



# Leaders' Edge

The newsletter of The Michigan Association of  
Certified Public Accountants

May/June 2011



## Top Stories

### Tax, Tax, Tax

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### MACPA at 110 – A Strong Tradition and Lasting Legacy

To commemorate the MACPA’s 110th Anniversary, we took a look back into what life was like in the 1900s, and compiled some interesting facts about the early days of the Association.

### Navigator of the Profession – Nancy Finegood

Who would leave an island paradise for a position with a non-profit in Michigan? Nancy Finegood did. Read more about Nancy, who uses her accounting background to strengthen an organization devoted to historic preservation.

### From the Chair of the Board

#### Happy 110th Anniversary, MACPA!

On May 3, 1901, four accountants – John Clegg, William Thorne, Charles Zielke and E.H. Beach – filed Articles creating the Incorporated Michigan Association of Accountants. These four professionals likely never imagined they were launching a professional association that would today boast 18,000 members, with nearly 1,000 of those members involved on more than 70 task forces and committees.

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PO Box 5068 Troy, MI 48007-5068 Phone: 248.267.3700 Fax: 248.267.3737 E-mail: [macpa@michcpa.org](mailto:macpa@michcpa.org)

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## Top Stories

### Tax, Tax, Tax

*By John D. Lindley, MACPA Vice President of Government Relations & Regulatory Affairs*

State tax issues have dominated the agendas of many in the Capitol over recent weeks – including the administration of Governor Rick Snyder, CPA, the State Legislature and the MACPA. Although some items have been more “headline grabbing” than others, all are clearly important to MACPA members, and their clients and employers.

#### MBT Elimination and Replacement

Thursday, May 12th saw the most significant overhaul of Michigan’s business and individual tax structures in years. With a final concurrence by the House of Representatives following a Senate vote, Gov. Snyder claimed victory on one of the major agenda items of his administration (and previously a major platform item for his campaign). He eliminated the Michigan Business Tax (MBT) and replaced it with a six-percent corporate income tax.

The [S-5 Substitute for House Bill 4361](#) passed the Senate Thursday afternoon when Lt. Governor Brian Calley broke a 19-19 tie with his “yes” vote. All 12 Democratic senators voted “no.” They were joined by six Republicans including Jack Brandenburg (Harrison Township), Patrick Colbeck (Canton), Dave Hildenbrand (Lowell), Joe Hune (Hamburg), Rick Jones (Grand Ledge), Dave Roberston (Grand Blanc) and Tory Rocca (Sterling Heights).

Following the narrow vote on the Senate floor, the measure was returned to the House for concurrence where the rules were suspended and the House concurred in the Senate substitute 56-52. The package of legislation, also including [HB 4362](#), [HB 4479](#), [HB 4480](#), [HB 4481](#), [HB 4482](#), [HB 4483](#) and [HB 4484](#), is awaiting the Governor’s signature.

Significant elements of the pending law, which become effective January 1, 2012, include:

- Elimination of the MBT and imposition of a six-percent Corporate Income Tax (CIT) on C-Corporations
- Elimination of all credits previously available under the MBT, with the exception of a small business credit.
- Ability of taxpayers to elect to remain subject to the MBT instead of moving to the CIT, if said taxpayers have “certified credits” that extend beyond 2011.
- Eliminate the Multistate Tax Compact apportionment election beginning January 1, 2011.
- Elimination of most credits available under the Individual Income Tax.

- Reduction in individual income tax rate from 4.35 percent to 4.25 percent effective January 1, 2013.
- Narrowing of retirement income exemptions under the Individual Income Tax.

### **MBT Technical Corrections and Ambiguity Clarification Initiative**

Beginning in earnest last fall, the MACPA's leading MBT experts on the State & Local Tax Task Force and Business Tax Restructuring Subcommittee have been laboring on a legislative measure to correct some of the more glaring MBT technical issues and unintended consequences. A 10-page report encompassing 17 issues was finalized in late 2010 and has since developed into [Senate Bill 369](#), introduced by Senate Finance Committee Chair Jack Brandenburg on May 10. With the goal of achieving some clarity in areas currently presenting ambiguities, the MACPA hopes to work with the Department of Treasury and the Legislature toward passing legislation before summer's end.

Those issues addressed in the legislation, and the manner in which they are addressed, are likely to evolve over coming weeks. Questions regarding details or requests for more information should be directed to the MACPA Government Relations Department at [legislation@michcpa.org](mailto:legislation@michcpa.org) or 248.267.3700.

Among the significant measures included in the legislation, as introduced, are:

- Clarification of the treatment of personal investment income within the business income base ([Senate Bill 368](#) is a companion bill amending the *Revenue Act* to provide the same clarity in the former Single Business Tax or SBT).
- Clarification of the treatment of domestic and foreign disregarded entities under the MBT.
- Clarification that "materials and supplies" has the plain meaning of tangible items consumed and not otherwise deducted as a component of purchases from other firm's modified gross receipts base.

### **Tax Amnesty Program**

Passed in conjunction with the fiscal year 2011 budget by the State Legislature and former Michigan Governor Jennifer Granholm, the 2011 Michigan Tax Amnesty Program is an opportunity for taxpayers to pay delinquent state taxes without penalties and without fear of criminal prosecution. The program runs from **May 15 – June 30, 2011**.

