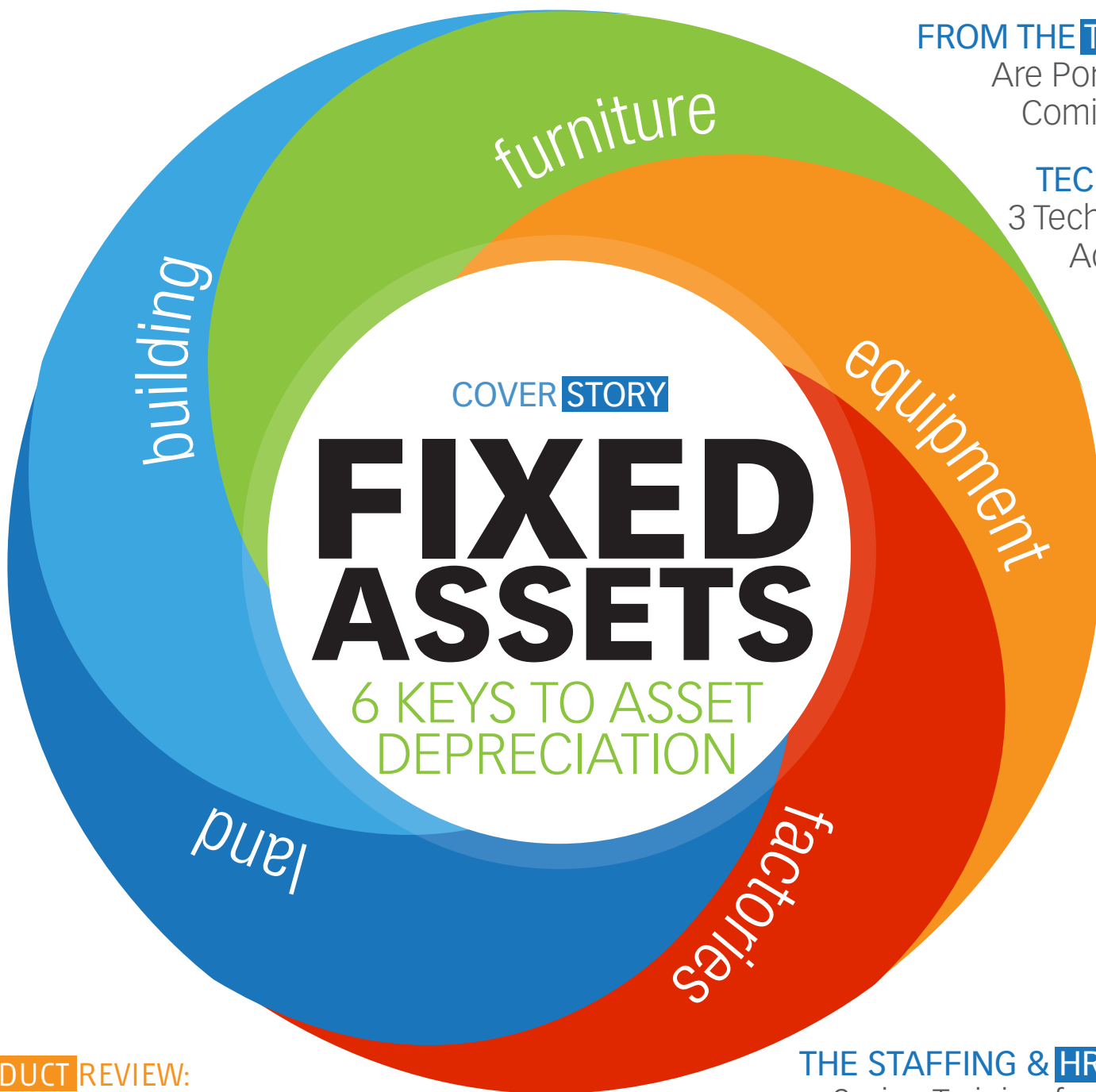


# CPA Practice Advisor

Today's Technology for Tomorrow's Firm

MAY 2017

VOLUME 27  
NUMBER 4



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Are Portals Finally Coming of Age?

## TECH TRENDS:

3 Tech Trends for Accountants to Watch in 2017

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# Spring Cleaning and a Fresh Start

IT'S SPRING AND that gets me thinking about renewal, growth, and change. I've been engaged (in what spare time I can find) in a spring cleaning project that includes inventorying my books and also the boxes that are stored in our attic (see Apps We Love in this month's issue). Sifting through my past as I itemize and categorize, I can't help but feel like I'm more past-oriented than future-oriented, and that's annoying.

Do you ever wish you could wipe the slate clean and start your business persona all over again? If you are in an accounting or book-keeping firm, would you do things differently if you were starting over today? If you could erase the legacy of your client relationships and the work you have done to date, would you take a different path, knowing

what you know today?

Allowing yourself to have that dream is the first step in the direction of improving who you are and what you do. Contrary to what you might believe, you are not locked into a routine or a business style that is unchangeable.

We all move so fast, from days to weeks to months; the years fly

by, another busy season is in the books, we catch our breath and move forward, checking items off our to-do list, planning the weeks ahead on our calendar. If someone asks you about your long-range goals, you might pause to think wistfully about a time in the future when you think you will escape the rat race, and then you jump back to the reality of your timetable, your schedule, your day-to-day.

I challenge you to truly envision where you would like to see yourself five to ten years from today – visualize what that future looks like. Really describe yourself, where you are, what you are doing, what a typical day looks like. Whether you expect to still be full throttle in the workforce, to be retired, or to be somewhere in between, put that description of you, five to ten years from now, down on paper, in as much detail as possible.

Next, make a list of what you need to achieve in the ensuing five to ten years in order to realize that future you. Lay out the details, create the road map to your future on paper, fill in the steps that are necessary in order to achieve what you want. Don't let yourself dream without actually positioning yourself to make those dreams come true.

Step One is the roadmap. For me, that includes inventorying the past so I no longer have to search and wonder where things are. Clearing that obstacle is actually helping me see the future more clearly. What is your Step One, and what comes after that? Start scheduling your own personal journey on your calendar and make those steps a reality. No one is standing in your way except you yourself. ■

— Gail Perry, Editor-in-Chief



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## Are Portals Finally Coming of Age?

