



Leaders' Edge

The newsletter of The Michigan Association of
Certified Public Accountants



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[U.S. CPAs Show Growing Acceptance of Change from U.S. to International Accounting Standards](#)

The U.S. accounting profession increasingly believes that international accounting standards will be implemented in the U.S. and is beginning to prepare for a change in standards, according to a recent survey conducted by the AICPA.

[IFRS Adoption: The First Wave in an Inevitable Tide of Change for All Companies](#)

Author William O'Brien explains why CPAs – including CPAs who do not work with public companies – can no longer bury their heads in the sand, hoping international standards will simply go away. Not only are they here to stay, but the wave of change is coming fast and furious. Follow his 10-step process to prepare.

[Navigator of the Profession – Randy Paschke, CPA](#)

Randy Paschke is truly dedicated to the accounting profession. As chair of the Wayne State University Accounting Department, he has the opportunity to interact with and mentor the CPAs of tomorrow on a daily basis. In fact, he is spearheading a partnership with MACPA geared toward fully preparing first-year accounting majors to anticipate the requirements – including courses, exams and internships – needed for graduation.

[From the Chair of the Board Summing It Up](#)

As we enter the New Year with anticipation, we also reflect on the successes of the past year. These successes are only possible because of the involvement and support of our members. I've assembled some numerical highlights of the year at the Michigan Association of CPAs.

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New National PSAs Urge Americans Age 25 - 34 To "Feed The Pig"

Tough Times Call for Serious Succession and Talent Management Planning

Accounting & Auditing

January/February 2009

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We'll listen.

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Top Stories

U.S. CPAs Show Growing Acceptance of Change from U.S. to International Accounting Standards

The U.S. accounting profession increasingly believes that international accounting standards will be implemented in the U.S. and is beginning to prepare for a change in standards, according to a recent survey conducted by the AICPA.

As the SEC moves toward adoption of international accounting standards in place of U.S. generally accepted accounting principles now used by some 11,000 publicly traded companies, a growing majority of U.S. CPAs understand they need to begin to prepare for the switch.

"The Securities and Exchange Commission's proposed roadmap calling for U.S. adoption of international standards by 2014 is clearly getting people's attention," said Arleen Thomas, AICPA senior vice president for member competency and development. "What our tracking survey shows is that CPAs are increasingly aware that international standards are coming and are starting to feel a real need to get training and gain expertise in this new area."

Read a [related article](#) on International Financial Reporting Standards in this issue of *Leaders' Edge*.

The new survey shows a significant and positive shift in the number of firms and companies that are starting to prepare for eventual adoption of International Financial Reporting Standards (IFRS.) A 55 percent majority of CPAs at firms and companies nationwide now say they are preparing in a variety of ways for adoption of IFRS, an increase of 14 percentage points from 41 percent who were preparing for change according to an AICPA survey in April.

At the same time, the number of respondents who aren't yet preparing for IFRS dropped by an equal amount. Forty-five percent said in the new survey they are not yet preparing for IFRS, a 14-percentage point shrinkage from 59 percent in April who had said they weren't preparing for IFRS.

SEC formally issued its proposed roadmap Nov. 14 for a 90-day public comment period. The SEC plan would allow approximately 110 of the largest, U.S. multinational companies to adopt IFRS beginning as soon as 2010. Most U.S. publicly traded companies would phase-in the use of IFRS instead of U.S. generally accepted accounting principles (GAAP) beginning in 2014 until 2016.

In May, the AICPA began helping CPAs become informed and knowledgeable about IFRS with a new, dedicated website – www.ifrs.com. As part of that initiative, the AICPA will conduct a regular *IFRS Preparedness Survey* of members to gauge U.S. CPAs awareness and knowledge of IFRS.

According to the new survey, a 65.2 percent majority of CPAs say they have some knowledge of IFRS but need to learn more. IFRS is set by the International Accounting Standards Board in London, the international equivalent of the U.S.'s Financial Accounting Standards Board in Norwalk, Conn.

Top Stories

IFRS Adoption: The First Wave in an Inevitable Tide of Change for All Companies

By William F. O'Brien, MBA, CPA, Executive Education, Inc.

In November 2008, the Securities and Exchange Commission (SEC) announced a Roadmap for implementing International Financial Reporting Standards (IFRS) by public companies in the United States. The SEC's November 14, 2008 release set 2014 as the "most likely" date for mandatory IFRS usage with adoptions as early as 2010 available to qualifying firms. Even though 2014 is more than five years away, early adoption and multi-year financial statement presentation requirements effectively accelerate IFRS conversion into the 2010-2011 timeframe – a mere two years from today.

A Historical Perspective

Since the 1990s, accounting standard setters have considered worldwide GAAP harmonization and convergence. Initial discussions concluded that U.S. GAAP represented the gold standard in transparent, comprehensive, high-quality financial reporting. This was a logical conclusion since international standards at the time were less comprehensive, voluntary and promulgated in a less formal fashion. Moreover, the accounting experts considered the Financial Accounting Standards Board (FASB) superior to the International Accounting Standards Committee (IASC).

The winds of change began to circulate in 2001. In April of that year, the IASC reorganized into the International Accounting Standards Board (IASB). James Leisenring, a former FASB chairman, joined the inaugural 14-member board. At the same time, the IASB began a closer working relationship with U.S. standard setters and the SEC.

In 2002, FASB and the IASB entered into the Norwalk Agreement. Under the terms of the agreement, both groups agreed to jointly consider emerging financial reporting issues and seek the convergence of the separate sets of rules and principles into one worldwide set of accounting standards. Expansion of international business demanded a common set of principles for financial reporting. More significantly, the cost of preparing financial statements under multiple sets of standards was becoming increasingly costly and time consuming. The moment had come for deeds not words.

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The first significant step came in January 2005 when IFRS became mandatory in the European Union. At the same time, the efforts of IASB-FASB standard convergence accelerated. Since then, the two standard setting bodies have published numerous updated pronouncements. IFRS 3 and SFAS 141R, dealing with business combinations, are current examples of this joint development process.

Although these convergence efforts have been productive, they still do not address the costly impact of issuing multi-standard financial statements – particularly in the United States. In November 2007, the SEC took a huge leap forward in addressing the restatement issue when it announced that foreign registrants could report their operating results under IFRS and not be subject to U.S. GAAP reconciliation. The commission followed this announcement with a series of town-hall style meetings that led to the Commission's statement in December 2007 regarding the potential expanded use of IFRS in the United States.

SEC Chairman Christopher Cox initially cited a release date for the adoption timetable of June 2008. That date slipped into August and the timetable morphed into a press release with a promise of more to come.

The Current Situation

On November 14, 2008, the SEC published its proposed Roadmap for IFRS use by U.S. companies. The lengthy document sets 2014 as the date for general adoption. "Early users" as defined in the Roadmap will be eligible for usage in 2010.

There has also been a flurry of IFRS adoption activity in other corners of the accounting profession. Each of the four major international firms, for example, has invested significant resources, research and opinion on the global accounting standards issue.

