auditors from exercising the judgment necessary to conduct an internal control audit in a manner that is both effective and cost-efficient. The Policy Statement expresses the Board's view that, to properly plan and perform an effective audit under Auditing Standard No. 2, auditors should –

- **integrate their audits** of internal control with their audits of the client's financial statements, so that evidence gathered and tests conducted in the context of either audit contribute to completion of both audits;
- **exercise judgment** to tailor their audit plans to the risks facing individual audit clients, instead of

using standardized "checklists" that may not reflect an allocation of audit work weighted toward high-risk areas (and weighted against unnecessary audit focus in low-risk areas);

- **use a top-down approach** that begins with company-level controls, to identify for further testing only those accounts and processes that are, in fact, relevant to internal control over financial reporting, and use the risk assessment required by the standard to eliminate from further consideration those accounts that have only a remote likelihood of containing a material misstatement;
- **take advantage** of the significant flexibility that the standard allows to use the work of others; and
- **engage** in direct and timely communication with audit clients when those clients seek auditors' views on accounting or internal control issues before those clients make their own decisions on such issues, implement internal control processes under consideration, or finalize financial reports.

The Board will continue to consider issues related to the implementation of Auditing Standard No. 2. The agenda of the Board's next meeting with its Standing Advisory Group, scheduled for June 8 -9, will focus on implementation.

In addition, the Board continues its efforts to facilitate implementation of Auditing Standard No. 2 by the auditors of the smaller U.S. public companies and foreign companies, that, by SEC rule, need not comply with Section 404 until 2006. Among other things, the Board is participating as an observer on both the SEC's Advisory Committee on Smaller Public Companies and the Committee of Sponsoring Organizations of the Treadway Commission initiative on Implementing the COSO Control Framework in Smaller Businesses.

Section 404 of the *Sarbanes-Oxley Act* and the SEC's related implementing rules require certain companies to include in their annual reports filed with the Commission a report on management's assessment of the effectiveness of those companies' internal control over financial reporting. In addition, Section 404 requires these companies' auditors to attest to and report on the internal control assessments made by management. PCAOB Auditing Standard No. 2, which refers to the auditor's attestation as an audit of internal control over financial reporting, is the standard auditors must use to satisfy their obligations under Section 404.

The guidance is available on the [PCAOB web site](#).

Corporate Finance

5 Tips for Strategic Growth in the Midst of Uncertainty

By Vince Crew

Economic upheaval, the threat of war, tax revolution, jails bursting at the seams, healthcare costs skyrocketing, intense competition ... who can think about growth in the midst of all of this? Every leader who wants their enterprise to thrive when the turnaround comes!

What do you need to stay ahead of the curve? Want to know more? Vince Crew will facilitate an upcoming MACPA seminar entitled, [Strategy Design for Executives of Successful Growing Enterprises](#). MACPA members know Vince delivers practical information, insight and encouragement to grow profitably and ethically. [Register today.](#)

There is always a mandate for growth. Anything else is sure sign of decline. How can we consider growth with so much turmoil and confusion? For many, it's a matter of "staying the course" by doing the right things over and over. It's looking at the fundamentals of your market and historical presence and reinforcing them. It's ensuring your capacities are strong: fiscal, talent, plant, etc. It's making sure you've girded yourself for the next battle for prosperity.

We know it's cyclical. We know it's going to turn. When it does, there will be only a select few ready, willing and capable of garnering the first and second slots. And as noted management guru Peter Drucker told a young Jack Welch at GE regarding their diversification, "If you're not number one or two in an industry, get out!"

So how do you prepare?

#1 Articulate the enterprise's goals

Understand, appreciate and speak the objectives, values and plans of achieving goals.

#2 Stay Focused

Don't be distracted by bad news OR by sudden accidents of good fortune – they must both be treated as temporary anomalies along the journey.

#3 Get Outside Assistance

Don't go it alone. Seek out competent, trusted advisors to facilitate, co-author and keep things on track.

#4 Understand Your Strengths

Call it core competencies or simply stuff your group does well – it is your distinctive competitive advantage. Identify it, rally around it and use it.

#5 Monitor the Plan

Every sailor adjusts the sail depending on the winds. Keep to your 'true north' in ethics and goals; however, don't be at all timid about adjusting the plan along the way should internal or external factors change significantly.

Frank's Nursery, Sears, K Mart, General Motors, Ford, Starbucks, Microsoft, Coca-Cola, AIG and The Big Eight...What do these companies all have in common? They once were wildly successful and all faced or are facing drastic changes.

Better days are coming, especially for those focused on strategic growth today. Stay true to the principles of

prudent leadership and you will reap the rewards.

About the Author

Vince Crew is the founder of Reach Development Services and a strategy adviser with more than 25 years of experience providing practical insights on the critical issues of leading people and organizations. He consults and speaks on leadership truths, strategic planning, ethics, customer service, employee retention, business development and philanthropy. Vince holds a Master of Science degree in Marketing and Communication from Franklin University with extensive research in leadership ethics and organization lifecycle strategies.

Practice Management

Collaborative Law: The Role of CPAs in a New Approach to Divorce

By Kathleen M. Wright

Accounting, auditing and tax expertise – as well as objectivity – are important qualities CPAs have traditionally used to assist divorcing parties. However, an innovative new option in Michigan – utilizing collaborative law – may create more opportunities for CPAs to provide advisory services as part of a team approach to “no-court” divorce settlements.

Traditional Divorce Consulting

In an October 2003 *Journal of Accountancy* article titled, “Starting Over,” Thomas Burrage pointed out several key areas in which CPAs historically have played significant roles in the area of divorce consulting.