The Department of Treasury has recently released considerable guidance regarding the 2011 Amnesty Program, available online [here](#). The information includes the amnesty application (Form 3855), an estimator and extensive frequently asked questions. Important to note, the Department's interpretation of the amnesty provisions in the law allows for amnesty applications from those who are in the informal conference process, or currently litigating before the Michigan Tax Tribunal or Appellate courts. Taxpayers who are litigating before the Court of Claims or taxpayers under tax-related criminal investigation, prosecution or who have been convicted of a felony under the *Michigan Revenue Act of Internal Revenue Code* are not eligible.

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Gov. Snyder talked about the positive impact upon businesses and jobs when a state offers a stable and predictable tax environment. He also commented on the remarkable talent available in Michigan, but we have not done a good job of analyzing and predicting supply and demand in our job market.

The Governor also expressed his personal appreciation for the support of the MACPA in the development of a citizen-friendly Comprehensive Annual Financial Report (see the Citizen's Guide to Michigan's Financial Health on the state's website).



Before his presentation, MACPA Chair of the Board Greg Nowak and President and CEO Peggy Dzierzawski presented the Governor with the MACPA's 2011 Outstanding Visionary Award.

Another highlight of the day was a presentation by AICPA President and CEO Barry Melancon. He provided an overview of numerous regulatory issues affecting the profession including the massive and complicated *Dodd-Frank Wall Street Reform and Consumer Protection Act*, which Melancon said will take years to sort out and "clean up." The enormity of Dodd-Frank is overwhelming, said Melancon. He explained that *Sarbanes-Oxley Act of 2002* was 66 pages of legislation; the *Dodd-Frank Act* is 2,307 pages with 355 rulemakings and 68 studies.

Melancon also discussed the AICPA's partnership with the Chartered Institute of Management Accountants to develop a global designation for CPAs in business and industry. See related story [here](#).

Tax preparer registration and cloud computing are other topics to keep on the radar, said Melancon. Additionally, he invited MACPA members to participate in a vision project for the profession through an online interactive survey and in virtual discussion forums. Visit at [cpahorizons2025.org](http://cpahorizons2025.org).

Other speakers at the Spring Members Advisory Symposium included the following:

**Leslie Murphy** – explained that the Commission on Accounting Higher Education: Pathways to a Profession seeks to define how to best prepare accounting students to meet the challenges of the future. Murphy, a past MACPA board member and former AICPA chair of the board, is one of six serving on the Commission. She urged MACPA members to learn more about the project and provide input at <http://pathwayscommission.org>.

**Peggy Dzierzawski** – president and CEO of MACPA, presented an overview of Michigan issues and programs involving MACPA and its members including the MACPA Involvement in Michigan's Turnaround Task Force, which drew praise from Governor Snyder. This task force is currently working with the Michigan Economic Development Corporation on business development strategies, and working with the Michigan Department of Treasury to develop tools for financial transparency. Dzierzawski also called attention to a new [long-term care insurance program](#), and the CPE Tracker, an online resource for members to check their status against the required number of CPE hours.

**Carol Moutine** – licensing manager, State of Michigan, identified new key personnel involved in the CPA licensing and regulatory department. Read more about Moutine's presentation in this [article](#).

**Bill Wortz** – Public Affairs Associates, MAPCA's independent lobbying firm, talked about the momentum Governor Rick Snyder has brought to Lansing.

The day-long event closed with a 50/50 raffle, which raised \$1,200 for the Michigan Accountancy Foundation Fifth/Graduate Year Scholarship program.

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### MACPA at 110 – A Strong Tradition and Lasting Legacy

*To commemorate the MACPA's 110th Anniversary, we took a look back into what life was like in the 1900s, and compiled some interesting facts about the early days of the Association.*

One hundred ten years ago – in 1901 – Teddy Roosevelt became President after William McKinley's assassination; Queen Victoria died; and the Cadillac Motor Company was established. Many people were employed as blacksmiths; and skilled labor and farming were a way of life.

Only 14 percent of American homes had bathtubs; eight percent had telephones. The average U.S. worker made between \$200 and \$400 per year, while a competent accountant could expect to earn \$2000 per year and a veterinarian could earn up to \$4,000 per year.

Men's suits were advertised for \$9.85, and Spalding golf balls were \$3 per dozen. There were also advertisements for whiskey and muslin underwear (thank goodness some things change!).

In May 1901, the Detroit Tigers were in second place behind Chicago in the newly launched American League.

Also in May 1901, four accountants – John Clegg, William Thorne, Charles Zielke and E.H. Beach – formed the Incorporated Michigan Association of Accountants. The new association's main objective was to unite the public accountants of Michigan to secure a certified public accountant law.

#### The Beginning of Accounting in Michigan

Michigan was the eighth state to legally recognize the profession of public accounting. The CPA bill passed in 1905 required the state board of accountancy to administer examinations twice a year that would cover theory of accounting, practical accounting, auditing and commercial law.

The first CPA exam in Detroit was held July 27-28, 1906. That year, a total of 23 candidates

#### MACPA - A List of Firsts

- Founding fathers of the MACPA – John H. Clegg, William W. Thorne, Charles F. Zielke and E.H. Beach.
- First Official "CPAs" in Michigan in 1906 – John H. Clegg of Detroit and George A. Horner of Grand Rapids (after the 1904 CPA bill passed, legally recognizing the profession of public accounting).
- Rules of Professional Conduct issued by the MACPA in 1920.
- Rules of Professional Conduct issued by the Board of Accountancy in 1927.
- First female admitted into the Association was Grace A. Dimmer in 1932. She was a graduate of Walsh Institute of Accountancy. She later went on to serve on the MACPA board and as treasurer and auditor.

took the CPA exam, and 18 were granted certificates from the governor. It wasn't until 1925 that experience and education requirements were mandatory for certification in Michigan.