PricewaterhouseCoopers believes significant action will occur in early 2009 after the Roadmap's comment period ends. Ernst & Young senses a similar timeframe and views the adoption of international standards as the single most important initiative in the financial reporting world.

KPMG appears to have the most robust IFRS information effort in its IFRS Institute. The Institute is always an interesting source of IFRS comment and perception. For example, it recently noted a considerable debate remains over the rush to global standards. One position, led by the PCAOB, recommends slowing the adoption process down in order to more fully absorb the impact of the global financial crisis. Those at the other end of the spectrum believe that the current international financial crisis actually demands a single set of high-quality standards that reflect reality.

Another international firm, Deloitte, offers IFRS training and consulting services to firms wishing to stay ahead of the adoption curve. Both KPMG and Deloitte concur that the adoption effort is still very much alive.

While there is a slight delay in finalizing the full adoption timetable, the FASB and IASB have accelerated their completion date for the seemingly unending convergence project. Following their September 2008 joint meeting, the two boards set 2011 as the deadline for resolving the remaining four open issues on their agenda. The targeted areas for discussion include financial statement presentation, liability and equity classification, lease accounting and revenue recognition.

Although some conflict remains over a firm calendar for adoption, no one disputes one issue. All knowledgeable parties believe that much more than simple financial reporting changes are at stake. Since the changes required to convert to international standards are both numerous

and complex, now is the time to initiate your IFRS learning curve and to begin the design of your IFRS adoption strategy.

More than Just an Accounting Exercise

Even if adoption of international accounting standards in the United States involved “simply” the acceptance of a new set of pronouncements, the task would be daunting. Consider the impact of changes in the following four areas: revenue recognition, LIFO inventory, research and development costs and asset valuation.

Revenue recognition under U.S. GAAP is very specific. There are unique rules, for example, with respect to individual industry practices, computer software and real estate transactions. Conversely, a single standard (IAS 18) governs general revenue recognition under IFRS. This absence of specificity is symptomatic of the related conceptual issue of principles-based versus rules-based accounting.

The lack of **LIFO inventory valuation** under IFRS (IAS 2) presents additional challenges. Will the Internal Revenue Service relax LIFO conformity rules as part of the switch to international standards? If so, how will this change income tax strategy for U.S. firms?

Differences also abound in the area of **research and development costs**. FAS 2 requires that companies expense all R & D costs as incurred. IAS 38, on the other hand, categorizes R&D expenditures as either research or development activities. IAS 38 expenses research costs, while it capitalizes development costs as an intangible asset.

Lastly, and perhaps the most problematic issue from the perspective of transparency, is the **valuation of operational assets**. Under IFRS (IAS 36 and IAS 38), if the organization meets certain conditions they may reverse intangible asset impairments, other than goodwill. This “elevator effect” of valuations constantly moving up and down will challenge both independent auditors and financial statement users alike.

As you can see, compared with mere accounting conformity, the IFRS-related operational issues are much more challenging. All firms, public and private, face major adjustments in their business practices. From wholesale systems redesign to management and financial statement user re-education, U.S. companies will experience a significant change management event.

Changes in earnings will affect the computation of financial institution lending covenants. Right now, we do not know how lenders will respond to these modifications. Similarly, there will be changes in the determination of incentives and bonuses based upon profitability. Institutional investors and labor unions may not respond favorably to these potential revisions in compensation. The anticipated implementation of IFRS will also require comprehensive training of investors, board members, management personnel and financial statement preparers.

All firms, public and private, face major adjustments in their business practices. From wholesale systems redesign to management and financial statement user re-education, U.S. companies will experience a significant change management event.

Assisting these stakeholders in assuming a principles-based thought process will be incredibly

difficult. The adoption of approximately 2,500 pages of new pronouncements will be, by comparison, easy.

For the past 30 years, professionals familiar with financial statements have operated in a cookbook-oriented world. Nearly 25,000 pages of rules governed accounting practices in detail. Students, auditors and attorneys all learned how to conduct business within the bright lines of U.S. GAAP. Now, in a matter of two-five years, international standards will expect them to respond to an increasingly complex array of issues armed only with a broad set of principles. A heightened sense of accounting and business judgment will be essential.

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Faced with accounting changes, operational changes and behavioral changes, what must firms do today to be prepared for the inevitability of tomorrow?

A Checklist for Action

The natural reaction to the pending IFRS conversion is denial. Many small organizations believe that the adoption process will not affect them. Nothing could be further from the truth. The AICPA, which governs professional activities for non-SEC practitioners and private firms, believes the time to initiate IFRS discussion and knowledge is now. The trend towards globalization, the need for international sources of capital and the increasing number of foreign-based acquisitions are just three reasons why the AICPA consider immediate action mandatory.

Given this sense of urgency, consider the following ten points as your IFRS Roadmap for Action.

1. **Initiate a review of IFRS fundamentals.** Utilize all available sources for building your company's knowledge of international accounting standards. After establishing a basic competency in IFRS, prepare a summary of how the new standards apply to your organization.
2. **Inventory IFRS talent.** Discover who has IFRS knowledge in your organization. It could come from several sources – new employees with multinational experience, international-based executives, global partners or recent college graduates. Consider the creation of a transition team including these potential subject matter experts.
3. **Prepare preliminary IFRS-based financial statements.** Draft a set of pro-forma IFRS financial statements. Compare them with your current U.S. GAAP financials. Calculate key ratios and metrics under both methods.
4. **Ascertain potential strategic and operational issues impacted by IFRS adoption.** Critically examine the results of your comparative analysis. Identify possible changes in strategic objectives or immediate operational activities. Develop action plans based upon your findings.
5. **Monitor the Internet including the SEC, FASB, IASB, AICPA and relevant international accounting firm websites.** Stay on top of the status of the adoption process. Any announced timetable will be a work-in-process. The current global financial crisis and the incoming Obama administration present wild cards in the IFRS

implementation game. Pay close attention to the IASB's exposure draft on "IFRS for Private Entities" due for release in early 2009. Remain both agile and flexible in designing your ultimate game plan.

6. **Consider the centralization of accounting activities.** Use the transition to IFRS as an opportunity for streamlining your accounting operations. Centralization will make the transfer of information and the adoption of new accounting systems easier to implement.
7. **Identify necessary debt agreement or contract modifications.** Armed with the results of your pro-forma analysis, review the implications on lending covenants and terms with your current lenders. This will be particularly important if the current credit crisis continues. Banks and other financial institutions may use the IFRS-related ratio adjustments as an excuse for trimming their debt rosters.
8. **Scope required changes in financial systems.** Many new IFRS accounting products will appear in the next few years. Begin a thorough assessment of your organization's specific needs. Involve IT professionals early. The acquisition and implementation of updated systems is likely to be one of your major transition costs.
9. **Design a comprehensive user-education program for management, investors and other stakeholders.** The information these groups routinely receive will change dramatically. Establish brown-bag sessions for gradually communicating how to use and interpret the new information.
10. **Above all, take action now.** Remember, denial is the first step in the inevitable path to change.