PORTALS HAVE BEEN in existence in the accounting profession for around 20 years. Many public practice firms set up proprietary portals that had integration benefits to their practice management systems and were integrated into early web sites.

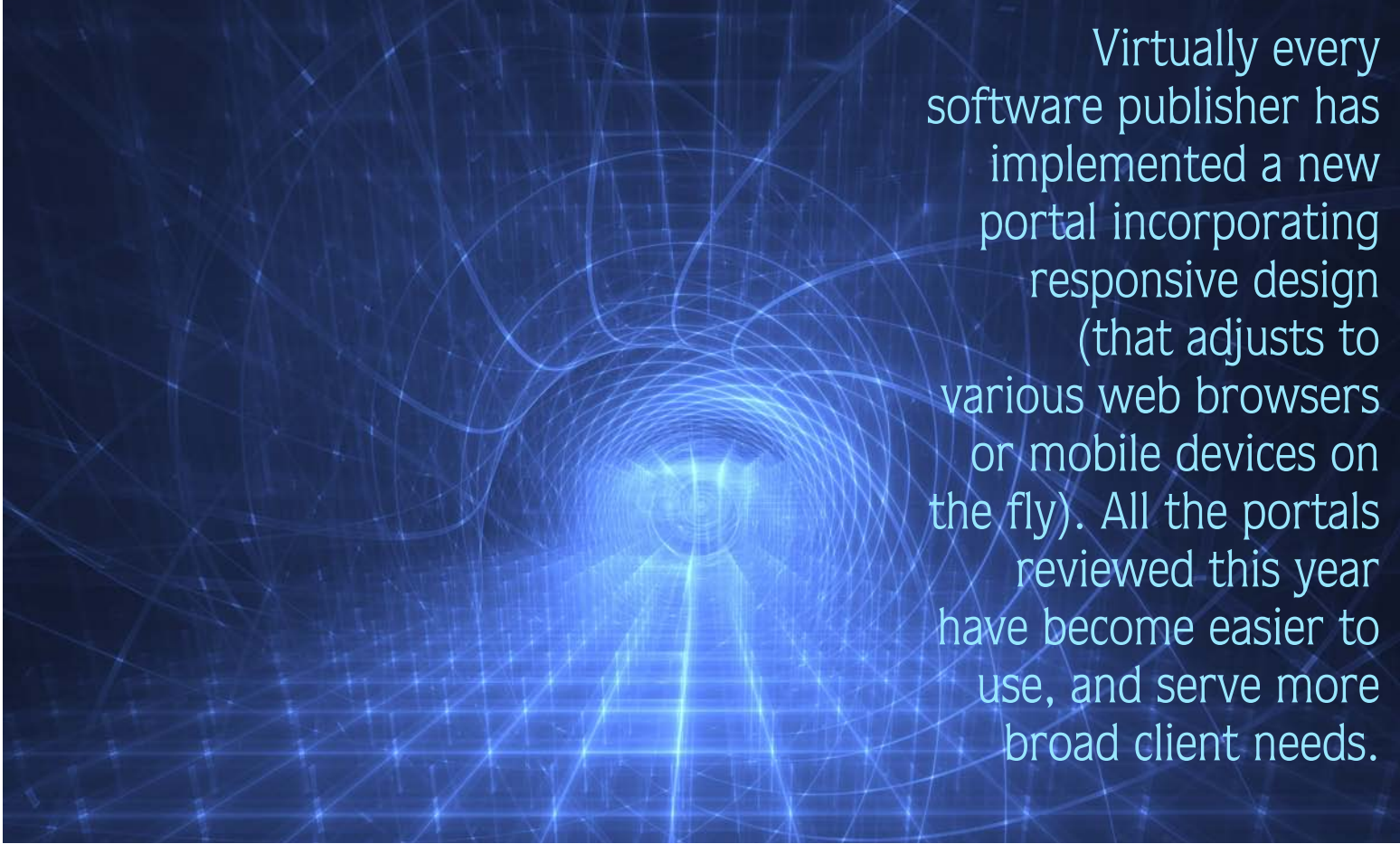
Even more firms used products like **Citrix ShareFile** to transfer large files and set up inexpensive, easy-to-use portals to transfer files such as QuickBooks desktop files or scanned images of documents. Citrix has added eSignatures, a document gathering facility with its PBC list tool, and an approval workflow to make working with clients more

automated. XCM's workflow product had a notable breakthrough in 2015-2016 with two-way collaboration from a public accounting firm directly to an industry business workflow and back to the accounting firm. Several vendors are bringing products to market that provide a document gathering and delivery system with **SurePrep TaxCaddy**,

my favorite new portal product of 2016. Other practitioner products released last year included: CCH My1040Data for Axxess, cPaperless SafeSend Returns, and Pascal Workflow "Payment Protection".

Another category of client service that we helped start in 1997 is collaborative accounting. Most of the SaaS products enable collaborative

accounting, and clearly hosting desktop products, such as QuickBooks in those days, was an innovative step. Hosting with companies like **Cetrom, Right Networks and CloudNine Realtime** make desktop QuickBooks available anywhere, anytime on any device and provide portals for your clients. As we see QuickBooks Online with two million users, Xero with



Virtually every software publisher has implemented a new portal incorporating responsive design (that adjusts to various web browsers or mobile devices on the fly). All the portals reviewed this year have become easier to use, and serve more broad client needs.

# FROM THE TRENCHES

one million users, and FreshBooks with five million users, it is clear that using a SaaS product has worked for many businesses. But the technology that is breaking through with these products is portals. It seems like every collaborative accounting product has a portal, and the innovations here in 2017 are something to behold. If you have not looked at portals in a while, it is time to see what the publishers have done!