- Analysis of financial data according to a range of statutes, regulations, rulings and case law. CPAs do NOT and cannot practice law. However they must have a general knowledge of local matrimonial statutes and case law in order to engage in divorce relations consulting.
- Organization of financial issues related to property settlements and support awards.
- Examination of a couple’s financial records to determine the value of their net assets, jointly and individually; whether assets are encumbered; who earns how much; how much income should be attributed to each spouse, particularly self-employed individuals.
- Addressing the tax consequences of various forms of support and property division.
- Discovery of assets that were not disclosed by one of the parties either intentionally or because of lack of knowledge. Executive benefit and compensation plans can present these kinds of issues in a matrimonial dispute.
- Assessment of value of certain financial assets like business interests, retirement plans and notes are frequently performed by CPAs who are certified by the AICPA as Accredited in Business Valuation.

What is Collaborative Law?

Collaborative law is an innovative new approach of handling family dispute resolution. It brings together an inter-disciplinary team of the best legal, financial and mental health professionals to produce a “no-court” settlement agreement that is comprehensive, cost effective and generates the least amount of emotional upheaval to all family members.

Collaborative law originated in the 1990s. But, Michigan just recently became the 19th state to establish a collaborative divorce law institute – appropriately named the Collaborative Law Institute of Michigan (CLIM).

This project was spearheaded by Ann Arbor family law attorney Margaret Nichols, with Nichols, Sacks, Slank, Sendelbach & Buiteweg, P.C. Last spring, about 60 participants from all over the state representing multiple disciplines – attorneys, child specialists, divorce coaches, financial consultants and mediators – gathered for extensive training, and were certified as collaborative law practitioners. Regional groups have been established in Oakland, Wayne, Ingham, Clinton and Washtenaw Counties.

How Is it Different from Mediation?

In a *Michigan Lawyers Weekly* article, Nichols explained, “At the first meeting, the parties and their attorneys sign a document in which they agree to certain principals. The primary goal of which is to work toward a resolution that is good for both parties. The parties also understand that if the matter must be litigated, both attorneys and any retained professionals must step aside.”

Up front in this original agreement, the parties waive their right to litigate with the original participating parties. So, according to Nichols, "The monetary investment that will be vested should the process derail is a strong incentive to ensure the participants will work hard toward resolution."

Financial Professionals in the Collaborative Process

All collaborative teams do not look alike, and CPAs can play various roles, including:

- Financial coach to only one party if that party needs one-on-one financial education;
- Financial specialist, a neutral for both parties; or
- Mediator or co-mediator with another mediator.

The collaborative **financial coach** is a licensed accounting professional who helps one member of the couple and the attorney to:

1. Understand the extent and value of the marital estate.
2. Request financial documents.
3. Understand the financial documents provided by the other spouse.
4. Comply with requests to produce financial documents.
5. Identify and prioritize financial needs.
6. Create a realistic budget.
7. Work on short and long range financial planning.
8. Create and evaluate options for settlement.
9. Understand tax consequences of settlement options.
10. Participate as financially informed team members.

The collaborative **financial specialist** is a neutral licensed financial member of the team who may:

1. Assess the level of financial understanding of each spouse, and educate each accordingly.
2. Identify financial issues specific to the case.
3. Help each member of the couple manage financial expectations.
4. Work as a neutral financial analyst, creating income and expense projections for the near and longer term.
5. Interpret appraisals.
6. Assist with the discovery process by gathering documentation of income, expenses, assets, and debts.
7. As a neutral, provide some or all of the services listed above for the Financial Coach.

The collaborative **financial mediator** or co-mediator is a neutral facilitator, who:

1. Helps the parties identify the financial issues they will work on during team meetings.
2. Facilitates communication about these issues during team meetings.
3. Helps the parties and attorneys decide which other professionals to add to the collaborative team.
4. Serves as a case manager, often essential to keeping the process moving forward towards resolution.
5. Drafts relevant financial parts of the settlement agreement.

The role of the financial professional depends on the specifics of each case. The addition of particular interdisciplinary professionals also is a function of the specific need presented by the couple and their family or finances.

Special Considerations for CPAs Engaged as Neutrals

With these roles in mind, CPAs who wish to become trained in collaborative practice will want to pay special attention to the particular ethical considerations for CPAs that do not apply to other professional team members.

In all types of divorce advisory engagements, a CPA should get an engagement letter as evidence of the client's understanding of what services are to be performed, what services are not to be performed, for whom the CPA is working, and the financial payment arrangement.

When CPAs are engaged as neutrals, it is very important to point out in the engagement letter all potential conflicts of interest, if known, particularly when the CPA has a prior working relationship with the couple. Most teams will avoid involving anyone as a neutral who has a prior history with the couple.

If a CPA is asked to serve in such a capacity, however, it's important to understand how advice that is good for one party may be detrimental to the other party. Potential conflict of interest situations could occur. An example of this would be if a CPA has had a prior business relationship with one or both of the spouses, or has been an accountant for a business that is involved in the asset structure of the marriage, and then is asked to be a neutral while performing a business valuation, recommending retirement plan options, or arriving at an income number that represents a party's ability to pay alimony and child support.

The engagement letter should state that the parties have been informed as to any potential conflicts of interest, and the parties nonetheless wish to engage the CPA to perform these consulting services related to the financial and accounting issues including, but not limited to, for example, the value of the widget business. In addition, the parties release the CPA from any claim or liability for damages resulting from any perceived or actual conflict of interest.

About the Author

Kathleen M. Wright, CPA, is a member of the MACPA, the AICPA and the Collaborative Law Institute of Michigan. For more information on how to be a Collaborative Divorce Financial Consultant, visit www.collaborativelawmichigan.com.

Tax Tidbits

Secure Payment Service From the U.S. Treasury Can Help Clients Avoid Penalties

The Electronic Federal Tax Payment System (EFTPS) offers businesses and individuals a secure and easy way to pay all federal taxes online or by phone – and *possibly* avoid IRS penalties.