Final Thoughts

This article contains information for updating all financial professionals about the transition to international financial accounting standards in the United States. More importantly, it serves as an alert for action that needs to begin today.

All firms, public and private, will face the issues that IFRS adoption brings. All global customers will demand an understanding of IFRS-based statements. Many lending activities will require new IFRS-driven assessment. This is not just a public company accounting issue. This is a major business transformation issue affecting all companies in the United States.

A wave of change in accounting standards is coming. Plan to establish your IFRS breakwater today. Don't be caught unprepared when the international accounting standards tidal wave hits your beach.

About the Author

William F. O'Brien, MBA, CPA, a Santa Clara University faculty member, is an internationally recognized author and lecturer in the areas of corporate planning and control, operational auditing and international accounting. He is an Executive Education, Inc. discussion leader and a frequent speaker at Michigan Association of CPAs events. He is speaking on "Corporate Financial Management: Conquering the Controllorship Challenge" and "The Coming IFRS Conversion: Preparing for the Ultimate GAAP Makeover" on February 12-13 in Livonia, during MACPA's industry seminar series.

Top Stories

Navigator of the Profession – Randy Paschke, CPA



*Randy Paschke, CPA
2008-2009, MACPA
Board of Directors
and Chair, Wayne
State University
Accounting
Department*

Randy Paschke is truly dedicated to the accounting profession. As chair of the Wayne State University Accounting Department, he has the opportunity to interact with and mentor the CPAs of tomorrow on a daily basis. In fact, he is spearheading a partnership with MACPA geared toward fully preparing first-year accounting majors to anticipate the requirements – including courses, exams and internships – needed for graduation. He is committed to helping students stick with accounting until graduation because he knows their hard work will result in a satisfying and exciting career.

What made you decide to go into the accounting profession?

It was really a fluke. I was in college actually studying to be an English teacher at a time when teachers could not find employment so I took an accounting course, liked it and did well in it. It led me to change my major and the rest is history.

What makes going to work every day fun and exciting?

I spent 32 years in public accounting with Arthur Andersen and I have now been with Wayne State University for more than six years as the Accounting Department Chair. When I was in public accounting, I thoroughly enjoyed the challenges of working with a wide variety of clients, interesting transactions, and the best and brightest young professionals you could find. They always kept you on your toes. Now, I am able to continue to work with bright, eager and enthusiastic young people who are in the process of preparing themselves for careers in accounting. I enjoy meeting with them, discussing the career opportunities in accounting, and helping them plan their studies and make their career choices.

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

I really don't feel I had any significant obstacles to overcome. I was very fortunate to get hired by an outstanding firm, work with great people who mentored me and helped me to be successful. I worked hard, but enjoyed it and it all paid off.

As an educator, what are the biggest issues you face in terms of attracting and retaining students in your program?

I still believe that the accounting profession is one of the least understood professions. Most students do not really know all of the career options available to them with an accounting major. One of the main issues is getting this kind of information out to students. The other significant issue is that the accounting courses are difficult courses and students often give up too quickly if they find the accounting principles courses too challenging or difficult. If we can help students more in their first accounting courses, I believe more of them will select and/or stay in accounting.

You are instrumental in the development of a new partnership between Wayne State University and MACPA. Can you briefly explain the partnership and how it will benefit students?

This partnership is focused on developing an orientation program for students interested in accounting. I believe that the more knowledge and information students have about the profession and what it takes to be successful in the profession, and the earlier they have this knowledge, the better prepared they will be to enter the profession when they graduate. Students are very busy and too often don't think about much beyond a term's classes. Our goal is to give them enough information so that they can look out further, plan their studies better, focus on getting internships timely and ultimately get great job offers as they graduate.

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

I am involved with the Golightly Academy of Finance in Detroit, which is a program for high school students interested in business. I am the chair of the board of Artserve Michigan, which is a statewide organization that advocates for the arts and culture throughout the state. I serve on the board of a professional theater in Ann Arbor (Performance Network Theater), and I serve on the board and as audit committee chair of Mackinac Financial Corporation, a publicly-traded bank holding company. Now, I am also a member of the MACPA Board of Directors.

What has been your most meaningful volunteer experience?

I have enjoyed my volunteer work with both Artserve Michigan and Performance Network Theater the most. I believe that our lives are so much better when we live in communities that appreciate and support the arts and culture. I have seen the impact art and culture has on children through school art programs. If we want to build a creative economy in this state, the first place to start is to support all of our artists and our arts and cultural organizations who are the foundation for building and maintaining a creative economy.

Message from the Chair of the Board

Summing It Up



*Thomas H. Beard
2008-2009 MACPA
Chair of the Board*

As we enter the New Year with anticipation, we also reflect on the successes of the past year. These successes are only possible because of the involvement and support of our members. I've assembled some numerical highlights of the year at the Michigan Association of CPAs:

777: Members involved on task forces and committees.

\$120,000: Given by Michigan Accountancy Foundation in scholarships for Fifth Year/Graduate accounting students.

1,220,063: MACPA web site page views.

64: Days from introduction to enactment by Governor Jennifer Granholm of Michigan's CPA license mobility legislation, at which point the Governor stated, "I'm proud to have Michigan be a model state. This legislation will have a major impact easing interstate practice."

300+: Contacts/visits with Michigan legislators.

5,584: Attendees at Michigan Business Tax-related CPE programs.

562: Experts presented at conferences and seminars.

97%: Of CPAs licensed in Michigan are members of the MACPA.

412: Continuing Professional Education programs.

Tripled: The number of CPE programs offered in Webinar format.

14: Members trained as CPA Ambassadors, bringing our total to 85 (more than any other state CPA society).

1st: Rank of Michigan Tax Conference as largest state-tax event sponsored by a state CPA society.

51: Weekly issues of E-News.

1 of 9: Michigan among early adopters of the Facilitated State Board Access web site,

allowing electronic submission of peer review results to the Michigan State Board of Accountancy.

\$131,448.70: Raised in PAC and Political Education Fund (PEF) contributions.

95%: Of students will consider career in accounting after attending MACPA High School Leaders Conferences.

\$3.9 million: public relations/image value of media coverage in print, radio and television throughout the state of Michigan.

Given the extraordinary economic circumstances, we're certain to face many difficult challenges in the coming year. Know that in all we do at the MACPA, our focus is on bringing high-quality, timely education and benefits to all segments of our membership, interacting with state and federal legislators, and reaching out to students, educators and the community to promote the profession and contribute to the success of our communities.

Best wishes for a happy and healthy 2009.

Of Interest

Congratulations Paul MacDonald: 2008 Hall of Fame Winner



*Paul MacDonald
VP of Finance,
Detroit Red Wings*

A Michigan CPA was among three 2008 inductees into the AICPA Business and Industry Hall of Fame in November 2008. MACPA member Paul J. MacDonald, vice president of finance for the Detroit Red Wings was honored, along with Gary Kabureck, corporate vice president and chief accounting officer at Xerox in Norwalk, Connecticut; and CB "Mike" Harreld, Jr., executive vice president and chief financial officer of Southern Company Transmission in Atlanta.