The 1905 bill also included a provision that every person granted a certificate must provide a \$5,000 bond to the Secretary of State to ensure the faithful performance of his duties. In addition, the governor was given the power to revoke any certificate for sufficient cause after a hearing; and unauthorized practice was punishable by a fine from \$100 to \$5,000, or imprisonment in jail up to six months.

**MACPA Membership**

At the second meeting of the Incorporated Michigan Association of Accountants, the bylaws were adopted and officers were elected. By the fifth meeting on August 20, 1901, the organization was receiving and approving applications for membership.

In 1905, after the passage of the Michigan CPA Law, the organization officially changed its name to the Michigan Association of Certified Public Accountants.

From the beginning, applicants were required to have two fellow members of the Association endorse their application, and in 1902 applicants were required to advance \$5 for dues. A few years later, a \$10 application fee was also imposed.

Membership rolls reached the 1,000-mark in 1951, the MACPA's 50th Anniversary; and, at the 75th Anniversary in 1976, the membership had grown to 5,000. At 100 years old in 2001, the MACPA was 15,000-members strong. Today, the Association serves nearly 18,000 members.

- First African American CPA in Michigan was Richard Austin in 1942. He later became Michigan Secretary of State.

- Up until 1950, there were only nine women certified in Michigan. The MACPA's first woman president, Phyllis Peters, is the 20th woman certified in the state. Phyllis is a past president of MACPA and is still very involved in our Michigan Accountancy Foundation.

- Group insurance coverage for MACPA members (accident and health) was first offered in 1946.

- Marking its 50th anniversary in 1951, the Association passed the 1,000-member mark. (MACPA now has nearly 18,000 members.)

- The first William Paton Award presented in 1961 to the candidate with the highest score on the CPA Exam, went to Mary Mead.

- The Michigan Accountancy Foundations was also established in 1961.

- The Michigan Accountancy Foundation launched a new scholarship program in 2003 to help students with funds to complete their fifth year of schooling (to meet the state's new 150-hour requirement). Thirteen students received scholarships.

- In 2004, the MACPA began publishing *Leaders' Edge* electronically.

- In 2011, Rick Snyder is the first CPA to become Michigan Governor (and only the third in the nation to hold that position!).

MACPA Membership Growth		
Year	Membership	
1901	4	50th Anniversary

1910	22	
1920	47	
1930	163	
1940	309	
1950	908	
1951	1,017	
1960	1,988	
1970	3,201	
1976	5,000	75th Anniversary
1980	6,666	
1990	11,500	
1991	12,000	90th Anniversary
2001	15,260	100th Anniversary
1011	17,710	110th Anniversary

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## Top Stories

### Navigator of the Profession – Nancy Finegood



*Nancy Finegood  
Executive Director,  
Michigan Historic  
Preservation Network*

While running a local historic preservation organization on the island of St. Croix, CPA Nancy Finegood attended a Preservation Conference in Rhode Island that would eventually lead her back to the mainland. She met several board members of the Michigan Historic Preservation Network (MHPN) at that conference who reached out to her when MHPN's Executive Director left the organization. In 2002, she made the move back to Michigan to join them.

Nancy told us at *Leaders' Edge* that people are always asking the question, "You left paradise for Michigan?" Her answer: "I tell them that Michigan is just another type of paradise. You just have to look a little harder to find it."

#### **Q. What made you decide to go into the accounting profession?**

I was working on my MBA with a concentration in human resources while I was working as a bank teller. It was a small bank and the treasurer noticed that I had an inclination and interest in accounting (I could unravel any transaction and really understood a debit from a credit!). She offered me half-time work in her department while still working half-time as a teller. Soon after, I changed my major to finance and accounting. When I left that bank, I was the assistant treasurer.

#### **Q. For people that are not familiar with the Michigan Historic Preservation Network, could you tell us a little bit about it?**

MHPN is a statewide non-profit organization that advocates for our historic places to contribute to our economic vitality, sense of place and connection to our past. Since our founding in 1981, we have educated communities on the critical role of preservation in economic development, assisted in the creation of dozens of local historic districts, led the charge to establish a state rehabilitation tax credit program, provided technical training for building trades and created a network for preservationists to exchange ideas.

Our preservation services include field services, coaching, workshops and technical information as well as small grant awards through the Michigan Preservation Fund.

#### **Q. How would you describe a typical day on the job?**

No day is typical. That is one of the reasons I love my job so much!

My day starts at 5:45 a.m. when I check my work email from home. My day at the office

starts at 7:30 a.m., (after four cups of coffee) when I spend a few minutes going over the day's agenda with my assistant and checking emails again.

I often get calls from property owners asking if there are grants available to restore their properties. I sit in on MHPN committee meetings from fundraising to education to historic resource council (sometimes more than one in a day).

I meet with members of the various coalitions that we are members of. I advocate at the Capitol for historic tax credits. I research and write grant proposals. I check my emails again.

I write a speech or prepare a presentation. In the evening, I attend a presentation or a fundraiser. I check my email at home. I crash!!

**Q. What makes your job great?**

I have the opportunity to travel around the entire state to meet people who are passionate about saving historic resources like bridges, schools, churches, homes and landscapes. Also, I have an amazing, inspirational, dedicated staff that work really hard and make me look really good. My board of directors allows me the flexibility to make independent decisions and start new, innovative programs.