EFTPS is a service permitting taxpayers to pay all federal taxes online in lieu of using paper forms like Federal Tax Deposit (FTD) coupons. Because the timely transmission of payroll taxes is one of the most chronic compliance problems smaller companies face with the IRS, this program is particularly beneficial to the business clients of tax professionals who routinely transmit payroll taxes to the IRS on behalf of employees.

Here's How it Works

EFTPS has a [secure web site](#) through which taxpayers enroll. The enrollment process includes entering their tax ID number and the bank account from which they will be paying their taxes. After they enroll, taxpayers will receive by mail their PIN and instructions for obtaining their Internet password. Then they logon, enter their security information (the combination of TIN, PIN and Internet password), and make secure payments for any and all federal taxes ... 24 hours a day, 7 days a week. And it's free.

- All of your business clients can use EFTPS. The system offers specific tools to help clients avoid possible IRS penalties.
- Schedule payments in advance...up to 120 days for businesses and 365 for individuals.
- Make payments weekly, monthly or quarterly.
- Cancel a payment up to 48 hours before the scheduled payment date.
- Receive an immediate Acknowledgement Number for every payment, which is a receipt for the taxpayer's payment instructions and can be used in contacting the IRS.
- Thoroughly review and verify all payment information before submitting the payment to make sure no mistakes have been made.
- Review up to 16 months of EFTPS payment history online to confirm that payments have been made.

Any taxpayer that makes more than one federal tax payment per year should consider enrolling in and using EFTPS.

If you make tax payments on behalf of your clients, you should consider using the **free EFTPS Batch Provider software**, which is available on the [EFTPS web site](#) under *Help & Information*. With a new version scheduled for Fall 2005, this software allows you to enroll clients and make up to 5,000 tax payments on a single transmission. You can make payments from a Master Account or from each taxpayer's account. This is an ideal way to manage your clients' tax payment information, so you can spend more time developing client relationships.

Special Program For Business Taxpayers

The **EFTPS Federal Tax Deposit (FTD) Penalty Refund Program** offers business taxpayers who make payments with FTD coupons a way to receive a one-time penalty refund from the IRS. If the taxpayer received a Form 941 FTD penalty beginning in calendar year 2003, they are eligible to receive a refund of the penalty if they enroll in EFTPS and use it for four consecutive quarters to make all Form 941 deposits on-time. Key features include:

- No need to file a claim for the penalty refund.

- Beginning in April 2005, after the returns are filed for the fourth quarter of the previous year, the IRS will automatically determine which employers with a previous penalty have met the test of four quarters of EFTPS use. The IRS will perform this review on a quarterly basis for taxpayers that meet their four quarters of EFTPS use after this date.
- IRS will then “look back” to the four quarters prior to enrolling in and using EFTPS, remove the deposit penalty charged in the most recent quarter, and refund the money to the taxpayer if no other taxes are owed.

IRS estimates that non-users of EFTPS are 31 times more likely to be assessed a penalty than users of EFTPS.

Letting Your Clients Know About EFTPS

The U.S. Department of the Treasury offers tax and accounting professionals **free marketing materials** that can be used with clients. These materials are available in quantity and provide simple, easy to understand information about EFTPS for both businesses and individuals.

Many professionals include an EFTPS statement stuffer or brochure in the tax return information they send to clients. And some professionals send out newsletters or regular mailings and include an EFTPS brochure.

[Order](#) free EFTPS brochures and enrollment forms.

Tax Tidbits

Schedule M-3 Questions Answered By IRS

By Steven Dilley

Schedule M-3, *Net Income (Loss) Reconciliation for Corporations with Total Assets of \$10 Million or More*, is filed by affected corporations to reconcile financial accounting income to taxable income.

Corporate taxpayers required to file the new Schedule M-3 with their Form 1120 can find and request answers to their questions about the new schedule using a web-based list of frequently asked questions set up by the IRS in partnership with stakeholder groups.

IRS estimates that approximately 50,000 large and mid-size corporations are now required to use the schedule. The IRS says the goal of the M-3 is to increase transparency between reported financial accounting net income and reported tax accounting income. The form will help to strengthen oversight of corporations and their financial statement integrity.

The Corporations section of the [IRS web site](#) features a [Schedule M-3 page](#) that includes published material about the schedule, including the Schedule M-3 instructions and the frequently asked questions, which are updated weekly to add answers to additional questions submitted by taxpayers. The frequently asked questions appear on the web site arranged and keyed to the line items and sections of the Schedule M-3 Instructions.

The Schedule M-3 and Selection for Audit. The Schedule M-3 is also a potential selection tool (or de-selection tool) for audit. Corporations in the IRS Large and Midsize Business Division (LMSD) must complete the Schedule M-3 for tax years ending on or after December 31, 2004. Such corporations must have at least \$10 million in assets on the combined financial accounting balance sheet of the set of corporations included in the corporation's U.S. income tax return. This is commonly a different (usually smaller) set of corporations than is included in the corporation's published financial statements because non-U.S. corporations are included in the financial statements, but not in the U.S. consolidated tax return.

GAAP Financial Statements and the \$10 Million Asset Test. Many corporations do not normally prepare a set of GAAP financial statements for the U.S. consolidated tax return entities. However, it is the GAAP financial statements for the U.S. consolidated tax return entity that must have at least \$10 million of assets in order for the corporation to be subject to the Schedule M-3 reporting requirement. Therefore, substantial complexity and consequent additional information gathering is required just to know whether or not the corporation has to complete the Schedule M-3.

The IRS is looking for book-tax differences between the financial accounting and the tax accounting statements to help in assessing the level of the corporation's compliance. The disclosures in the Schedule M-3 may increase the risk of audit for some corporations. Also, the assessment of the corporation's compliance will come much earlier in the audit selection process.