"The AICPA is proud to recognize three exemplary CPAs who represent a variety of businesses that rely on CPAs to propel their organizations forward. The 2008 Hall of Fame inductees demonstrate the ability and desire to give to their communities and share their skills for the greater good," says Christopher McKittrick, director of members in business industry and government at the AICPA.

The AICPA Business and Industry Hall of Fame honors CPAs who embody the technical attributes and ethical commitments of the CPA profession; creating value by managing technology and resources; demonstrating knowledge of broad business issues and managing shareholder and customer expectations.

Prior to joining the Red Wings, Paul MacDonald began his career working for a local CPA firm. After three years, he moved into the business and industry realm as controller with a steel processing/automotive supply company. Within five years, he advanced into the position of president. When the opportunity arose to work with a major sports franchise, Paul saw the fulfillment of a lifetime dream.

Starting as a controller with the Red Wings, Paul's job has expanded and become more complex as the NHL has grown. He was promoted to director of finance in 1995 and senior director of finance in 1998. He was promoted to his present position in 2002.

Overseeing an \$80-100 million budget for the Detroit Red Wings, Paul manages a wide range of business operations including all daily accounting functions, budgeting, internal and external reporting, audits, insurance and tax matters. Paul's role with the Red Wings exemplifies the fact that the success of every major sports team relies not just on the skill and abilities of the players, but on the financial knowledge and accounting expertise of the individuals working behind the scenes.

Playing an integral role in the team's business operations, Paul has laid the groundwork for a successful franchise for years to come. Paul has implemented change to positively impact the bottom line in a number of ways including reducing freight charges on equipment purchases

and turning broadcast services into a profit center. He is also integral to contract negotiations and review, and he serves on numerous National Hockey League committees. His name is one of only a handful of NHL Club senior financial executives whose names are inscribed on the Stanley Cup.

"Over the past five years, Paul has given generously of his time, energy and talents as a valued member our Board of Directors," said MACPA President and CEO Peggy Dzierzawski. "His insight has impacted countless programs, member services and association operations."

Most notably, Paul was instrumental in the development of our High School Leaders Conferences. Since its premier in 2003, Paul has spoken to nearly 1,400 promising students. His presentation, *That's Entertainment*, is central to the program's message: The CPA profession offers interesting and challenging career opportunities in a variety of industries. Paul captures their interest from the moment he mentions the Stanley Cup.

"When he holds up his championship ring ... well, that really gets their attention! Paul's message is particularly compelling; and he is one of the reasons so many of students attending say they will consider a career in accounting," explained Dzierzawski.

Over the past few years, Paul has also shared his time and talents with the Naval Reserve. He arranges for servicemen and women to attend Red Wings games and sees to it they are appropriately recognized (always a standing ovation at Red Wings games). He also coordinates player visits and interaction at various naval events.

"Whether he is working with the MACPA, students, our armed forces, Red Wings management, co-workers, or NHL leaders, Paul's integrity, passion and commitment is inspiring to everyone," said Dzierzawski.

The AICPA Business and Industry Hall of Fame Award was presented to Paul on Thursday, November 13, 2008 at the AICPA Controller's Workshop East at the Hilton - Walt Disney World Resort in Lake Buena Vista, Florida.

Of Interest

New National PSAs Urge Americans Age 25 - 34 To "Feed The Pig"

A new series of print and broadcast public service announcements urging Americans age 25 - 34 to spend wisely and save for the future rolled out late last year as part of Feed the Pig, a national campaign of the AICPA and the Advertising Council.

"People in this age group are involved in major life changes," said Carl George, chair of the National CPA Financial Literacy Commission. "They're launching careers, buying homes, getting married and having children. All these events involve major expenses, which makes saving difficult, especially in a hard economic time like the one we're now experiencing. But there are simple things they can do, such as paying more attention to how much they spend on discretionary items. Spending within your means is itself a form of saving."

The new PSAs can be viewed at the campaign web site, www.feedthepig.org, which features savings tips, interactive tools and viral components. Feed the Pig additionally employs new media easily accessible to the target audience, including weekly e-mail savings tips, podcasts, text messages, and Facebook and MySpace pages for Benjamin Bankes, the campaign icon that evokes childhood memories of the traditional piggy bank.

A new study commissioned by the AICPA reveals that as a group, Americans 25 to 34 have spent years sliding deeper into debt and seeing their net worth decline.

Between 1985 and 2005, the most recent year for which statistics are available, this group saw its median debt skyrocket by 44 percent. For every dollar of assets, the study found, this group is carrying 70 cents in debt, more than double the amount carried by older age groups. The report cites easy access to credit as a primary driver of this debt.

The study, conducted by Christopher Thornberg, PhD, of Beacon Economics in Los Angeles, additionally found that the median net worth for this group declined by 31 percent during the same period, a figure that excludes the value of their homes. In contrast, the median net worth for Americans 35 - 64 grew by 28 percent.

"These findings are particularly disconcerting in light of the current financial crisis," George said. "The study covers a time period before the present economic downturn, so even before the crisis, the group needed guidance on managing its finances. They have to learn to spend wisely and within their means and try to put away some of their discretionary income for the future."

The AICPA and the Ad Council originally launched Feed the Pig in 2006. Since then, Ad Council research has shown that individuals who have seen or heard a Feed the Pig PSA are more likely to change their financial behavior for the better. For example, 37 percent of individuals who have seen or heard the PSAs say saving for their future is more important

than buying things they want now versus 20 percent that have not seen or heard an ad.

"People always think they'll start saving money at the next job or after that next raise," said Rob Slosberg, partner and creative director at VGS Creative, which designed and developed the new PSAs. "We wanted our updated campaign to get out the message 'Don't wait. You can start saving today by simply making small changes in your spending habits.'"

Expanding to Reach Tweens

The AICPA and Ad Council recently developed materials aimed at "tweens," students in 4th, 5th, and 6th grades. A section of www.feedthepig.org offers classroom materials for teachers, and an online game targeted to kids.

Of Interest

Tough Times Call for Serious Succession and Talent Management Planning

As a result of the struggle to prepare top talent to fill positions left vacant by an aging workforce, businesses and firms across the United States have employed succession planning measures that strategically address maintaining the strength of the organization while balancing the replacement of critical organization leaders. Experts are saying that with the cloud of recession hanging over U.S. businesses, now is not the time to abandon your organization's succession plan – in fact, it's the time to pull one together.

If layoffs loom in your company's future, it's time to implement your plan. "This is the time to keep your exceptional performers and their successors while cutting the average and (should they exist) below-average employees," says Bill Reeb, CPA, CITP of the Succession Institute, Austin, Texas.

Whether you're facing a layoff or not, if you don't already have a plan in place, Reeb recommends focusing on the leadership roles you need to fill rather than the people you need to replace. Your goal is not to replace personalities. That would be impossible. Instead, you want to clearly indicate the key roles and responsibilities of the positions in your succession plan. In addition, identify the authorities and limitations of those positions. Doing so allows you to internally develop and groom replacements (the preferred route) or seamlessly enlist a successor from outside the organization.