**Q. Explain any obstacles you had to overcome to get to where you are today.**

My biggest obstacle was time. It took me 10 years to complete my MBA, while I worked full time and raised two sons. Then it took me another two years of additional accounting courses to be able to sit for the CPA exam.

**Q. What are your major professional accomplishments?**

I have worked in the non-profit arena for almost 15 years and consider myself a "change agent." So often, non-profits are run by professionals in the field, but without any administrative or financial experience.

As executive director of the St. Croix Landmarks Society, the island-wide preservation organization, I ran three historic museums, a library and archives, and an education program. When I arrived there, they were borrowing from their endowment every month for payroll. When I left three years later, they were paying back their endowment.

I have been the executive director of the Michigan Historic Preservation Network for the past nine years. In that time, staff has grown from one to six and our budget has nearly quadrupled. I have obtained funding to hire two MHPN shared field representatives, covering the entire state of Michigan. I have worked in cooperation with the National Trust to establish the first Preservation Services Fund grant program for the State of Michigan.

In honor of my accomplishments at MHPN, I was awarded an Honorary Affiliate Membership by the American Institute of Architects Michigan. MHPN also received the annual Organizational Excellence Award from the National Trust for Historic Preservation.

**Q. What interests or activities are you involved in outside of work?**

I am training to run a 5K in June. I used to run, but broke my foot in five places (ouch) four years ago and I have just started training again.

I also recently started volunteering for Ele's Place – A Healing Center for Grieving Children. Ele's Place works with children (and their parents and grandparents) to help them through the grieving process. I took my grandson there when he was three. They support and comfort children without asking for anything from their families in return.

**Q. What advice would you have for those considering entering the accounting profession?**

Don't give up! I actually dropped my first accounting class at Wayne State University. It took an unlikely mentor to help me understand the principles of accounting and encourage me to continue. Accounting simply makes sense. Everything has to balance.

**Q. Are you reading any books right now?**

- *Three Cups of Tea: One Man's Mission to Promote Peace ... One School at a Time* by Greg Mortenson & David Oliver Relin
- *Moo* by Jane Smiley
- *Made to Stick* by Dan and Chip Heath (for the second time)

**Q. What's on your iPod?**

A rather eclectic variety of music...Ray Charles, Allison Krauss, Jack Johnson, show tunes, Mariah Carey, Beth Nielsen Chapman and the Beatles.

**Q. Any guilty pleasures?**

- A skinny latte (who would have thought that we would pay \$3 for a coffee?) as an occasional treat.
- Michigan wines, preferably a Riesling.
- Going to the movies and devouring an entire bucket of buttered popcorn for dinner.

**Q. If you weren't in the accounting profession, what would you like to be doing?**

I can't imagine doing anything else. I guess that I would be volunteering full time and traveling through my bucket list in my spare time. My list is quite expansive: Wyoming, Montana, Ecuador, Peru, Australia, Africa, Israel (again), Greece (one more time to different islands).

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## Message from the Chair of the Board

### Happy 110th Anniversary, MACPA!



*Gregory A. Nowak,  
CPA, JD  
2010-2011 MACPA  
Chair of the Board*

On May 3, 1901, four accountants – John Clegg, William Thorne, Charles Zielke and E.H. Beach – filed Articles creating the Incorporated Michigan Association of Accountants. These four professionals likely never imagined they were launching a professional association that would today boast 18,000 members, with nearly 1,000 of those members involved on more than 70 task forces and committees.

It is fun to look back at where the Association began, and appreciate how far we've come in 110 years. We can all be proud of the history of the MACPA, and of our profession. You may enjoy reading more historical highlights in this [article](#).

Today, the Association and its members continue to make a significant impact. As we marked the 110th Anniversary at the recent Members Advisory Symposium in Lansing, we had the incredible opportunity to hear first-hand from Rick Snyder, the first CPA governor in our state and only the third in our nation's history! Gov. Snyder clearly understands the economic challenges facing Michigan, and has a comprehensive plan to address them. We are proud that he is utilizing his CPA experience to get Michigan's fiscal house back in order.

During his speech, Governor Snyder expressed his appreciation for the work of our MACPA Involvement in Michigan's Turnaround Task Force, which provided recommendations for the creation of the first-ever citizen-friendly Comprehensive Annual Financial Report (CAFR) for our state. The Governor also welcomed our continued involvement.

Whether it's in response to a request from the Governor, or our ongoing efforts to help sort through tax issues (read related [article](#)), the MACPA stands ready to share the valuable expertise of CPAs to return our state to fiscal stability and economic vitality.

With the CPE reporting deadline looming next month, our members are focused on staying on the leading edge. The MACPA is committed to providing resources and tools to help. To assist members in meeting the reporting deadline, MACPA has hundreds of CPE programs between now and June 30 throughout the state. Members can use the CPE Tracker to organize and track CPE courses in one place, whether taken through MACPA or an outside provider. To access your CPE tracker, log in to the MACPA [website](#) and click "[My CPE](#)" under the Continuing Education section. Then click on "My CPE Tracker."

And to think, in the early days, there were no education requirements for CPAs. Today, we

can't imagine keeping current without continuing education or the technology tools that help enable it.

At 110 years old, we are certainly not resting on our laurels. As always, we have much to learn and much work to do – with countless opportunities to explore. There's never been a better time to be a CPA in Michigan!