Reaction from Corporate Tax Department Directors. Corporate tax department directors indicate the Schedule M-3 is causing a lot more work. The challenge is determining just how much additional work is required, who should do it and whether it can be done by the tax return filing due date. Many corporate

returns will be extended as a result of the Schedule M-3.

Penalties for Noncompliance with the Schedule M-3 Requirement. There are no penalties specific to the Schedule M-3. However, the IRS has indicated if sincere efforts are not being made to properly prepare the schedule, penalties may be forthcoming.

More Schedule M-3s Are On The Way. The IRS also announced that it intends to include a Schedule M-3 in the Forms 1120S, 1120PC, 1120L, 1120F, and 1065 beginning with tax years ending on or after December 31, 2005.

About the Author

Steven Dilley, Ph.D., J.D., CPA, is a frequent speaker on tax issues at MACPA continuing education programs.

Tax Tidbits

Looking Ahead: Are Michigan Tax Incentives in Jeopardy?

By Mark Hilpert, Tax and Economic Incentives Manager, Honigman Miller Schwartz and Cohn LLP

Recently, the Sixth Circuit Court of Appeals invalidated part of a \$280 million tax incentive package provided to DaimlerChrysler by the State of Ohio and the City of Toledo, finding that it violated the Commerce Clause of the U.S. Constitution. The request to reconsider was denied.

The *Cuno v. DaimlerChrysler* case has quickly gained national attention because, if allowed to stand, the constitutionality of tax incentives offered by many states, including Michigan, could be challenged. DaimlerChrysler and the State of Ohio will appeal this decision to the U.S. Supreme Court and the issue will not be resolved for quite some time. However, it is worth considering what options might be available to Michigan's policy makers, if the case is ultimately upheld.

Investment Tax Credit

The *Cuno* court found the investment tax credit within Ohio's Franchise tax violated the Commerce Clause because the credit encouraged economic activity in Ohio by allowing a franchise tax reduction for those who expand in Ohio, but not elsewhere. Hence, a taxpayer that owes tax in both Ohio and Michigan, for example, could reduce its Ohio tax if it expanded in Ohio but not if it expanded in Michigan. The court viewed the result as discriminatory.

As a modified value-added tax, Michigan's Single Business Tax (SBT) can be distinguished from Ohio's Franchise tax, but its investment tax credit works in a similar way. Given the *Cuno* court's reasoning, it seems unlikely that the SBT's investment tax credit would pass constitutional muster if the case is upheld.

However, policy makers could rely upon the decision in *Jefferson Smurfit* upholding the site-specific capital acquisition deduction to distinguish the SBT from *Cuno* and continue to offer the investment tax credit. This strategy could work until the Michigan credit is challenged directly, which may never happen.

Property Tax Abatements

The court held that the property tax exemption part of the package did not violate the Commerce Clause because it did not alter existing tax burdens based on where the investment was made. In other words, if the property was not located in Ohio, there would be no Ohio property tax owed. Thus, the exemption does not discriminate against taxpayers that place property outside of Ohio.

Generally, the court's findings mean that Michigan's property tax abatement programs including the Industrial Facilities abatement (*PA 198*), *Obsolete Property Rehabilitation Act* and the *Personal Property Exemption* (*PA 328*) are not in legal jeopardy.

However, the court did suggest there are limits to the "strings" a taxing entity may attach to such an abatement before it does become discriminatory. As such, requirements involving a minimum level of investment or employment, included in typical tax abatement agreements may become suspect.

MEGA/Brownfield Credits/Renaissance Zones

The SBT credits offered under the MEGA program as well as the Brownfield program could be affected by *Cuno* because both credits reduce SBT liability for businesses expanding or investing in Michigan, but not elsewhere. Businesses already subject to the SBT will only benefit from the credits if they expand in

Michigan, not outside the state.

Due to the fact that the Renaissance zone SBT credit effectively exempts the business activity within the zone (and does not reduce the tax the business paid prior to locating in the zone), it may be viewed differently. Generally, SBT liability would be equal for a taxpayer whether it expanded in a Renaissance zone or located out of state. Hence, it operates more like an exemption than a credit, which is a distinction the *Cuno* Court found to be important when finding the property tax exemption did not discriminate against interstate commerce.

Grants

The *Cuno* court makes a distinction between tax credits and a direct subsidy, and stated that the courts have noted direct subsidies do not “ordinarily run afoul of (the Commerce Clause) because they are not generally connected with the State’s regulation of interstate commerce.” Presumably, states could bypass the Commerce Clause problem brought to light by the *Cuno* decision by simply replacing certain offending tax credits with direct investment subsidies.

In Michigan, such a grant program would have to be consistent with the constitutional requirements prohibiting the state from lending its credit (Art. 9, Sec. 18) and the requirement that a two-thirds majority of the legislature must approve the appropriation of public money for private purposes (Art. 9, Sec. 30). Michigan courts have found the state and its political subdivisions may not give anything away without adequate consideration. It is debatable whether long-term, future contributions to the tax base and economy would be viewed as adequate consideration. In addition, there are some practical and perhaps political challenges associated with a program allowing the state to write checks to corporations in exchange for locating in the state.

In summary, if the Supreme Court upholds the *Cuno* decision, it will likely mean Michigan will have to either defy the Sixth Circuit ruling based on *Smurfit* or modify a number of its SBT tax credit programs, perhaps making them work more like exemptions for the business activity being induced. To the extent that exemptions do not provide a large enough incentive, there is the possible alternative of direct state subsidies.

Accounting & Auditing

GAO Releases New CPE Guidance

On May 2, 2005, the GAO released a document titled *Guidance on GAGAS Requirements for Continuing Professional Education* that will be effective for CPE measurement periods beginning on or after June 30, 2005 (with earlier adoption encouraged). The document provides guidance to auditors in meeting the CPE requirements contained in the Yellow Book and replaces the predecessor 1991 CPE Interpretation.