"Replacement planning vs. strategic risk-based succession management adds costs to the business – so all the more reason to be thoughtful with succession management and planning when times are tight," says Thom Solomon, PHR, Progress Energy in Raleigh, N.C. In assessing your company's talent, it is important to keep in mind who will be leading the company when the economy rebounds.

In fact, Reeb explains that the succession planning process may bring to light the numerous management mistakes of the past such as incomplete performance reviews that result in undeserved raises and bonuses. In assessing your succession needs, the goal is to determine and hold on to talented staff.

Should your business be forced into layoffs, there are several other key things to keep in mind besides your succession plan:

Plan early and carefully for a layoff (or potential future layoff). "You can hurt your business if you have to make talent adjustments in increments, so plan for a worst-case scenario upfront," says Patti Gillenwater, CEO of Raleigh, N.C.-based, Elinvar. Gillenwater recommends considering your business's sales cycle and forecasting the amount of talent you will (or won't) need based on orders for an upcoming (and possibly slower) quarter.

Looking for More Information?

Visit the AICPA Financial Management Center for Business, Industry and Government at fmcenter.aicpa.org.

Don't necessarily bank on history repeating itself. Gillenwater cites the dot-com bubble's burst as a precedent for how not to manage the upcoming aftermath of the current financial crisis. During the dot-com fallout, businesses had a hard time anticipating just how badly they would be hit. As a result, many suffered multiple layoffs over a series of months and years.

This time, businesses can bet that with the credit crunch and difficulty in getting bank loans, this recession will be tougher and affect more workers at earlier intervals than the recession of 2000-2001.

Determine who your key people are and tell them. Without making promises, tell your all-stars that they have been identified as such. Explain the steps you are taking to try to keep them on during the turmoil. Some predict this recession could last two-four years. A business's survival depends on the commitment of its top performers. But a business must demonstrate its commitment to those performers in return.

Finally, plan for what to do without these critical people if they are wooed away by a business or firm that is actively recruiting.

Be as nice as possible. Layoffs always come with hurt feelings and stress, and the staff you keep may have difficulty adjusting to the environment without their old teammates. During the layoff and after, it's important to make certain the experience is as respectful and humane as possible.

With advance planning, it may be possible to provide training for future redundant staff to help them set up for their next move. And it goes without saying, if you can provide outplacement services for those laid-off, by all means, do. Outplacement services can help encourage laid-off employees to broaden their network, find their next position, or even tap into a new career. Finally, during the layoff and after, be sure to consider the layoff survivors.

In the aftermath, keep remaining staff engaged. As with any business situation, a layoff provides both challenges and opportunities. Solomon says, "with layoffs come leaner organizations with high-potential talent capable of being stretched by untraditional or broader assignments." Consider how to use these moments to challenge your remaining staff and engage them in projects where they might have otherwise missed out. Gillenwater asks, "How can you keep your remaining staff interested and happy? What can they sink their teeth into to stay engaged and excited?"

One way to keep remaining staff motivated is to offer them training in a new skill, or involvement in cross-departmental projects so they feel a part of the strategy to get the company back on track.

Providing the opportunities for potential triumphs makes staff feel valued and safe, a combination for success.

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Accounting & Auditing

FASB and GASB Pronouncements

The following updates have been posted by the Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB) since the previous issue of Leaders' Edge:

FASB

[FASB Staff Position \(FSP\) FIN 48-3](#), Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises. The FSP defers the effective date of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, for certain nonpublic enterprises, including nonpublic not-for-profit organizations, for fiscal years beginning after December 15, 2008. (December 30, 2008)

[FASB Staff Position \(FSP\) FAS 140-4 and FIN 46\(R\)-8](#), Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities. The document increases disclosure requirements for public companies and is effective for reporting periods (interim and annual) that end after December 15, 2008. (December 11, 2008)

GASB

[Concepts Statement No. 5](#), Service Efforts and Accomplishments Reporting (an amendment of GASB Concepts Statement No. 2). Concepts Statement 5 updates provisions in Concepts Statement 2 in order to reflect developments that have occurred since Concepts Statement 2 was issued in 1994. The proposed changes are based on the findings of extensive research by the GASB and others and the results of the GASB's monitoring of state and local governments that have been using and reporting service efforts and accomplishments (SEA) performance information. (December 15, 2008)

Accounting & Auditing

PCAOB Issues Staff Audit Practice Alert on Audit Considerations In the Current Economic Environment

In early December, the Public Company Accounting Oversight Board (PCAOB) issued a Staff Audit Practice Alert to assist auditors in identifying matters related to the current economic environment that might affect audit risk and require additional emphasis in audits of financial statements and audits of internal control over financial reporting.

"This alert is intended to highlight special auditing challenges and risks posed by the current economic environment, including fraud risk, as auditors gear up to complete their year-end auditing for 2008 and for as long as current conditions persist," said Tom Ray, Chief Auditor and Director of Professional Standards.

The Staff Audit Practice Alert discusses the following six matters:

- Overall audit considerations
- Auditing fair value measurements
- Auditing accounting estimates
- Auditing the adequacy of disclosures
- Auditor's consideration of a company's ability to continue as a going concern
- Additional audit considerations for selected reporting areas

These alerts are prepared by PCAOB staff to highlight new, emerging, or otherwise noteworthy circumstances that may affect how auditors conduct audits under the existing requirements of PCAOB standards and relevant laws. The statements contained in Staff Audit Practice Alerts are not rules of the Board and do not reflect any Board determination or judgment about the conduct of any particular firm, auditor, or any other person.

This is the third Staff Audit Practice Alert that the PCAOB has issued to date. The first alert was issued in July 2006 on the topic of options backdating. The second alert was issued in December 2007 on auditing fair value measurements in financial statements. All alerts are available on the PCAOB [website](#).

Tax Tidbits

Taxpayer Awareness – MACPA Helps Protect Michigan Citizens



In an effort to protect underserved taxpayers in the state of Michigan from fraudulent tax return preparation, the Michigan Association of CPAs (MACPA) is re-launching its Taxpayer Awareness campaign. In order to arm taxpayers with the knowledge to avoid unscrupulous tax preparation, members of the Association's Taxpayer Awareness Task Force have developed a brochure that provides tips, hints and warning signs taxpayers should keep in mind should they decide to hire a paid tax preparer.

Entitled "[Top 10 Questions to Ask a Tax Preparer](#)," the brochure is the central piece to the Taxpayer Awareness campaign. Created in both English and Spanish, the brochure aims to assist those who are most at risk of not receiving the proper counseling they deserve on personal tax issues. The brochure features a glossary for common income tax lingo and legal information for reporting suspicious activity.

"The greatest tool a person can have is knowledge," said Peggy Dzierzawski, CEO of the MACPA. "Everyone involved with this important endeavor is committed to educating taxpayers and assisting those most in need."