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## Top Stories

### **AICPA Council Explores New Management Accounting Designation to Reinforce Value of CPA Worldwide**

The AICPA and the London-based Chartered Institute of Management Accountants (CIMA) are exploring the development of a new designation for management accounting, while supporting and promoting the U.S. CPA as the worldwide standard of professional excellence in accounting.

The pathways for obtaining the new credential would vary. Recognizing the significant educational and professional background of U.S. CPAs, AICPA voting members with at least three years working in management accounting or a financial management role would qualify for an accelerated route to obtaining the new designation. Non-voting AICPA members in the United States would not be eligible to obtain the credential.

**Membership in both the AICPA and the state society delivers benefits for member CPAs, as designation-holders would receive a significant discount on their annual credential fee.**

Drawing on an exacting code of conduct and ethics and a rigorous pathway for entry, the proposed new designation would demonstrate a combined competency and expertise in management accounting, and global financial and business management. CPAs holding the new designation would be further distinguished as corporate finance professionals, combining management accounting with a broad spectrum of financial expertise in corporate and public accounting.

The proposed new designation would be issued by a joint venture on behalf of the AICPA and CIMA, with membership remaining with the existing organizations. AICPA President and CEO Barry Melancon, CPA, said: "High-quality management accounting professionals who combine expertise with a deep commitment to ethics and integrity serve the public interest. This joint venture would help produce and recognize professionals around the world committed to excellence in management accounting, enterprise and performance strategy."

The proposed new designation and the supporting joint venture are consistent with the AICPA's goals to promote the U.S. CPA broadly, advance the resources available for management accountants, create new global networking opportunities for members, and provide an enhanced platform for advocacy on behalf of the profession and the public interest. CIMA has approximately 180,000 members and students in 168 countries outside the United States. Collectively, the AICPA and CIMA represent the interests of 550,000 professional members. CIMA, which has 29 offices around the world, would promote the U.S. CPA as well.

Under the terms of the proposed agreement, the venture provides for equal decision-making

through a 50:50 board of directors, with CIMA and AICPA rotating the role of chairman. The new joint venture would be 60 percent owned by the AICPA.

"We are delighted and fortunate to be able to work with CIMA as an established global partner that brings a wealth of experience and knowledge to this exciting new proposal," AICPA Chairman of the Board of Directors Paul Stahlin, CPA, said. "If approved, this joint venture promises to create long-term strategic value for our members and the companies they work for."

In the Americas outside the U.S., non-CPAs could obtain the new designation as AICPA international associates after a rigorous assessment process. Outside of the Americas, candidates would use the education and examination process established by CIMA. Candidates who earn the new designation under CIMA's jurisdiction would be CIMA members.

AICPA Governing Council members attending the Regional Council meetings provided feedback on this landmark initiative. Council will vote on proceeding with the designation and a joint venture with CIMA at its late May meeting.

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## Of Interest

### Use Top Technology Initiative to Develop Strategies for Your Organization or Firm

By Ron Box, CPA.CITP, CFF and Joel Lanz, CPA.CITP, CFF

2011 represented the 22nd continuous year of publication for the AICPA's Top Technologies Initiative (TTI) list. TTI continues to reflect business demands on CPAs to enable information technology value in the delivery of business services, whether in public practice or in industry. The Top Technology Initiative directly responds to evolving expectations placed on the CPA as a trusted business advisor.

In developing the list, CPAs predicted which technologies would rise to importance more than a year from now. They also identified the top technology questions posed by executive management and audit committees.

The survey was designed to provide a wide perspective, encompassing feedback from both CPAs in public practice as well as CPAs in industry. **This approach enables CPAs to consider how technologies will impact their practice, how to prepare for questions by clients relating to IT, how to develop marketable services to enhance practice revenue, and how to provide value added knowledge as an employee of an organization.**

The 2011 survey results reinforced client and executive management expectations of their CPAs, pointing to enhanced business focus on the use of technology tools while aligning these opportunities with stakeholder objectives. These objectives were twofold – use technology to generate additional revenue, while implementing appropriate mitigation strategies to keep the use of technology at an acceptable level and tolerance to satisfy stakeholders, including regulatory expectations.

**The survey noted that the surging use of mobile devices presents the top business IT challenge.** These devices provide new business models and potential opportunities for increasing revenue and streamlining service delivery strategies to reduce costs. They also provide information security challenges, primarily ensuring that information and transactions processed adhere to reliability requirements.

**Information security** continues to be a primary concern. However, expectations as to how CPAs can add value have changed. Survey trends revealed that given the challenges in the economy, executives and audit committees are demanding that CPAs provide significant insight and value in this area. Rather than just giving a pass/fail grade to enable businesses to proceed with initiatives that rely on technology, CPAs are expected to use their unique knowledge to find ways to enable business opportunities in spite of information security risks. That is, use their knowledge to find or develop solutions rather than just assuming the role of "naysayer."

The enhancing profits theme continued to permeate the list. Four other items on the TTI directly related to enhancing profits (whether public accounting firm or business and industry). These included saving and making money with technology, technology course controls, budget processes, and process documentation and improvements.

These items demonstrate the unique value the CPA professional can deliver to his or her clients and employers. The CPA is viewed as the professional who can assess potential technology impact on the business, as well as design appropriate oversight and governance processes to ensure that prudent business practices are followed in enhancing stakeholder value.

Introduced in the 2010 TTI list, the survey addresses questions that audit committees and executive managers are asking of their CPAs.