The document is a must read for any firm conducting or contemplating Yellow Book engagements and any CPE provider that works with them.

The [document](#) itself is available online, as well as a [two-page summary](#) of changes to the document. The document contains more significant changes than were anticipated based on the related exposure draft issued last year. Included in the significant changes are the following:

- **Subjects more staff members to the 24-hour CPE requirement** – In the past, staff members not involved in planning, directing or reporting on the audit or attestation engagement, and who charged less than 20 percent annually of their time to audits and attestation engagements following GAGAS did not have to comply with the 24-hour CPE requirement. Now, these staff members will be subject to the 24-hour CPE requirement, but exempt from the remainder of the 80-hour requirement. The effect is that *some* staff will now be able to take less overall CPE to meet the Yellow Book requirements but these same staff will now have to take courses that meet the 24-hour requirement (from which they were previously exempt).
- **Clarifies that CPE programs should have learning objectives.**
- **Provides new guidance on what topics do and do not qualify for Yellow Book CPE.**

This guidance includes the following:

Related to the 80-hour requirement – In paragraph 23, the document provides additional guidance on the taxation topics that may and may not qualify. Probably the most significant development here (from the 2004 guidance) is if the analysis of an entity's tax return is useful and relevant in performing an audit, auditors would be able to claim GAGAS CPE for the related training.

Related to the 24-hour requirement – The courses that qualify for the 24-hour requirement may have been broadened, subject to how you interpret the document. Included in the new language is a discussion that the Yellow Book may be/will be used in conjunction with professional standards of other authoritative bodies and, if that was the case, training in the other standards would be relevant. Professionals will want to be careful in how they interpret and apply this wording. The courses will need to be standards-based and not vague or generic auditing type courses.

Related to both the 24-hour and 80-hour requirement – In paragraph 26, the document provides a listing of topics that generally would not qualify towards the Yellow Book CPE requirements. Included in the listing are: certain training in taxation, personal financial planning and investment, taxation strategies, estate planning, retirement planning, practice management, etc.

Accounting & Auditing

Comments Sought on Banking Group's Proposal to Restrict Auditor Liability Limitation Provisions

The Federal Financial Institutions Examination Council (FFIEC), on behalf of numerous government agencies, seeks comments on [proposed guidance](#) restricting limitation of liability provisions in external audit engagement letters.

The AICPA *Code of Professional Conduct* currently permits members to include an indemnification clause in engagement letters for knowing misrepresentations by client management. Under the FFIEC proposal, this would be prohibited. The AICPA Professional Ethics Executive Committee has been evaluating the appropriateness of the use of certain indemnification and limitation of liability clauses in light of the recent focus by the FFIEC and SEC.

The FFIEC's proposal advises financial institutions' boards of directors, audit committees and management not to enter into any agreement that contains external auditor limitation of liability provisions with respect to financial statement audits. This would apply regardless of the size of the financial institution, whether the financial institution is public or not, and whether the external audit is required or voluntary.

The agencies believe such provisions may weaken an external auditor's objectivity, impartiality, and performance and therefore conclude that inclusion of these provisions in financial institution engagement letters raises safety and soundness concerns.

The agencies state that the limitation of liability provisions can be generally categorized as an agreement by a financial institution client to:

- Indemnify the external auditor against claims made by third parties;
- Hold harmless or release the external auditor from liability for claims or potential claims that might be asserted by the client financial institution; or
- Limit the remedies available to the client financial institution.

Under the proposal, the agencies may take appropriate supervisory action if such provisions are included in external audit engagement letters or other agreements related to financial statement audits that are executed after the date of the advisory (May 10, 2005).

Furthermore, if boards of directors, audit committees or management have already accepted an external audit engagement letter or related agreement for a fiscal 2005 or subsequent financial statement audit (i.e., fiscal years ending on or after January 1, 2005), the agencies strongly recommend they consult with legal counsel and the external auditor and take appropriate action to have any limitation of liability provision nullified.

Members are encouraged to review this important proposal and submit their comments to the following address on or before June 9, 2005.

FFIEC, Program Coordinator, 3501 Fairfax Drive, Room 3086, Arlington, VA 22226; by [e-mail](#); or by fax to

Agencies represented by the FFIEC proposal:

- *Office of Thrift Supervision, Treasury*
- *Board of Governors of the Federal Reserve System*
- *Federal Deposit Insurance Corporation*
- *National Credit Union Administration*
- *Office of the Comptroller of the Currency, Treasury*

703-516-5487.

The [full proposal](#) as printed in the Federal Registry.

Legislative & Regulatory

Legislative Impact Award – U.S. Senator Debbie Stabenow

The 2004 MACPA Legislative Impact Award was recently presented to United States Senator Debbie Stabenow. This award honors public policy makers who have contributed significantly to the advancement of the CPA profession through legislative and regulatory advocacy.

Sen. Stabenow's commitment to public service began in 1974 when she was elected to the Ingham County Board of Commissioners. Since then, Sen. Stabenow has held office in the Michigan House of Representatives, Michigan Senate, and the U.S. House of Representatives.

In 2000, she was the first woman from Michigan to be elected to the U.S. Senate. After only four years in the Senate, she has been named by her peers to the post of Secretary of the Senate Democrats, the third-ranking Democratic leadership position and the highest position currently held by a woman in the Senate. A respected leader in Congress, Sen. Stabenow serves on key committees including the powerful Budget Committee; Banking, Housing and Urban Affairs; and the Agriculture, Nutrition and Forestry Committee.

While the MACPA strives to serve as a resource to Sen. Stabenow as she debates complex and involved financial issues, it is her remarkable accessibility and pursuit of input from the CPA profession that sets her apart.