## WHAT PORTAL TOOLS?

So, who has introduced portals worthy of review? I believe there are at least four new portals of note introduced in 2017. However, there may be a dozen or more that are a good investment of your time to review based on the needs of your practice. Let's start with the capabilities of **ADP's payroll portal**. This vendor has accomplished several things that all good portals should contain: 1) an overall view of all clients, 2) security based levels decided by the firm so only authorized users can see information whether they are in the firm or at the client, 3) the portal can be entirely self-service minimizing the interaction required with end-users, and 4) integrated tools are included to help with normal business activities. In the case of the ADP portal, they have included the IntelliConnect payroll research at no charge from Wolters Kluwer.

The next major portal tool delivered is the **Sage Accountant Cloud**. Announced at Sage Summit, the product has client-centric workflows, and integrates with the Sage Practice Cloud. There are several tools included: Client Manager with Practice Financials, Sage Live with the Services Manager which has Sage Payroll, and integrations to Sage Live, QuickBooks Desktop, QuickBooks Online, Sage One, Sage 50c, Xero, as well as some other planned connections in 2017. The Practice Manager has tools for productivity

and control. Sage Match (which is much like Intuit's Find a ProAdvisor) and other supporting tools such as Pegg make for a well-rounded, single-stop portal.

Another product that caught our attention on release last year on November 1 was Microsoft Dynamics 365 for Financials. This tool has integrated inventory, costing and financial reporting. Microsoft has recently released the **Dynamics 365 for Financials portal**. You can find more information at [www.D365.microsoft.com/portal](http://www.D365.microsoft.com/portal). This tool includes several client-facing capabilities: login, unprocessed payments, cash accounts balance, overdue purchase invoice amount, overdue sales invoice amount, taxes due, leads, depreciation posted, and other key business metrics. The design includes the ability to hover over information and see the underlying data. The design publishes rows and views, in real time, and provides access to the full tenant client. Also included are proactive notifications. Microsoft has plans for more connections in 2017. You can see for yourself – by signing up for the free trial at the sign up page. With Microsoft's Cloud strategy including more than 100 datacenters globally, a new release of Windows 10 last month, and continued migration to Office 365, Dynamics 365 for Financials can round out an entire strategy using Microsoft tools. According to a report in *The Economist* in March, the total revenue generated by Microsoft's cloud strategy is greater than the former cloud leader of Amazon Web Services.

One final new portal of note comes from the SaaS vendor Zoho and their new ZohoOne strategy. This vendor has a collection of 30+ tools that include accounting software, portal, VOIP phone integration, CRM, email, eCommerce and web site capabilities, payments, expenses and more. Zoho's premise is that most

people are interacting with either web browsers or mobile devices, and their products are optimized to work with both. For a complete, collaborative portal experience, **Zoho's Portal** could be your ticket.

## WHAT TO DO?

Over the past few columns, we have discussed business strategies and other critical factors like cash flow. For over 20 years, I have recommended that you implement a portal strategy. Many of you have done that, but it is time to look at your business needs, and determine if your current portal is meeting your needs. Virtually every software publisher has implemented a new portal incorporating responsive design (that adjusts to various web browsers or mobile devices on the fly). All the portals reviewed this year have become easier to use, and serve more broad client needs. Think about the portals you use on a regular basis. Is your portal as good? Why not?

Consider the features that you consider important. This could be document upload, payments, expense reporting, financial reporting, final document delivery, collaborative accounting, payroll, and more. You can look at the tried and true offerings that have been updated from **AccountantsWorld Portal** in its Accounting Power Suite, **XCM Portal**, **CCH Portal's** major overhaul, **Citrix ShareFile** with many new workflow features including eSignature and document gathering, or one of the many new offerings in the market. While we wouldn't suggest limiting your search to only the products named in this column, you'd be remiss if you didn't take the time to look at and understand every portal listed in **bold** above. ■

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# When Does "Placed in Service" Start for Depreciation Purposes?

By Ken Berry, J.D.

CAN A BUSINESS claim depreciation for a retail store before it is actually "open for business" to the public? According to a case decided a couple of years ago by a district court in Louisiana, it's possible if certain other conditions are met. But the IRS refuses to concede the point and has now issued a nonacquiescence to the decision (AOD 2017-02, 4/13/17).

Generally, a business is entitled to claim depreciation deductions for property, including real estate, beginning in the year the property is "placed in service." Similar rules apply to Section 179 deductions and "bonus depreciation" deductions, as well as certain other tax law provisions. Note that enhanced Section 179 deductions and bonus depreciation for qualified property were recently preserved by the Protecting Americans from Tax Hikes (PATH) Act.

Under long-standing principles, whether or not property is considered to be placed in service for depreciation purposes is based on the property's specific function and when it is in a condition or state of readiness and availability for that function. The determination is made from the applicable facts and circumstances.

Thinking outside the box: For instance, if you buy equipment to be used in business production, it's generally not enough to merely acquire the equipment and have it delivered to the warehouse. The equipment must be removed from the box and the business must actually start using it for its intended purpose.

The recent case and nonacquies-

cence involved bonus depreciation deductions claimed under the Gulf Opportunity Zone Act of 2005 (GO Zone Act). This legislation provided tax incentives to businesses in the wake of Hurricane Katrina and other storms.

## KEY FACTS OF THE CASE:

A retail operation that sells home building material and supplies began construction of two new stores in 2007. As of December 31, 2008, both stores had been issued certificates of occupancy (COs), allowing them to receive equipment, shelving, racks and merchandise. Workers were able to install and stock the items.

However, the stores were not yet open for business on December 31, 2008. The COs did not allow customers to enter the buildings.

The District Court agreed with the retailer that the buildings were placed into service in 2008, so it allowed the GO Zone Act bonus



depreciation. It found that the buildings were placed in service because they were substantially complete and in a condition of readiness and availability to perform the function for which they were built—to house and secure racks, shelving and merchandise. In arriving at this decision, the Court rejected the IRS' argument that the buildings were not placed in service because they weren't open for business.

But the IRS now maintains that the court erred in its decision. Citing a string of cases in its favor, it said that the property wasn't in

a condition or state of readiness and availability for its specifically assigned function. Thus, the IRS will continue to contest depreciation deductions for retail stores that haven't opened their doors to the public in the year the deduction is claimed (Stine, LLC v. U.S., W.D. -LA, 115 AFTR 2d 2015-637, 1/27/15).