With increasing coverage of technology risk in mainstream publications such as the *Wall Street Journal*, *New York Times*, and *Harvard Business Review*, client expectations of CPAs are changing. Clients more and more are looking to their trusted CPA adviser to provide them with unbiased expert perspective on rapidly developing trends that affect their business and reputation.

Six of the top 10 questions **audit committees are asking their CPAs** can be directly traced to the protection of sensitive customer information, including preventing and reacting to customer data breaches. Many business and industry financial professionals, as well as CPAs serving larger size companies, are well aware of customer and regulatory expectations as they relate to protecting customer information.

Audit committees and executive managers are asking their CPAs whether appropriate information security and data leakage protection strategies are in place. They are also seeking advice from the same CPAs on how to react in case of a breach, including facilitating financial recovery strategies and coordinating with litigation partners for e-discovery.

Other top questions from audit committees and executive managers relate to the ability of the enterprise's IT function to address evolving technology to enable business opportunities. These questions include whether there are appropriate project management governance strategies in place to ensure that technology investments meet their intended objectives and if management is appropriately investing and making correct investments in the right technologies.

Whether you are a financial executive in business and industry, or a partner in a local CPA firm, the 2011 Top Technology Initiative provides a wealth of information to enable you to more effectively consider technology issues in developing service delivery strategies.

Reflecting good business practices, survey respondents identified enormous opportunities for CPAs to provide unbiased advice and achieve their trusted business advisor goal by balancing the need to take advantage of evolving business opportunities at a risk level and cost that are appropriate for the organization. For additional information, visit the [2011 Top Technology Initiatives Survey](#).

**About the Authors**

*Ron Box and Joel Lanz co-chair the 2011 AICPA Top Technologies Task Force. They can be reached by email at [rbox@joemoney.com](mailto:rbox@joemoney.com) and [jlanz@joellanzcpa.com](mailto:jlanz@joellanzcpa.com).*

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## Of Interest

### MACPA Members Give Back

#### *Stories of CPAs Making a Difference in their Communities*

*Editor's Note:*

*CPAs are trusted advisors to businesses, organizations and individuals, helping them make sound financial decisions. But, Michigan CPAs go much further than that. Our members are an extremely dedicated group of volunteers who spend countless hours devoted to causes and organizations within their communities. They know there are real people and real problems behind the numbers. Our members' tremendous level of volunteerism and personal commitment in their communities is extraordinary. For that reason, we are proud to highlight the CPA profession's important contributions to Michigan citizens and communities.*

*The following is the fifth in a series of articles.*

#### **CPA Carries Financial Literacy Message to African American Community**



*CPA Ramona Henderson Pearson speaks to students at Martin Luther King Jr. High School*

Ramona Henderson Pearson, principal of Ramona Henderson Pearson CPA PC and MACPA treasurer, recently worked with students from Detroit's Martin Luther King Jr. High School on an interactive lesson regarding the importance of creating and understanding a budget for a business. It is one of several ways Ramona shares financial literacy messages with the community.

Ramona spoke to more than 90 MLK students participating in Foley & Lardner LLP's Improving

Detroit through Entrepreneurship Advancement, or IDEA program. The April 27th session of IDEA was held at the University of Michigan-Dearborn, where students also learned about global trade concepts.

IDEA is a public/private partnership created and facilitated by the attorneys at Foley & Lardner and is part of the regular curriculum at MLK High. IDEA teaches students entrepreneurship skills, encourages students to seek a college education and provides learning experiences outside the classroom from successful entrepreneurs.

Reaching out to African American teens is a passion of Ramona's. She is on the line-up of speakers at MACPA's High School Leadership Conferences, which reach hundreds of students annually including many minority students. The focus of those events is to increase awareness of the wide-ranging career opportunities for CPAs.

Carrying the financial literacy message to her church community over the past year, Ramona conducted weekly presentations between church services. Utilizing the AICPA's 360 Degrees of Financial Literacy as a basis for discussions, she covered a variety of topics for fellow parishioners including budgeting, taxes, investments, and more.

"I am also looking at ways to try to reach out to other mega churches in Detroit to bring awareness of the accounting profession to young African Americans," said Ramona.

If you are giving back to the community, the MACPA wants to know! Submit your story to [publications@michcpa.org](mailto:publications@michcpa.org) to be considered for an upcoming issue of *Leaders' Edge*.

**Are You Interested in  
Speaking to a Student  
Audience?**

The [MACPA Speakers Bureau](#) creates opportunities for Michigan CPAs to tell the profession's story and address accounting issues relevant to students, including the many career paths it offers. We provide you with a comprehensive Speakers Toolkit with talking points, activities and a PowerPoint Presentation to support your message.

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## Of Interest

### **With Warm Weather, Now Is the Time to Review Insurance Needs and Savings Options**

Warm weather brings more leisure driving – whether locally or to a vacation spot. In planning your increased seasonal driving, you may be preparing your vehicle with mechanical check-ups, but are you preparing for the increased risks with an adequate insurance inspection?

You certainly check tread and air pressure, fluids, belts and hoses. In checking your insurance policy, some of the key concerns include the limits on comprehensive, collision and liability coverage. Are they sufficient to handle current legal judgments in your area? Many people keep the same limits year after year despite the fact that typical accident-related legal settlements may have increased over the same period.

Depending on the carrier and policy terms, you might be able to obtain up to four or even five times the coverage for less than twice the cost. For instance, many policies can be adjusted to boost typical bodily injury coverage from \$50,000/\$100,000 to \$250,000/\$500,000 for a modest additional premium. Your insurance professional can help you assess the coverage limits that fit current legal judgments.