Senator Debbie Stabenow,
2004 MACPA Legislative Impact
Award Recipient



Left to right. MACPA Chair of the Board John Higgins, Senator Debbie Stabenow, and Legislative Advisory Group members Steve Epstein, Walt Koziol and Dennis Echelbarger.

Legislative & Regulatory

State Board Update

CPE Reporting

At the recent Members Advisory Forum in Lansing (see related [cover story](#)), State Licensing Administrator Suzanne Jolicoeur reminded members that this CPE reporting year is the first to allow one-half hour increments.

Rule changes implemented in October 2003 allow CPAs to claim a half-hour credit by attending 25 minutes after the first 50 minutes of instruction.

Members can visit the [MACPA web site](#) to quickly check continuing education credits earned through MACPA events. In addition, CPAs can check continuing education credit status with the [Michigan Board of Accountancy](#) online by simply entering their 10-digit license number.

The current reporting period began July 1, 2003 and ends June 30, 2005.

CPA Exam

Also at the Members Advisory Forum, Jolicoeur provided an update on the computerized CPA exam. She noted that the number of exam takers has been lower than expected. This would ultimately result in exam fee increases, though exact numbers are not yet available, she said.

Research conducted by [NASBA](#) and [AICPA](#) suggests that one reason fewer CPA exam candidates are sitting for the exam is that firm partners may have a tougher time keeping track of when candidates are planning to take the exam. With the paper-and-pencil version, exams were only offered twice a year, making it easier for firm partners to stay on top of the schedule. Now, with the computerized exam, candidates can sit for the exam during any of the four 60-day windows.

"We really need firm partners to set the tone at the top and emphasize the importance of taking the exam," said Jolicoeur. She said the State Board is encouraging review course providers to work with candidates on the application process, and encouraging firms to emphasize the exam in their training and orientation programs.

Legislative & Regulatory

Ethics Q & A

By MACPA Professional Ethics Task Force

Following is a question and answer transcript highlighting some of the frequent inquiries sent to the MACPA Professional Ethics Task Force. Responses to the inquiries have been tailored to specific questions presented and may not consider all of the unique circumstances that are part of an ethical inquiry. Attempt your own answers before reading the "unofficial" opinion of the Task Force.

Q. I recently obtained a new client who had not filed any tax returns for several years. Using client-supplied information, I quickly filed 2003 and 2004 sales tax returns. Now that I am preparing the 1120-S returns, I discovered that the sales information I was given was incorrect and therefore the sales tax returns underreported taxable sales. I have discussed this with my client. She doesn't want to file amended sales tax returns. I am the one who prepared those returns! What is my ethical obligation since I know the returns are incorrect? What should I do about preparing the 1120-S returns? Am I in trouble?

A. Not yet.

You prepared the sales tax returns using data you believed true and correct. Therefore, you did not commit an ethical violation. It is the client's obligation to file amended returns. You should prepare amended returns. Send these to your client, informing her, in writing, that the amended returns must be filed.

If you believe the balance of financial data is correct, you could complete the 1120-S returns (showing the correct sales tax liability).

The "not yet" part is that if your new client refuses to file the amended returns, you are now aware that she lacks integrity. Using your *professional judgment*, consider if you want this woman for a client or do you withdraw from this engagement?

Legislative & Regulatory

MACPA Member Terminated

The MACPA Bylaws, Article XI, Section 4(c), provide for termination of membership in the Association without a hearing upon the filing of a final judgment of conviction of a felony. The MACPA and AICPA were notified that member Brad E. Derringer of Swartz Creek, Mich., was convicted of embezzlement of \$20,000 or more. The MACPA Board of Directors terminated his membership on May 11, 2005.

FASB/GASB

FASB Issues Proposal on the GAAP Hierarchy

In connection with its effort to improve the quality of financial accounting standards and the standard-setting process, the FASB has published an Exposure Draft, *The Hierarchy of Generally Accepted Accounting Principles*.

The GAAP hierarchy, which currently resides in the AICPA's Statement on Auditing Standards No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles* (SAS 69), ranks the relative authority of accounting principles issued from multiple standard-setters.

Recently, the SEC reaffirmed the FASB as the designated private-sector standard setter for public companies and the FASB has implemented procedures to narrow the types of accounting principles that it issues.

Further, the FASB's codification and retrieval project will integrate existing U.S. GAAP into a single authoritative retrievable source, thereby creating a single authoritative codification of GAAP. **This proposed Statement, in connection with those developments and efforts, represents a necessary step towards achieving the ultimate vision for simplification of standard setting: one process and one form of guidance.**

The Exposure Draft carries forward the GAAP hierarchy as set forth in SAS 69, subject to certain modifications that are not expected to result in a change in current practice.

The comment period for the [Exposure Draft](#) ends June 27, 2005. The document is available on the FASB's web site at www.fasb.org.

Continuing Education

Prepare for the Unexpected at Largest Michigan Accounting Trade Shows

Effectively handle the day-to-day surprises at your professional practice or company by attending the MACPA's 11th Annual Management Information Shows. These are the three largest trade shows in Michigan for accounting professionals, which also provide the opportunity for valuable networking with exhibitors.

The [Spring Management Information Show](#) on June 9 in Grand Rapids, which is sponsored in part by [Robert Half International](#), features educational sessions covering ethics, new business valuation standards, behavioral aspects of fraud and Sarbanes-Oxley, to name a few. Eight CPE credit hours are available at this Show.

The Summer Management Information Shows take place on [June 29](#) and [June 30](#) in Livonia. Also sponsored in part by Robert Half International, these Shows feature sessions on ethics, FIN 46(R), transfer pricing and tax planning and SBT restructuring. Eight CPE credit hours are available at this Show.