What about clients in a similar situation? If they're standing on firm ground, you may advise clients to stick to their principles, but caution them to be prepared for a challenge on this issue. ■

## FIXED ASSET/DEPRECIATION RESOURCES

- Sage Whitepaper: Best Practices for Fixed Asset Managers - <http://bit.ly/2qGG72M>
- SimpleStudies: Accounting Made Simple – Fixed Asset Best Practices – <http://bit.ly/2qALTDS>
- CamCode: Durable Bar Code Solutions – 50 Asset Tracking Tips - <http://bit.ly/2oZqk2D>
- Wake Forest University – Fixed Assets Inventory Procedures - <http://bit.ly/2p9YDAm>
- Joseph Chris Recruiting – Fixed Asset Accountant Job Description Samples: <http://bit.ly/2pa3KjH>

# Streamlining Asset Management

**CONTRARY TO POPULAR belief, fixed asset and depreciation management software is not only for larger businesses or accounting firms that offer these services to their clients. Even the smallest company can benefit from some type of asset/depreciation management software product. After all, if you're in business, you have assets. And those assets need to be tracked; along with the corresponding depreciation.**

However, the more assets a business obtains, the more complicated it becomes to adequately manage those assets. And for service businesses, or those with a large number of company assets such as equipment and machinery businesses, tool rental businesses, or even businesses with multiple locations, the task of managing those assets can quickly become overwhelming.

New tools such as the use of bar-codes for tracking assets has helped considerably with the getting and keeping a handle on where equipment is, but handling depreciation correctly still presents a challenge to business owners. Couple that with the necessity of keeping up with new tax laws, and business owners increasingly find themselves eager to turn asset and depreciation management over to the experts. This is increasingly true of businesses that need to track a variety of asset types such as buildings, furniture, fixtures, vehicles, and other equipment.

Thankfully, there are more products

on the market today than ever before that are designed to help accountants and CPA firms keep track of both assets and depreciation for numerous clients. This is particularly important when handling a large number of assets such as equipment and vehicles. Aside from tracking the asset itself, service and repair issues must be tracked as well. Warranty information also needs to be tracked, and if a business rents out any of its assets, such as a vehicle or tools or equipment, that detail needs to be tracked as well.

But tracking the asset is only one part of the equation. Depreciation of fixed assets can be relatively simple, or increasingly complicated, depending on the equipment and the resultant tax implications. The software needs to provide accountants with the ability to quickly record the cost of the asset, as well as create and maintain a depreciation schedule that is suitable for the asset and for the business owner.

For businesses with multiple fixed assets, it's vital that a software product

be able to calculate depreciation using a variety of methods including Straight-Line, Declining Balance, Sum-of-the-Years' Digits, Remaining Value Over Remaining Life, and Units of Production. Deciding on the depreciation method is where the expertise of the accountant is put into play, since each method offers very distinct advantages and disadvantages. And since depreciation methods can positively or negatively impact a client's cash flow, the right methods must be used.

In this issue, *CPA Practice Advisor* reviewed the following products:

- BNA Fixed Assets Desktop Pro
- CCH ProSystem fx Fixed Assets
- Thomson Reuters Fixed Assets CS
- Intuit Pro Series Fixed Assets Manager
- Sage Fixed Asset Accounting
- Pro-Ware Asset Keeper
- Wasp Asset Cloud
- Depreciation Works
- Cellutionware
- Moneysoft Fixed Asset Pro
- Acumatica Fixed Asset Management
- Bassets eDepreciation
- Asset Panda
- GoCodes
- Depre123

We employed our new method for reviewing products, focusing on vital features that we feel are important when looking at or reviewing new software. A corresponding chart is also included, so readers will be able to quickly assess the features available in each of the products that we have reviewed.

Some of those features include the availability of a cloud- or web-accessible version, the ability for the software to easily handle multiple businesses or clients, quick asset entry capability, whether the product supports multiple books and multiple depreciation methods. We also looked at whether the product supports asset transfer and disposal options, whether asset data could be imported into the product from other applications, and how well the product integrates with other modules as well as third party applications. Reporting options, including report customization capability were looked at, and finally, we took a look at help and support options offered by the software vendor.

Many of the products included in the review can be used by an accounting firm that provides asset and depreciation management services to their clients, as well as business owners who wish to manage their assets and depreciation schedules in-house.

So whether you're looking to offer asset and depreciation management services to your clients for the first time, or are looking for a product upgrade, or perhaps are looking for a product to recommend to your client, these reviews offer a great starting point. ■

*Mary Girsch-Bock is a freelance writer specializing in business and technology issues and is the author of her first book, several HR handbooks, training manuals, and other in-house publications. She can be reached at [mary.girschbock@cpapracticeadvisor.com](mailto:mary.girschbock@cpapracticeadvisor.com)*

## Acumatica Cloud ERP

[www.acumatica.com](http://www.acumatica.com)

Fixed Asset Management, through Acumatica Cloud ERP is well-suited for small to mid-sized businesses that need to track assets in-house. The product can also be utilized by professional accountants, and businesses using the product can easily provide their accountant with access to the

application, through role-based permissions. The Fixed Asset Management module is part of the Financial Suite of applications and is designed to work in conjunction with other Acumatica Financial modules. Along with Fixed Asset Management, Acumatica also offers GL, AR, AP, Cash Management, Tax Management, Project Accounting,

Inter-Company Accounting, and Payroll modules.