The campaign, first established in January of 2008, targeted primarily the city of Detroit. MACPA sought the assistance of legislators and community organizations to serve as points of contact between MACPA and the public. This year, MACPA is expanding the 2009 campaign to include cities all over the state of Michigan – cities such as Battle Creek, Kalamazoo and Flint.

The Taxpayer Awareness campaign will also include speaking engagements with community organizations. MACPA members interested in learning more about the campaign or wishing to volunteer are asked to contact the MACPA at 248.267.3700.

Tax Tidbits

IRS Steps-Up Enforcement of EITC Claims Great Volunteer Opportunity for all MACPA Members!

The Earned Income Tax Credit (EITC) is the single-largest federal government cash assistance program for low income earning taxpayers in the United States. In 2006, there were more than 22 million EITC returns filed, paying out in excess of \$43 billion. The IRS estimates that between 23 and 28 percent of those claims had been overstated, thus, somewhere between 10 and 12 billion dollars in improper claims were paid to unqualified taxpayers. Seventy percent of the EITC claims made every year are completed by tax professionals on behalf of their clients.

The IRS, in an effort to curb misstated EITC claims in the future, has developed a due diligence system that seeks to reduce overstated claims and introduce penalties for tax preparers who fail to meet the following four requirements when claiming the credit on behalf of their clients:

1. Completion of eligibility checklist;
2. Computation of the credit;
3. Knowledge (evaluation of information received by the tax preparer, provided by the taxpayer);
4. Record Retention

A description of each due diligence requirement is available via the [IRS.gov website](#).

One of the IRS's main objectives in setting forth these new requirements is to ensure tax preparers pay close attention to the information being provided by their clients. If misinformation is being provided to the tax preparer, it is the responsibility of that preparer to perform their due diligence in investigating questionable claims. Tax preparers who do not to meet the four requirements could be assessed a \$100 fine per failure and/or subject to disciplinary action by the IRS Office of Professional Responsibility. (Additional detail regarding the preparer penalties is available [here](#).)

An IRS approved EITC toolkit for tax professionals is available at <http://www.eitcfortaxpreparers.com/>.

Tax Tidbits

Michigan Treasury Issues RAB, Changing Policy for Tax Audits

By Joseph J. Tomczyk, CPA, Ryan, Inc.

On December 2, 2008, the Michigan Department of Treasury issued Revenue Administrative Bulletin (RAB) 2008-8. This explains a change in policy as it affects the suspension of the Statute of Limitations for all tax audits initiated as the result of Audit Confirmation Letters issued by the Department on or after January 1, 2009. Michigan law provides two separate options to suspend or toll the Statute of Limitations MCL § 205.27a(3):

1. The Statute of Limitations is automatically tolled pending the "final determination of tax," including audit, refund, appeal or litigation.
2. The Statute of Limitations may be suspended by mutual written agreement between a taxpayer and the Michigan State Treasurer.

Historically, the Department has sought mutual written agreement with a taxpayer when necessary to suspend the Statute of Limitations for purpose of a tax audit. Beginning January 1, 2009, the Department will rely on the "automatic tolling" of the Statute of Limitations when an audit commences. The Department will no longer seek written waivers signed by the taxpayer and the Treasurer's representative. The RAB at the following link provides the detail of this new policy: www.michigan.gov/documents/treasury/RAB_2008-8_258580_7.pdf.

As referred to in the RAB, all audits currently in progress or initiated by the Department prior to its issuing an Audit Confirmation Letter dated before January 1, 2009, will be conducted under the Department's existing policy.

About the Author

Joseph J. Tomczyk, CPA, is Director, Transaction Tax, at Ryan, Inc., Lansing Michigan. He can be reached at joe.tomczyk@ryanco.com.

Legislative & Regulatory

State Board Column: What to Expect if Someone Files a Complaint Against Your CPA License

By Carol Flores, Licensing Administrator, Board of Accountancy, Bureau of Commercial Services, Department of Energy, Labor & Economic Growth

Have you ever wondered what you would do if someone filed a complaint against your CPA license? You may be interested to know that in the period October 1, 2007 through September 30, 2008, the Bureau received 81 complaints against CPAs. In relation to the total number of complaints the Bureau received for the 31 different professions and occupations it regulates, 2.6% were filed against CPAs.

The state's enforcement staff is responsible for the investigation and prosecution of consumer complaints filed against CPAs. Pursuant to MCL 339.501a(b) of PA 299 of 1980, as amended, the person who files a complaint is referred to as the "Complainant" and the person against whom a complaint has been filed, is referred to as the "Respondent." The Department begins the complaint process by opening a file and reviewing the allegations. It provides the Complainant with a written acknowledgement of the complaint within 15 days.

If the state's investigative report does not disclose a violation of PA 299 of 1980, as amended, the administrative rules of the Board of Accountancy, or an Order issued under PA 299 of 1980, the Department will close the complaint. The reasons for closing the complaint will be communicated to the Complainant and the Respondent. This may be the end of the complaint process for many; however, if the state's investigative report discloses evidence of a violation, the Department or the Attorney General may file a formal complaint.

Upon receiving a formal complaint, the Respondent will be notified of the opportunity to meet with the Department to either demonstrate compliance, negotiate a settlement, or proceed to a contested case hearing. The Respondent has 15 days upon receipt of the formal complaint to choose one of the aforementioned options. Should the Respondent fail to choose one of the listed options within the time period specified, the Department will proceed to a contested case hearing.

At all stages of the complaint process, it is important to understand your options and communicate effectively with the Department's staff regarding a complaint that is filed against you. As previously indicated, the Respondent may meet with the department and provide evidence of compliance. Enforcement staff will then review the information and communicate whether or not the Respondent has a showing of compliance. If the Respondent is unable to show compliance, he or she may choose to enter into a settlement agreement during a conference. A member of the Board of Accountancy may be present at the conference and any agreement will ultimately be forwarded to the Board of Accountancy for acceptance. If the Board rejects the stipulated agreement, the complaint will proceed to a contested case hearing.

The last stage of the administrative complaint process is a contested case hearing. If a contested case hearing is conducted, an administrative law judge will be appointed to hear the case. The administrative law judge will submit his or her findings of fact and conclusion of law in a "hearing report." As the Respondent, you will receive a copy of the hearing report. The Board of Accountancy, at its board meeting, will accept the hearing report and review the findings of fact and conclusion of law. It will determine the appropriate sanctions should the report indicate violations of PA 299 of 1980, as amended, and/or the Board's administrative rules.

It is important to note that if the complaint involves professional standards of practice under Article 7 of PA 299 of 1980, as amended, a majority of the members of the Board of Accountancy who have not participated in the investigation, or have not attended the conference, shall sit to make findings of fact in relation to the complaint.

Lastly, the Department may receive a complaint and decide that immediate action is warranted. It has the authority to issue a notice summary suspension on belief that an imminent threat to the public health, safety or welfare exists. A summary suspension notice is an order immediately suspending a license. In this case, a licensee may petition the Department to dissolve the order and a public hearing would be scheduled to decide whether to grant or deny the requested relief from suspension.