### **Recreational Vehicles Pose Special Coverage Challenges**

Warm weather recreational vehicles such as dirt bikes, ATVs, jet skis, boats, etc. generally must be towed or secured in the bed of a pickup truck. To avoid unexpected liability issues, the transport and operation of these vehicles should be carefully reviewed with your insurance professional.

A brief review can help ensure that the risks are properly addressed with existing policies or require additional endorsements, increased limits, new policy terms, or whatever is required for adequate coverage.

Operation of powered vehicles that are infrequently used could increase the possibility of an at-fault accident due to improper use – and even a lawsuit from a bystander injured by your vehicle. If you own such vehicles, an umbrella policy may be an affordable extra measure of protection – particularly if you have a home of above average value, savings, equity holdings, etc. that could be at risk in a lawsuit.

### **Tune-Up Your Savings Options, Too**

If you currently have several vehicles in your household, it's usually a good idea to consolidate all vehicles on one policy. You'll generally get a discount for insuring multiple vehicles on a single policy; and it's easier to manage and pay for one policy.

Some consumers believe that "shopping around" for separate auto and home policies will yield greatest savings. Yet it's likely that you'll save more by combining auto and home

policies through a single carrier.

Another way to potentially save on auto insurance is to consider a certified advanced driver training class approved by your insurer. Successful completion may yield a discount on your auto policy good for several years after the course.

While you may want to increase limits on one hand, you also might consider increasing deductibles. Be sure to explore with your insurance agent the impact of different deductible amounts on your premium. Even modest changes in deductibles can result in 10-20 percent savings.

Summer or winter, safe driving is cost-saving driving. Besides the obvious relationship between speeding and increased gas consumption, there's a clear relationship between risky behavior such as speeding or violating other traffic laws and the incidence of accidents. At-fault accidents not only may produce higher premiums, but if repeated often enough can result in non-renewal of your policy.

In consulting with your insurance professional, check on the applicability of other cost-saving options such as anti-theft and safety devices, fewer annual miles driven, etc. that may not be reflected in your current policy.

*As a MACPA-endorsed partner, [Paul Goebel Group](#) (PGG) provides members with affordable insurance services and products tailored to fit member needs through professional consultations and policy reviews. PGG represents leading Michigan carriers such as Citizens Insurance Company of America and its Connections® Auto and Connections® Home products. LC 11-154*

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## Legislative & Regulatory

### State Board of Accountancy Update

A few staffing changes have occurred of those involved with CPA licensing. Licensing Manager Carol Moultime (formerly Flores) introduced key staff members at the May 12 MACPA Spring Members Advisory Symposium in Lansing.

CPA licensing falls within the jurisdiction of the Bureau of Commercial Services within the Department of Licensing and Regulatory Affairs.

Governor Rick Snyder appointed Steven Hilfinger as director of the Michigan Department of Energy, Labor & Economic Growth (DELEG) in February 2011. In late April, DELEG was reorganized and renamed the Department of Licensing and Regulatory Affairs (LARA).

Key staff members in the Bureau of Commercial Services include Alan Schefke, director; G. Ann Baker, deputy director; Marty Gibbs, licensing director, Carol Moultime, licensing manager, and Stacie Bayes, licensing analyst.

**Contact Information for  
Licensing Staff**

Email

[Accountancy@michigan.gov](mailto:Accountancy@michigan.gov)

Website

[www.michigan.gov/accountancy](http://www.michigan.gov/accountancy)

Phone

517-241-8205

### Process Changes

Moultime also explained that client reference forms are no longer required in the licensing process. Additionally, applicants may submit the official transcript and the verification of qualifying experience form with their applications.

She also indicated that CPE Reporting and Peer Review Forms are under development, with a target completion date of July 1, 2011.

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## Accounting & Auditing

### **New IFRS Certificate Program Helps CPAs Demonstrate Expertise in Global Marketplace**

Businesses from Wall Street to Main Street are increasingly being affected by the global business environment. That's leading many CPAs to seek opportunities to broaden their knowledge of International Financial Reporting Standards. With IFRS expertise and experience, CPAs can carve out a niche with multinational corporations or companies doing business abroad, both public and private. The AICPA's new [IFRS Certificate Program](#) presents a solution to help CPAs meet the financial reporting demands and gain a competitive advantage.

#### **A Vital Role**

For several decades, the AICPA has been a leader in supporting the goal of one set of high-quality global accounting standards and stands ready to support a smooth, orderly transition from U.S. GAAP to IFRS in the U.S. for public companies. Since 2008, the AICPA has stepped up its efforts to help prepare CPAs for the eventuality as the Securities and Exchange Commission studies possible incorporation of IFRS into the U.S. financial reporting system for issuers. The SEC is progressing on its [IFRS Work Plan](#) and has said it will announce its decision on IFRS use sometime this year.

The new certificate is designed to enable CPAs to play a continued vital role in financial reporting around the world. Private companies in the U.S. may use IFRS (the AICPA governing Council recognized the International Accounting Standards Board as an international standard setter under the Code of Professional Conduct's Rule 203 in [May 2008](#)) and some U.S. multinational companies use IFRS for foreign subsidiaries, as do U.S.-based subsidiaries of foreign companies. More than 120 countries and reporting jurisdictions permit or require IFRS and the list continues to grow. As more countries and organizations turn to IFRS, it's clear that knowledge of these standards will be critical in the global marketplace.