Fixed Asset Management, like all Acumatica modules, is designed to be delivered via the web, with users able to access the application from multiple browsers. An advanced mobile app with responsive design is also available for

★ **4.75** 2017  
OVERALL  
RATING

iOS and Android tablet and smart phone users.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12331875](http://www.CPAPracticeAdvisor.com/12331875)



# ASSET MANAGEMENT SYSTEMS: REVIEW

	CLOUD VERSION AVAILABLE	MULTIPLE COMPANY CAPABILITY	EASY ASSET ENTRY	MULTIPLE BOOKS/TREATMENTS	MULTIPLE DEPRECIATION METHODS	USER-DEFINED FIELDS AVAILABLE	TRACKS INSURANCE, WARRANTIES AND REPAIRS	ASSET TRANSFERS AND DISPOSALS	ASSET/DEPRECIATION REPORTS	IMPORT/EXPORT CAPABILITY	INTEGRATES WITH PRODUCT MODULES	INTEGRATION WITH OTHER APPLICATIONS	TUTORIALS, HELP AND SUPPORT OPTIONS
ACUMATICA FIXED ASSETS MGMT.	X	X	X	X	X			X	X	X	X	X	X
BASSETS eDEPRECIATION		X	X	X	X	X	X	X	X	X	X	X	X
BNA FIXED ASSETS	X	X	X	X	X	X	X*	X	X	X	X	X	X
CCH PROSYSTEM FX FIXED ASSETS	X	X	X	X	X	X		X	X	X	X	X	X
CELLUTIONWARE		X	X	X	X			X	X				
DEPRECIATIONWORKS		X	X		X	X			X	X		X	X
INTUIT PROSERIES FIXED ASSETS		X	X	X	X	X		X	X	X	X	X	X
MONEYSOFT FIXED ASSETS PRO		X	X	X	X	X	X	X	X	X		X	X
PROWARE ASSET KEEPER		X	X	X	X	X	X	X	X	X		X	X
SAGE FIXED ASSETS	X	X	X	X	X	X	X	X	X	X	X	X	X
THOMSON REUTERS FIXED ASSETS CS	X	X	X	X	X	X		X	X	X	X	X	X
WASP ASSET CLOUD													
APPS													
ASSET PANDA	X		X			X	X	X	X**	X		X	X
GOCODES	X		X			X	X	X	X**	X		X	X
DEPRE123	X	X	X	X		X	X	X	X**	X		X	X

\*with optional module  
\*\*Asset/inventory reports only

## eDepreciation Fixed Assets System Bassets

[www.bassets.net](http://www.bassets.net)

eDepreciation from Bassets is well-suited for small businesses to Fortune 10 companies as well as accounting firms that want to provide their clients with a top-notch fixed asset management package. Designed to be installed on a SQL Server or a local desktop, eDepreciation is scalable with four versions

available that offer support for less than 1,000 assets to greater than 100,000 assets being managed in the system. eDepreciation also provides customers with the ability to manage multiple companies (entities) simultaneously within a single database. Bassets has also introduced a cloud-based depreciation application called Depre123, which

is also reviewed in this issue.

eDepreciation offers solid data import capability, with users able to import fixed asset data from Microsoft Excel, fixed length, and comma delimited ASCII files. The product handles partial and complete transfers and/or disposals for which users can assign either a percentage or a dollar amount.

★ **4.5** 2017 OVERALL RATING

Read the full review for this product online at:

[www.CPAPracticeAdvisor.com/12331926](http://www.CPAPracticeAdvisor.com/12331926)

## BNA Fixed Assets

[www.bnasoftware.com](http://www.bnasoftware.com)

BNA Fixed Assets is a good fit for accounting firms of any size. The product can also be utilized by larger businesses that wish to handle fixed asset and depreciation management in-house. BNA Fixed Assets is available as a desktop application, installed in a

network environment, or delivered as a SaaS application.

BNA easily handles an unlimited number of companies, with a new company wizard available that simplifies new company setup. A wizard is also available to assist users when adding a new asset. The product also

contains a list of predefined asset types which users can utilize when adding a new asset. The asset types can also be customized to better suit user needs. A Copy function is also found in the product, which can be utilized when similar assets are being entered.

★ **5** 2017 OVERALL RATING

Read the full review for this product online at:

[www.CPAPracticeAdvisor.com/12331923](http://www.CPAPracticeAdvisor.com/12331923)

## CCH ProSystem fx Fixed Assets Wolters Kluwer Tax & Accounting

[www.CCHGroup.com/FixedAssets](http://www.CCHGroup.com/FixedAssets)

CCH ProSystem fx Fixed Assets from Wolters Kluwer Tax & Accounting, is designed for accounting firms that handle asset and depreciation management for a variety of clients; large and small. Though best suited for accounting firms, CCH ProSystem fx

Fixed Assets can also be used by larger businesses that wish to manage assets and depreciation in-house.

The system can be used as a stand-alone product, though users will experience additional product functionality when it is paired with

other CCH ProSystem fx applications. CCH ProSystem fx Fixed Assets also offers a variety of deployment options, including desktop, in-house network, or through a web browser. The product easily handles an unlimited number of both companies and assets.

★ **4.75** 2017 OVERALL RATING

Read the full review for this product online at:

[www.CPAPracticeAdvisor.com/12331880](http://www.CPAPracticeAdvisor.com/12331880)

# REVIEW: ASSET MANAGEMENT SYSTEMS

## Cellutionware Depreciation Calculator

[www.cellutionware.com](http://www.cellutionware.com)

Cellutionware Depreciation Calculator from Cellutionware Software is a fixed asset and depreciation management product billed as depreciation calculator software. The product is well suited for both businesses and professional accountants. The program is downloaded from the Cellutionware website

and a product demo is available to try out prior to purchase. Designed for desktop installation, Depreciation Calculator works with Windows 7 or above.

Depreciation Calculator is primarily designed for small to mid-sized businesses, although accountants can utilize the product if handling a limited number of assets and depreciation

schedules for their clients. The asset input screen is well-designed, and expands to full screen when entering assets. Depreciation Calculator supports both Straight Line and Declining Balance depreciation methods for GAAP, and also supports ACRS, MACRS, AMT, and Corporate ACE. Depreciation Calculator automatically calculates MACRS

★ **4** 2017  
OVERALL  
RATING

depreciation, and will also compute luxury automobile depreciation limits as well as annual truck and van depreciation limitations.

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12331898](http://www.CPAPracticeAdvisor.com/12331898)

## DepreciationWorks

[www.depreciationworks.com](http://www.depreciationworks.com)

DepreciationWorks handles book depreciation for multiple companies. The product uses a grid-style database interface modeled after Microsoft Excel that enables users to quickly enter multiple assets. A Quick Fill option is also available for those entering individual

assets, with multiple fields populated with default amounts entered during the initial product setup. A series of tabs at the bottom of the asset entry screen provide access to a variety of options including Quick Fill, Card View, Quick Grid, Asset Retirement, Annual Views, Monthly Views, and others.