Although the entire complaint process may be drawn out, it is well worth understanding your options during each stage of the process in order to effectively settle the matter. For more information, visit the [State Board's website](#). Look for the quick link "Articles 1-6" on the right side of the screen and review Article 5.

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Legislative & Regulatory

Thank You to All 2008 PAC and PEF Contributors! (Is Your Name on This List?)

Thank you to all 1,691 2008 MACPA Political Action Committee (PAC) and Political Education Fund (PEF) [contributors](#). Your generosity and leadership has helped raise awareness for the CPA profession in Lansing, protecting the integrity of the designation from harmful public policy! Successful advocacy on behalf of the profession, aided by your support, helped to pass Michigan CPA License Mobility provisions in 2008.

All 2008 MACPA PAC and PEF contributors are recognized [here](#). (Capitol Club members who made an exceptional contribution of \$100 or more are noted in **bold**.) If your name does not appear on this list, please consider contributing in 2009. We still need your support!

Legislative & Regulatory

Ethics Q&A: Electronic Record Storage... The Future is Today

By Michael E. Slomski, CPA, MSF, Chair, Professional Ethics Task Force

The MACPA Professional Ethics Task Force has been challenged with an increasing number of record retention inquiries over the past six years. Some of the situations are routine in that [ET Section 501](#) can be explained to the complainant and/or the practitioner and the matter is resolved quickly. A few inquiries develop into formal complaints and require careful investigation of the facts and circumstances.

The *AICPA Code of Professional Conduct* has become quite definitive as to the general term of "books and records" and what data needs to be returned to the former client or remains the property of the CPA, providing excellent guidance to practitioners.

Some of the recent inquiries, however, have addressed guidelines as to individual firm practices in either developing or updating internal record retention policies. The following questions reflect some of the more common questions:

Are there any special requirements when electing a paperless record retention system?

Yes! Implementation of electronic imaging and data storage is quickly replacing the manual filing and storage systems of the past. Client confidentiality and the security of their data in a virtual filing cabinet is a critical consideration.

Record retention policies should address and advise the client of the method of record storage being utilized to facilitate future accessibility especially if the electronic environment is to be employed. If the CPA is not utilizing a scanning system to reduce written data to CD-ROM format physically stored internally, the practitioner must inquire and obtain a written statement from the storage website host as to the security of the data, accessibility, and back up procedures and its ability to recover data in a natural disaster, etc.

Are the prescribed record retention periods of the SEC, state accounting boards, regulatory agencies, etc. the same for virtual record storage?

Absolutely! The electronic format for data storage does not change prescribed record retention periods.

With the increased employment of electronic data transmission, do we have to retain email communications and fax transmissions as part of our record retention policies?

The CPA firm should develop its record retention policy to encompass both email and data transmitted by fax machine. Both forms of communication should contain a disclaimer indicating that no professional service is being provided prior to the execution of an engagement letter. In addition, each should state that the data being transmitted is for the

intended recipient only.

The retention of emails and faxes in an electronic filing system may be subject to discovery in a lawsuit; the CPA firm's record retention policy should provide guidance as to what email or fax transmission should, therefore, be retained in the virtual files or physically or electronically shredded.

In conclusion, the CPA should maintain copies of any client data in its storage system to support any conclusions reached in an engagement. Do not rely on the client.

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Legislative & Regulatory

MACPA PAC Expecting Big 2009-2010 Election Cycle

Although the dust has just settled on this year's election, those advocating on behalf of the CPA profession must already be looking forward to the coming year.

Forty-six new members of the Michigan House of Representatives will be taking office in a few short days – members with whom new relationships and partnerships must be forged (see [related article](#)). In addition, positioning for the November 2010 election has already started – an election that will result in a new Governor, Lt. Governor, and Attorney General and where all but seven state senate members cannot return to office due to term limits.

The MACPA Political Action Committee is likely to distribute more than \$250,000 in the next two years supporting candidates and current office holders that align their interests with those of the CPA profession. From a cash-flow standpoint, these efforts have already begun.

Please make your 2009 contribution today. You may do so [online](#) or by contacting the Government Relations Department at 248-267-3700.

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Legislative & Regulatory

New Web Site Provides Option for Meeting Peer Review Submission Requirements

In order to meet Michigan's peer review disclosure requirements, firms and sole proprietors can take advantage of a new online system through the MACPA in getting information submitted electronically. Michigan is one of nine early adopters of AICPA Peer Review Facilitated State Board Access (FSBA). Over time, this new process is expected to help to make submission of a firm's peer review information easier.

State law requires peer review as a condition of licensure for firms and sole proprietors that perform attestation services relied upon by third parties. Previously, licensees were responsible for submitting proof of peer review directly to state regulators. In place now, FSBA uses an opt-out process that allows peer review results to be made available automatically to select boards of accountancy (BOA), using a secure, AICPA web site. The FSBA site allows only BOA access to peer review documents.

As the AICPA's administering entity for Michigan CPAs, the MACPA will post peer review information to the secure FSBA site. Firms will receive advance notification, and will have an opportunity to opt out if they wish to submit their proof of peer review directly.

For more information, visit the [peer review page](#) on the MACPA website.

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Newly-Elected State Representatives to Take Office

Come mid-January, many new faces will grace the Capitol building in downtown Lansing. Forty-six newly elected House freshmen will be taking office to begin the 95th session of the Michigan House of Representatives. The historic 2008 general election saw Michigan Democrats take hold of their largest House majority in three decades and the second largest since before the Civil War.

MACPA is committed to working with both the Michigan House of Representatives and Senate to ensure the integrity of the CPA profession is well protected for many years to come.

Click [here](#) to view a list of the incoming House freshmen. If, by chance, you have a personal or professional relationship with any of these office-holders and would be willing to act as a contact on behalf of the Association regarding matters important to the profession, please contact the MACPA Government Relations Department at 248.267.3735.

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Legislative & Regulatory

House, Senate Rush Laundry List of Bills to Governor

A marathon session of the State House and Senate ended the 2007-2008 legislative year with a multitude of tax legislation moving quickly through both chambers and to the Governor's desk.

Beginning the morning of December 18 and adjourning mid-day on December 19, more than 40 individual pieces of tax legislation were passed and offered up to the Governor for signature. Among them is Senate Bill [1038](#) (supported by MACPA), the omnibus **Michigan Business Tax** (MBT) legislation. Passed unanimously by both the House and Senate, it reworks the definition of "gross receipts" and "inventory" within the gross receipts tax base. (Read more on these changes on MACPA member Ed Kisscorni's State and Local Tax blog [here](#).)

Senate Bills [1009](#) and [1052](#), representing significant changes to the **MBT as related to foreign entities**, also passed on this final session day. Senate Bill 1009 exempts "foreign persons" from the MBT, while Senate Bill 1052 amends the definition of a "foreign operating entity" to "include any territory or possession of the U.S. except for the Commonwealth of Puerto Rico."