For many CPAs who are interested in taking part in this rapidly expanding service opportunity, the challenge has long been how best to arm themselves with the knowledge they need to succeed. The new AICPA certificate is awarded for the completion of a comprehensive, integrated curriculum of 25 online self-study training courses. The multimedia courses are interactive, engaging and scenario-based, with nearly 50 IFRS experts involved in their development. CPAs who successfully complete all the courses in the curriculum receive a Certificate of Educational Achievement and approximately 42 hours of continuing education credit. Non-CPAs receive an Award of Educational Achievement after completing the program.

#### **A Unique Program**

The certificate reinforces CPAs' commitment to quality performance in a growing practice area, but it also serves to distinguish those who earn it as knowledgeable about IFRS. Current

and potential clients and employers will look to the certificate as a measurable standard of IFRS competence.

All courses qualify for continuing professional education credit. It is not necessary to have a detailed background in IFRS, although a basic understanding is advisable.

The IFRS Certificate and CPE credit are not the only benefits of the program. Active participants also are enrolled in eIFRS, which provides online access to IFRS and International Accounting Standards as well as additional educational materials and advanced electronic search capabilities. They also receive access to IFRS Connection, a library of podcasts featuring practical advice from experts on IFRS application, as well as discounts on other AICPA IFRS products, including conferences, publications, webcasts and other training courses.

The IFRS Certificate Program marries marketplace demands with CPAs' financial know-how in a landscape where IFRS is covering more and more ground. For more information on the educational opportunities, visit [IFRS.com](http://IFRS.com).

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## Association Briefs

### MACPA Officers and Directors Nominees

In accordance with Article VII, Section 2 of the MACPA Bylaws, the Nominations Committee met on May 3, 2011, and nominated officers and directors for terms expiring on the dates listed below. The following is a report from the Committee:

#### Officer Nominees

*(Terms expiring August 31, 2012)*

**Chair of the Board** – John P. Pridnia, Rehmann, Muskegon

**Chair-Elect of the Board** – Ramona H. Pearson, Ramona Henderson Pearson CPA PC, Detroit

**Treasurer** – Randolph C. Paschke, Wayne State University, Detroit

**Secretary** – Douglas P. Roosa, General Motors Corporation, Detroit

**Immediate Past Chair** – Gregory A. Nowak, Miller Canfield Paddock & Stone PLC, Detroit  
*(serving a two-year term ending August 31, 2013)*

**Past Chair** – Jonathan D. Anibal, Boston Charter, Inc., Waterford

#### Director Nominees

*(Terms expiring August 31, 2012)*

Robert M. Johnson, Palace Sports & Entertainment, Auburn Hills

#### Director Nominees

*(Terms expiring August 31, 2014)*

Richard DiBartolomeo, Rick Snyder for Michigan, Troy

Paul D. Bryant, Plante & Moran PLLC, Southfield

Frank V. Maselli, Ernst & Young LLP, Detroit

Amy A. Mees, PricewaterhouseCoopers LLP, Detroit

Elizabeth W. Meter, KPMG LLP, Detroit

Mary Treder Lang, Mary Treder Lang CPA, Grosse Pointe Farms

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## Association Briefs

### Management Information & Business Shows Return in June

Network with your peers and receive first-class education at MACPA's 2011 Management Information Shows!

The [West Michigan](#) show, being held Thursday, June 9th in Grand Rapids is back and better than ever, offering eight hours of CPE with a stellar lineup of speakers and a chance to win prizes! The state's largest accounting trade show will be back in Novi on [Wednesday, June 29th](#) and [Thursday, June 30th](#), featuring top-notch education, great prizes and the opportunity to visit a variety of vendors.

Both shows offer a variety of breakout sessions with critical information for you and your clients, including:

- Mergers & Acquisitions of Accounting Practices
- Reporting for Sustainability
- Full IFRS vs. IFRS for Small Businesses – There Is a Difference
- 2011 CPA Firm Top Issues: What Keeps You Up at Night?
- Financial Reporting for Deferred Taxes
- Peer Review – Designed for You!
- Accounting for Leases
- Replacing SAS 70

These premier conferences offer up to **8 hours of CPE per day** (including Accounting & Auditing and Ethics) for a **great value** – less than \$200 for MACPA members! Join us to keep current, meet your CPE requirements for the June 30 CPE reporting deadline, visit with leading companies, network with peers and win fantastic prizes. This year's shows are not to be missed!

For more information or to register, please contact the MACPA at (248)267-3700 or visit [www.michcpa.org](http://www.michcpa.org)

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## **Association Briefs**

### **Annual Meeting Notification**

In accordance with the MACPA 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 Symposium on Tuesday, September 20, 2011 at the Suburban Collection Showplace in Novi (formerly Rock Financial Showplace).

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## Association Briefs

### In Memoriam

Mary E. Goldon

February 28, 2011

Livonia, MI

**Joined MACPA:** March 31, 1993

**Certified:** September 24, 1992

Jacqueline J. McGhehey

April 3, 2011

South Haven, MI

**Joined MACPA:** June 30, 1966

**Certified:** February 3, 1966

Paul M. Mischakoff

March 12, 2011

Ann Arbor, MI

**Joined MACPA:** September 30, 1975

**Certified:** August 27, 1985

Michael E. Slomski

April 14, 2011

Grosse Pointe Woods, MI

**Joined MACPA:** October 31, 1974

**Certified:** September 19, 1974

Stephanie A. Yaroeh

May 31, 2010

Waterford, MI

**Joined MACPA:** August 31, 2000

**Certified:** September 4, 2002