DepreciationWorks offers an option to retire assets when they are disposed of, with the option to restore any retired assets if desired. There is also an option to delete company assets if desired. The product offers a good selection of reports including a Depreciation Schedule, Retired Asset Report, Annual

★ **4.25** 2017  
OVERALL  
RATING

Reconciliation Report, Year-to-Date Reconciliation, Cost by Property Type, Asset Detail, and Cost by Group Code.

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12331886](http://www.CPAPracticeAdvisor.com/12331886)

## ProSeries Fixed Asset Manager Intuit

<https://proconnect.intuit.com/proseries/>

Intuit ProSeries Fixed Asset Manager is well suited for professional accounting firms that serve clients of all types. Fixed Asset Manager is designed to work with firms already using ProSeries tax preparation products, although the product can be used as a stand-alone

asset and depreciation management tool if desired.

ProSeries Fixed Assets features an intuitive user interface that can be customized to suit user needs. A variety of wizards are available to utilize when setting up new clients or

assets, simplifying the process considerably. Asset data can also be imported directly into the product from existing ProSeries client files as well as other formats including Microsoft Excel and CSV files. Tabs at the bottom of the data entry screen offers users quick access to

★ **4.5** 2017  
OVERALL  
RATING

depreciation schedules and other asset related information. The product also supports Section 179 deductions as well.

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12331918](http://www.CPAPracticeAdvisor.com/12331918)

## MoneySoft Fixed Asset Pro

[www.moneysoft.com](http://www.moneysoft.com)

Fixed Asset Pro from MoneySoft is designed for small to mid-sized businesses, though professional accountants may want to use the product as well. Fixed Asset Pro is a stand-alone product that supports an unlimited

number of companies and assets. Fixed Asset Pro is designed to be installed on local computers, though data can be stored and shared on a network as well.

Entering asset data is completed in the Asset Info screen, with users able to assign each asset to a particular group,

location, or department. Assets can be disposed of from this screen as well. The appropriate tax class for the asset and the option to use tax tables can also be entered in this screen. Function tabs are utilized well in the Asset Info screen, with users able to choose

★ **4** 2017  
OVERALL  
RATING

multi-book entry, and choose both AMT and ACE options if desired.

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12331882](http://www.CPAPracticeAdvisor.com/12331882)

## Pro-Ware Asset Keeper Pro

[www.proware-cpa.com](http://www.proware-cpa.com)

Pro-Ware Asset Keeper Pro is a good fit for mid-sized accounting firms, as well as business owners who wish to manage assets and depreciation in-house. Asset Keeper Pro is a desktop/network installed product and does not

offer SaaS or cloud connectivity. The product is multi-platform; working on both Windows and Apple operating systems, and is designed to work as a stand-alone product.

Asset Keeper Pro was first introduced in 1983, but has undergone a

re-engineering in 2013, with updated asset and depreciation management that supports an unlimited number of clients and assets. The product also comes with a site license, allowing use on an unlimited number of computers in their business.

★ **4.75** 2017  
OVERALL  
RATING

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12331883](http://www.CPAPracticeAdvisor.com/12331883)

# ASSET MANAGEMENT SYSTEMS: REVIEW

## Sage Fixed Assets

[www.Sage.com/us/sage-fixed-assets](http://www.Sage.com/us/sage-fixed-assets)

Sage Fixed Assets is designed for a variety of businesses including corporations, nonprofit organizations and government entities. The product can also be used by professional accounting firms that manage a large number of assets and depreciation for their clients.

Sage Fixed Assets can be installed on a desktop or network environment as well as delivered as a SaaS application or through the cloud.

Sage Fixed Assets offers users multiple deployment options, and can be used on both Windows and Mac

operating systems. Designed for both businesses and professional accountants, Sage Fixed Assets supports multiple companies as well. The product is scalable; offering three versions suited to the one-person office as well as the enterprise level business. Completely

★ **4.75** 2017  
OVERALL  
RATING

updated for 2017, Sage Fixed Assets contains the latest tax updates, as well as several program enhancements.

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12331906](http://www.CPAPracticeAdvisor.com/12331906)

## Fixed Assets CS Thomson Reuters

[CS.ThomsonReuters.com](http://CS.ThomsonReuters.com)

Fixed Assets CS is well suited for both accounting firms that offer asset and depreciation management services to their clients as well as businesses that wish to manage multiple assets in-house. Fixed Assets CS is part of the CS Professional Suite and can be utilized

as a stand-alone asset management solution, but works best if coupled with other CS Professional Suite applications.

Fixed Assets CS is available as a desktop application as well as cloud-based application. The main user interface offers a fully customizable drop-down menu that allows users

to create shortcuts to frequently used product functions, making data entry more efficient, and less time-consuming. Fixed Assets CS offers more than 140 predefined asset associations as well as 10 user-defined associations. A task wizard is also available that allows users to quickly import asset data from

★ **5** 2017  
OVERALL  
RATING

another application, or copy similar assets between clients.

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12331889](http://www.CPAPracticeAdvisor.com/12331889)

## AssetCloud Wasp Barcode Technologies

[www.waspbarcode.com](http://www.waspbarcode.com)

AssetCloud from Wasp Barcode is a scalable asset management product that is well suited for businesses of all sizes. Though best suited for businesses, AssetCloud can also be used by accountants who would do best

to utilize the Complete version of the product.

Designed for convenience, AssetCloud can track a company's assets using a variety of devices including iOS and Android smart phones and tablets, as well as Wasp mobile computers.

For those who prefer an on-premise product, WaspMobile Assets is available. Three versions of the product are available: Basic, Plus, and Complete. The Basic version of the product only supports two users, while the Plus and Complete versions support an

★ **4.5** 2017  
OVERALL  
RATING

unlimited number of users and sites.