Continuing Education

New Saturday Tax Planning Program Offers Strategies for Clients

To accommodate your busy schedule and help you meet the Michigan Board of Accountancy's [CPE requirement](#) (the end of the reporting period is June 30), the MACPA has developed a new Saturday course.

[Larry Stein's Tax Planning Workshop for Seasoned Tax Practitioners: Individual & Business](#) is scheduled on Saturday, June 18, in Plymouth. The session covers a myriad of tax planning strategies for both individual and business clients. Stein will also review selected high-yield estate planning moves for today's environment.

This course, worth eight general CPE credits, provides value-added ideas for clients by going beyond traditional tax-cutting techniques.

Continuing Education

Are You Using Excel to its Full Capacity?

Even if you think you're a pro at Excel – are you sure you're utilizing all of its capabilities, and in an efficient manner? From new users to the experienced pro – you'll benefit from the material covered in [Excel: Beyond the Basics](#), on June 9 in Livonia.

This course is highly acclaimed and contains hundreds of tips, tricks and advanced techniques that even seasoned Excel veterans have not discovered.

Recent releases of Excel have new and useful features – which have been incorporated into the course material. If you haven't taken a formal Excel training course for accounting – and if you'd like to learn to use Excel more efficiently and effectively – be sure to attend this course. You'll earn eight general hours of CPE credit.

Marketing

Tips on Communicating Through E-mail Messages

By Sue Thiemann, Boomer Consulting Inc.

Communicating with your clients through a well-written e-mail can be very effective in supporting your company's relationships with its clients. Along with the telephone, practically everyone uses e-mail to inform, notify and communicate with clients. Composing effective messages is very important. Here are a few tips for creating good e-mail messages:

- **A succinct, well-written subject line.** Use the subject line to let the recipient know the purpose of your communication in as brief and direct manner as possible.
- **Get to the point quickly.** The reader already knows the purpose of the correspondence because of your subject line. Be natural and get to the meat of your correspondence as soon as possible.
- **KISS.** Keep It Simple, Silly – a phrase you may have heard before but a very important one. Generally, the rule of thumb is to keep a sentence to 17 or fewer words. Therefore, simply stated facts or directives are better understood.
- **Write sequentially.** Either compose your sentences so the information you wish to convey is in a sequential order or use bullet points.
- **Be specific, clear and concise.** Your e-mail will more likely be read if each sentence is of value to the client, creating a desire to read on.
- **Keep your recipient in mind as you write.** How much information do they need or how does this person like to receive information? Sometimes you may not know the answer, but as your firm develops a relationship with this client, take note of how they communicate with you. Then, respond in a similar fashion. Some people like the details; others like the bottom line.
- **Keep the emphasis on the content.** Leave the bells and whistles for the marketing department. Use the color-coding and clip art in marketing pieces, not in your e-mail message. As in this article, bullet points and a little bold type go a long way.

Remember, your correspondence represents your company. How do you want your clients to view your company?

About the Author

Sue Thiemann is director of first impressions at [Boomer Consulting, Inc.](#) The organization provides technology consulting services that range from developing short-term and long-term technology master plans and budgets to specific projects dealing with a company's major technological issues.

Technovision

Internet Resources for CPAs

Finding Internet sites that are useful to CPAs can be a daunting task, so let your colleagues and the MACPA do it for you.

If you have a favorite web site, let us know! E-mail [Kristen Benvenuti](mailto:Kristen.Benvenuti) with your top web picks. We'll include them in an upcoming issue of Leaders' Edge.

www.aicpa.org/info/021108cat.asp: Evaluate your proficiency levels with the AICPA's competency self-assessment tool (CAT). After taking the CAT, a personalized analysis suggests appropriate education resources.

www.govbenefits.gov: Find state and federal benefits programs utilizing an easy-to-use searching tool. Descriptions and general eligibility criteria are provided for each category.

www.paycheckcity.com: If you handle your own payroll, be sure to check out this web site to access a number of personal calculators. You'll be able to easily tabulate take-home pay, determine gross pretax wages and find tax rates for bonuses and employee stock options.

www.wipp.org: Statistics on women and minority small business owners as well as valuable information to assist these small business owners are available at this site.

Association Briefs

Annual Meeting Notification

In accordance with the Michigan Association of Certified Public Accountants' Bylaws, Article 8, Section 1, an Annual Meeting of the Association shall be held each year within six months after the last day of the fiscal year. The time and place of the Annual Meeting shall be designated by the Board of Directors and the members shall be notified by mail communication or by publication in an official publication of the Association. This year's Annual Meeting is scheduled during the Fall Members' Advisory Forum on September 29, 2005, at the Laurel Manor in Livonia.

Association Briefs

MACPA Officers and Directors Nominated

In accordance with Article VII, Section 2 of the MACPA Bylaws, the Nominations Task Force met on May 2, 2005, and nominated officers and directors for terms expiring on the dates listed below. The following is a report of the Task Force.

Officer Nominees

(Terms expiring August 31, 2006)

- **Chair of the Board** – Peggy Haw Jury, BKR Dupuis & Ryden, Flint
- **Chair-Elect of the Board** – Sean C. Keenan, KPMG LLP, Detroit
- **Treasurer** – Gail Sparks Pitts, Oakland Community College, Bloomfield Hills
- **Secretary** – Thomas H. Beard, Godfrey Hammel Danneels & Co. PC, St. Clair Shores
- **Past Chair** – Walter S. Koziol, Rosco Investors Corporation, Highland; to replace one-year term of Karen L. Wiltsie* ending May 31, 2006

Director Nominees

(Term expiring August 31, 2006)

- Susan C. Kattelus, Eastern Michigan University, Ypsilanti

(Term expiring August 31, 2007)

- Edward S. Kisscorni, Crowe Chizek & Company LLP, Grand Rapids

(Terms expiring August 31, 2008)

- Robert S. Gigliotti, The Rehmann Group, Troy
- Michael P. Metzger, Pikstein, Wagner, Metzger & Hough PLLC, Commerce Township
- Ramona H. Pearson, Ramona Hendersen Pearson CPA PC, Detroit
- Douglas P. Roosa, Masco Corporation, Taylor
- Millian M. Toms, Millian M. Toms CPA, Royal Oak
- Theodore R. Young, PricewaterhouseCoopers LLP, Detroit

In accordance with the MACPA Bylaws, Article V, Section 4, John H. Higgins will serve as Past Chair of the Board for a two-year term ending August 31, 2007.