A package of House Bills ([5554](#), [5555](#) and [5556](#)) to amend the **Streamlined Sales & Use Tax Administration Act** also made its way to the Governor's desk last month. While it is projected to have little, if any, revenue impact, it will set forth several changes to Michigan state tax statute in order to conform to the multi-state [Streamlined Sales & Use Tax Agreement](#), simplifying collection and administration with the aim to reduce burden on sellers.

In addition to the many tax-related bills passed on the final session day for 2008, the legislature also ushered through [House Bill 6633](#), heavily backed by the Michigan Non-Profit Association. Signed into law by the Governor on New Years' Eve, it increases the threshold that, once met, requires those **charitable organizations** that have a state solicitation license to submit to an audit of their financial statements when contributions to the organization exceed \$500,000. The threshold for a review of the organization's financial statements was set to \$250,000 (based on the previous year's 990 return). An automatic increase of \$25,000 to both thresholds will take effect every five years beginning in 2015.

The national **CPA license mobility** initiative continued to make headway through the final months of 2008. Seventeen states enacted mobility provisions during the year, bringing the total to 31 states, including Michigan. To identify those states that have enacted mobility provisions over the past few years, please visit the MACPA's [online License Mobility resource](#).

Looking ahead to 2009 and the new legislative session, MACPA remains committed to

protecting the integrity of the profession by advocating for sound public policy that affects the Michigan CPA. Issues that MACPA will continue to monitor include further changes to the MBT, as well as efforts afoot here in Michigan to create a licensing and regulation structure for paid tax preparers, a proposal that flies in the face of MACPA's mission to protect both the public and the CPA profession.

As always, members interested in learning more about the topics discussed in this article or getting involved in the policy making process are welcome to contact the MACPA [Government Relations Department](#).

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Continuing Education

Industry Professionals – CPE Mega Conference Designed Specially for You

Take a vacation from your desk! Join us at the warm and inviting VisTaTech center for the conference designed specially for you. The MACPA's new [Winter CPE Mega Conference](#) in February offers non-stop programs in accounting and auditing, ethics, management and tax technology, with a special member price of only \$185.

The Winter CPE Mega conference replaces the Winter Accounting and Auditing Conference. If you normally attend the Winter Accounting and Auditing conference to accumulate your A&A credit hours, do not fear, you can earn up to 8 hours of A&A credit at the new Winter CPE Mega Conference. To see a complete list of topics being presented at the conference, please view the [brochure](#).

President of Executive Education Inc. John Daly, CPA, MBA, CMA, CPIM, will share a critical presentation every CPA should hear on International Financial Reporting Standard (IFRS) titled *International Financial Reporting Standards – A Wave of Change to U.S. GAAP*. You can read a [related article](#) in this issue of *Leaders' Edge* written by Daly's colleague William F. O'Brien, MBA, CPA, Executive Education, Inc.

Highlights include:

- Internal Controls: Preventing the Fraud Lurking in the Shadows
- What CFOs Should Know about the Audit and Administration of Employee Benefit Plans
- Profit Improvement – Improving Productivity and Efficiency
- Michigan Business Tax – Inside the Business Perspective

Join us on February 19, 2009 at the VisTaTech Center at Schoolcraft College in Livonia for a break from your office environment. This is your opportunity to sit back, relax, enjoy and learn as our experts take you on a journey of knowledge.

Conveniently register [online](#), or contact the MACPA CPE department at 248.267.3700.

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Association Briefs

In Memoriam

C. Yvonne Austin

March 13, 2008

Michigan City, MI

Joined MACPA: June 15, 2002

Certified: July 31, 2001

Marvin Ciemniak

June 19, 2007

Shelby Township, MI

Joined MACPA: January 31, 1973

Certified: January 2, 1973

John R Halvin

June 12, 2008

Kalamazoo, MI

Joined MACPA: August 31, 1985

Certified: May 22, 1985

Albert Joseph, Jr.

Unknown

Milan, MI

Joined MACPA: February 28, 1998

Certified: October 23, 1985

Adele M. Verrelli McCracken

December 6, 2008

West Bloomfield, MI

Joined MACPA: September 30, 1985

Certified: September 18, 1985

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Association Briefs

Scholarship Application Due Jan. 30: Financial Assistance is Here – Complete Your Education Worry Free!

Becoming a CPA is not easy. It takes dedication, time and money. If you have the time and dedication but need help financially, the Michigan Accountancy Foundation (MAF) is here to help.

Each Year, the MAF awards Fifth/Graduate Year Scholarships to deserving accounting students. **This year it could be you!**

Are you a full-time accounting student or do you work and go to school part-time? Do you attend a Michigan university? Will you start your final year of school after March 31, 2009? And most importantly, do you intend to practice public accounting in Michigan once you graduate?

If you answered 'yes' to the above questions you need to apply today. This scholarship is intended for students who plan on taking the CPA exam, and who intend to work in public practice in the state of Michigan following graduation.

The 2009 MAF Scholarship application and criteria is available [online](#). Your application must be received by January 30, 2009 for you to be considered for this scholarship. If you have any questions, please contact [David Johnson](#) at 248.267.3700. To view a complete listing of past scholarship recipients please click [here](#).

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Association Briefs

Save the Date for the Spring Members Advisory Forum

For high-level updates on the latest changes in the accounting profession and how members of the MACPA have made an impact on the profession, you should plan now to attend the [MACPA's Spring Members Advisory Forum](#).

This year's event will take place on May 7, 2009 at the Lansing Center in Lansing. AICPA President and CEO Barry Melancon will share the most pressing issues facing the profession on a national level – topics such as international standards, the CPA pipeline, and more. MACPA President and CEO Peggy Dzierzawski will give a detailed account on how members of the MACPA have made an impact on the profession over the past year, including the passage of the CPA license mobility legislation.

The 2009 Spring Members Advisory Forum is the premier event for members to keep up on the ever-changing accounting profession. You can register today by calling the MACPA's CPE department at 1.888.877.4CPE.

Association Briefs

Controllership Task Force: We Want You!

Do you work as an accounting or finance professional in any capacity? Have you ever encountered a dilemma in your job and wondered how one of your peers within the profession might handle it? Do you have an interest in sharing your ideas or techniques in order to help others? If the answer to these questions is yes, then the Controllership Task Force Wants You.

Who We Are

The Controllership Task Force is a group of accounting and finance professionals...just like you....representing a wide array of industries. Although our jobs are quite varied, the one attribute we have in common is that we all share a desire to enhance the profession, with a particular interest in providing value to members in industry. Our primary objective is to act as a resource for members on both broad and specific industry-related issues, where we share ideas that can be used in our jobs every day. We provide members with an information resource that they cannot get anywhere else...peer expertise.

Next Step

While we have a solid group of professionals that currently make up the Controllership Task Force, we are continuously looking for new members that are willing and able to share their talents. There are no restrictions on background, experience or industry, and the time commitment involved is quite minimal. We generally meet on a quarterly basis, for which most meetings are done via conference call.

If you are interested in joining or obtaining additional information, please contact [Gale Frentz](#) or [Dan Kolasinski](#) at the MACPA. We look forward to your involvement.