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12331919](http://www.CPAPracticeAdvisor.com/12331919)

# ASSET MANAGEMENT SYSTEMS: APPS

## Asset Panda

[www.assetpanda.com](http://www.assetpanda.com)

Asset Panda is an online asset management product well suited for businesses that need to track and manage their assets. A mobile app is also available that provides users with access to the product from iOS and Android devices. Entering a new asset is easy, or users can choose to import assets directly into Asset Panda from a CSV file. Users

can assign a unique identifying field for each new asset entered, i.e., assign an asset to a particular location or building, assign a category, and enter the warranty information, including expiration date. Other data can also be entered, including purchase date, brand, model, and serial number. Asset Panda allows users to manage all asset activity, including maintenance

scheduling, service contract data including information and expiration dates, repair information, including repair details and dates. Insurance policy information can also be tracked in Asset Panda, as can any related purchase or lease information. Our barcode scanner feature, through the mobile app, makes tracking assets easy, and GPS tracking is also available, so

★ **4.5** 2017  
OVERALL  
RATING

users will always know exactly where an asset is.

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12331879](http://www.CPAPracticeAdvisor.com/12331879)



# APPS: ASSET MANAGEMENT SYSTEMS

## Depre123

[www.depre123.com](http://www.depre123.com)

Depre123 is part of the Salesforce app exchange program. Designed by Decision Support Technology, the makers of Bassets eDepreciation, Depre123 is their cloud-based asset and depreciation management solution.

Designed for businesses of all

sizes, as well as accountants that wish to simplify the asset and depreciation management process, Depre123 can be used from a desktop or mobile device, and is best suited for those already using Salesforce in their current business environment.

Depre123 allows accountants

to easily manage multiple business entity clients, with each client set up as an account in Salesforce. Users can easily import current fixed assets data from other applications directly into Depre123 using the Salesforce import wizard.

The import function requires four

★ **4.25** 2017 OVERALL RATING

dedicated columns: Asset Name, Asset Cost, Asset Class, and Service Date.

**Read the full review for this product online at:**

[www.CPAPracticeAdvisor.com/12331903](http://www.CPAPracticeAdvisor.com/12331903)

## GoCodes

[www.gocodes.com](http://www.gocodes.com)

GoCodes is a good fit for businesses that wish to track company assets and inventory, making it ideal for IT, medical supply, schools, equipment and contracting businesses. GoCodes Asset Tracking works by using QR codes to track and identify assets, custom solu-

tions for tracking are available as well.

GoCodes is web based and works with laptops and mobile devices such as tablets and smart phones. A comprehensive video is available to guide new users through the application. Click on the Assets option to enter detailed information about each asset, including asset type, sub-type is necessary, group,

and asset serial number. In this section, users can also record the last service date for the asset, and last update, as well as assign an employee to that asset. This is great information for companies that provide maintenance and repair services. An asset tag with the corresponding QR code is also stored in this area, and users can add a photo of the

★ **4.5** 2017 OVERALL RATING

asset as well. The Messages/Map option allows users to quickly view where that particular asset is at any given time.

**Read the full review for this product online at:**

[www.CPAPracticeAdvisor.com/12331894](http://www.CPAPracticeAdvisor.com/12331894)

## Tech for Tracking Equipment and Other Assets

Equipment, IT, and service and repair businesses often need to track their assets in a different way than other organizations. For those that need in-depth asset/equipment management capability, here are a few options available.

### CheqRoom | [www.cheqroom.com](http://www.cheqroom.com)

CheqRoom is a web-based equipment management software product designed primarily to track business equipment and assets. The product offers easy equipment tracking capability, with users able to utilize mobile devices during the tracking process. For those who check out equipment on a regular basis, those same mobile devices can be used to scan bar codes of assets for quick check in and check out.

CheqRoom also offers a template that users can utilize to create a usage agreement. This agreement can be provided electronically to customers to sign prior to lending out a piece of equipment. Equipment status is readily available, so users can view what has been checked out, what is available for check out, and exactly where the asset/equipment is at any time.

CheqRoom allows users to schedule regular equipment maintenance, flag any equipment malfunctions and maintain equipment maintenance records. A GPS tracking system is also available, which provides businesses with real time information on where equipment is; whether at a rental site or simply at a different location.

For businesses that need up to the minute detail on the status of their assets and equipment, CheqRoom is

a good fit. The product starts at \$25.00 per month and will track 50 items; with various plan levels available. All plans support an unlimited number of users.

### EZ Office Inventory | [www.ezofficeinventory.com](http://www.ezofficeinventory.com)

EZ Office Inventory is an online inventory/asset management product that offers mobile apps for Android, iOS, and Windows devices. EZ Office Inventory is ideal for construction, IT, and businesses that sell and provide equipment services.

All assets and inventory can be easily tracked by location, with users notified when inventory totals drop at a particular location. The product easily checks assets in and out, and the Availability Calendar provides users with a comprehensive view of all available assets, as well as those that are reserved, checked out, or undergoing maintenance. Assets can also be tracked using GPS, with the product supporting both QR Codes and Barcode tracking, with is made easier with the use of mobile devices.

The Packages feature is also available for tracking multiple assets that need to be bundled into a single entity. EZ Office Inventory supports only straight-line depreciation for any assets in the system.

The product also offers robust services and maintenance capability, with the ability to create service tickets or proactively schedule maintenance services for all assets and inventory. Billed annually, EZ Office Inventory offers four levels of plans, with the Silver version of the product running \$320.00 per year, which supports 50 users and 200 items. The product also integrates with

Zendesk, Dropbox and Salesforce.

### Loc8 | [www.loc8.com](http://www.loc8.com)

Well suited for field service businesses, Loc8 is a web-based application that offers job management, scheduling, asset management, and quoting and invoicing capability. The product offers easy appointment scheduling for customers with the ability to immediately dispatch technicians to the service location requested. Work orders can be created as well.

Loc8 is designed to work on multiple mobile devices, with the product able to download necessary customer and asset information even when phone service is unavailable. Loc8 manages all business assets, with users able to track asset and inventory for a variety of locations. Asset classes can be added during product setup, with users able to attach future assets to a particular class. Users can also manage all asset activity; proactively scheduling maintenance and other services on a timely basis.