*Karen L. Wiltsie resigned due to relocation.

Association Briefs

Are You Utilizing the Full Value of Your MACPA Membership?

Learn What the MACPA Has to Offer

The MACPA has made it a **Number One goal** to provide members with tools, resources, services, information and education to assist in both their personal and professional development. From high-quality CPE courses discounted for members to networking opportunities with task force peers, the MACPA provides numerous opportunities for CPAs to make the most of their membership.

First-Class Educational Programming

MACPA continually assesses the CPE line-up and makes changes and additions that ensure CPE courses and formats meet members' needs. Recently, MACPA began development of a web-based CPE program ([see related article](#)), which is running from May through December.

Conferences and seminars continue to provide top-notch speakers who address timely topics. As always, members receive significant discounts on CPE pricing. CPE offered at a discounted rate more than pays the cost of membership dues.

Educator members are invited to the [High School Leaders Conference](#) (which reached nearly 600 students and teachers at four events this year), the [Michigan Accountancy Foundation Educators Symposium](#) and the [Spring Accounting Educators Conference](#). Educators learn the latest developments in accounting education and are equipped with lesson plans and other teaching tools as well as hand outs and information to take back to students.

Great Prices on Products and Services

To help your company handle general business functions at the best rates possible, the MACPA develops partnerships to contract members-only pricing for products and services. By using collective purchasing power to offer [savings programs](#), the MACPA has contracted rates unavailable to local retailers. Save on insurance premiums, office supplies, telecommunications services, shipping and so much more.

News to Keep You Informed

Check the latest news from Treasury, the IRS, the SEC and a number of other organizations through the MACPA's weekly electronic newsletter *E-News*, which keeps members up-to-date on the latest professional developments.

Leaders' Edge, the electronic newsletter you're reading now, is published six times each year and is sent directly to your e-mail inbox. This online newsletter provides you with timely articles, updates and links that cover a cross-section of topics.

New Online Publication for Industry Members

A recently developed online publication, [The Business Edge](#), was created with the MACPA industry member in mind. General articles to assist in every day operations, prepare for succession planning, updates on technology – this is just a sampling of the content comprised in this valuable publication.

Get Involved – Networking, Community Service Activities

More than [40 task forces](#) invite members to serve and develop niche expertise. Members also have access to many networking and public service opportunities. Prepare tax returns for low-income families in conjunction with the [Volunteer Accounting Services Team of Michigan](#); teach elementary students important business

basics using [Junior Achievement's](#) prepared lesson plans; or participate in the [MACPA's financial literacy efforts](#). The MACPA offers a number of ways for you to meet peers and serve your community.

A Voice in Lansing

Using our collective power, the MACPA communicates with legislators on your behalf to protect and promote the CPA profession in Lansing. [MACPA PAC](#) continues to gain importance among legislators, with 93 percent of the candidates backed by the MACPA PAC victorious in the last election cycle.

[Membership](#) in the MACPA is valuable – and the more you take advantage of the benefits and services, the more you'll get back. For more information on your benefits, visit our [web site](#). Logon with your username and password to learn about the efforts your professional association makes on your behalf.

Association Briefs

Nominate a Colleague for the MACPA Public Service Award

Do you know a CPA who was instrumental in initiating or leading charitable efforts; who has had significant impact on a community; who is an innovative thinker who has benefited an organization; or who has taken a leading role in solving problems for a volunteer community?

CPAs often demonstrate outstanding public service within their communities, regionally and at the national level. It's time for them to get the recognition they deserve with a nomination for the next MACPA Public Service Award.

Examples of past Michigan CPAs fitting the bill for MACPA Public Service Award include:

- Volunteers that serve for a Chamber of Commerce, United Way, Rotary or Kiwanis Club
- Volunteer leaders in a health care organization or urban or housing development initiative
- Volunteer educators
- Organizers of cultural activities

To submit a nominee for consideration for the 2005 MACPA Public Service Award, complete our [online form](#).

Only public service activities should be described. Professional service related to accounting organizations is not considered in determining the Award winner and, therefore, should not be included.

Association Briefs

The MACPA is Leading the Way on How You Earn CPE

Revolutionizing the way you earn your CPE credit, the MACPA has developed new web-based CPE programs to help you meet the State Board's [CPE requirements](#) with much greater ease.

Web-based CPE courses offer numerous benefits for CPAs – with an Internet connection, you can take courses from your home or office without having to spend time or money traveling to a program! These programs also offer real-time interaction with the instructor and other participants. Interactivity during the course is achieved through e-mailing questions as the course progresses, or calling in with questions at the end of the session.

The MACPA is running a pilot of the new web-based CPE courses from May through December. If this is something you'd like to see stick around, be sure to sign up for some of these valuable programs. You'll receive the same high-quality education you've come to expect of MACPA courses – as you sit right in front of your personal computer.

Association Briefs

In Memoriam

We sincerely regret the loss of our fellow members and extend deepest sympathies to their families and friends.

Bernard A. Friedman
Farmington Hills

Arthur D. Giesecking
Grosse Pointe Park

Joel Ittigson
Grand Blanc

Gerard T. Schwartz
Traverse City

Amy M. VanderWall
Grand Rapids