Users can also assign a variety of rules to each asset, with the rules used to notify users of occurrences such as an equipment or asset failure, or any change to that particular asset.

Included APIs allow users to create custom integration with a variety of third-party applications as desired.

Loc8 offers three product levels: Team, Service and Enterprise. Team is free and offers limited functionality. The Service level is better suited for medium to large businesses and runs \$99.00 a month and supports up to 5 system users.

## The Most Overlooked Tax Resolution Option

By Craig W. Smalley, MST, EA

I have a client, a husband and wife, and about fifteen years ago the wife went to prison for embezzling money from her employer. In 2007, when she began serving her sentence, her retirement accounts and everything else were liquidated to pay restitution to the company where she had worked. In 2010, her husband liquidated his retirement accounts, too, so that he would have money to live on. About four years ago, the wife was released from prison and rejoined her husband. The IRS promptly went after them for back taxes for 2007 and 2010.

Because of the statute of limitations, the year 2007 was off the radar, but not 2010. The IRS is currently issuing a lien against the taxpayer for 2010, which is why the client called me for help. Since his wife's incarceration, the husband had moved from Florida to Arizona and has been working as a waiter making minimal amounts of money.

My first instinct was to file an Offer in Compromise (OIC), but after talking to my client, I had another thought. His income isn't going up anytime soon; he is making just enough money to get by. Why not ask for a Collections Due Process Hearing (CDP) and request that the client be put on Currently Non-Collectible Status (CNC)?

What the CNC does is stop the IRS from trying to collect the amount of taxes owed. When a client is placed on this status, the clock just ticks while the IRS holds off collections actions. The IRS normally has ten years from the date that a tax is assessed to collect that tax. Asking for an Installment Arrangement adds two years to that time, while an OIC adds the amount of time it takes for the OIC to be considered. But with

CNC, the clock just ticks on and on, and the time is added to the IRS's 10-year time frame. This can be a sure advantage when the Statute of limitations is drawing near.

Something that's important to know about CNC is that the IRS reassesses the status periodically. If something dramatic happens to the client's income, then you have to come up with a different resolution strategy. The gamble is that in two years, the taxpayer doesn't suddenly start making a ton of money to the extent that they would no longer qualify for an OIC.

One must also keep in mind that the CNC will not stop the IRS from filing a lien that will affect your client's credit rating. In addition, I usually only employ this option in situations like this, where the Statute is about to toll.

How do you go about asking for CNC status? It depends. Some agents will put the client on CNC if you just ask. They will look at the past tax returns and make a decision. Other agents will ask for financial information, such as a Form 433-A or Form 433-F. By submitting these forms to the IRS, you are giving up a lot of personal information. I like to steer clear of them if at all possible.

Something else that's important to note is that while the client is on CNC, any tax refunds will be applied to the back taxes that are owed, just like anything else. So, you would want to make sure that your client is not getting a large refund year after year.

CNC is sometimes the most overlooked tax resolution option. It should be used when the Statute is about to toll, or when a client has no other way to pay the taxes due.

### THIS MONTH'S TOP TAX SOCIAL MEDIA POSTS

- Is Corporate Tax Planning Ethical? **Stuart Jehan** via LinkedIn: <http://bit.ly/2q2og7l>
- Federal Budget Deal Includes IRS Changes - **Tax Foundation** blog: <http://bit.ly/2qniCQC>
- Are You Talking Tax Tech? - **PwC Blog**: <http://bit.ly/2pvzMXN>
- The Average American's Refund, and How They'll Spend It - **USA Today Tax Blog**: <https://usat.ly/2qMGt7X>
- Will Sales Taxes Drive Amazon's Customers Away? **Herb Greenberg** via LinkedIn: <http://bit.ly/2q0g7ST>

## LATEST TAX NEWS

### Tax Court Denies Stockbroker's Questionable Meal and Cell Phone Expenses.

Generally, the IRS requires taxpayers to record the following elements of every T&E and meal expense. [www.cpapracticeadvisor.com/12332164](http://www.cpapracticeadvisor.com/12332164)

### Startups Have New Option for Research Tax Credit.

Eligible small business startups can now choose to apply part or all of their research credit against their payroll tax liability, instead of their income tax liability. [www.cpapracticeadvisor.com/12331406](http://www.cpapracticeadvisor.com/12331406)

### State Governments Tax Sharing Economy Vary Differently.

Millions of Americans are utilizing services offered by companies such as Uber and Airbnb, and states are struggling to apply existing tax laws to transactions for these and other new technologies. [www.cpapracticeadvisor.com/12331358](http://www.cpapracticeadvisor.com/12331358)

### Tax Reform Could Target Carried Interest.

President Donald Trump's administration has

frequently proclaimed its intent to overhaul the nation's tax system.

[www.cpapracticeadvisor.com/12330202](http://www.cpapracticeadvisor.com/12330202)

### Restaurant Owner Gets 3 Years for Tax Fraud.

The owner of two Texas restaurants has been sentenced to three years in prison and ordered to pay \$1,767,566.46 in restitution. [www.cpapracticeadvisor.com/12329627](http://www.cpapracticeadvisor.com/12329627)

## Insurance Tools

WHEN YOU'RE THINKING about your insurance needs, where do you turn? We wondered if there were apps to help us and started doing some research. Here's what we found, with the help of some of our members of the *CPA Practice Advisor* community.

Here's my favorite so I'll start with this. I am a book lover and have a large library. If there were a fire in my home, the books would probably be the first to go, so having an inventory would be spectacular. I found the **BookBuddy** app and discovered that recording an inventory of my books is as easy as scanning bar codes. For older



books with no bar codes, I can do a quick search in the app for the book, and if all else fails, I can enter the book title myself. I'm making my way through the house, one shelf at a time, and am loving this

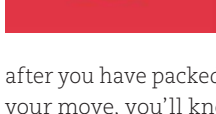
app that provides searchable results that can be downloaded to a CSV file. I started with a free version but quickly saw the value and upgraded to a paid version of the app (\$4.99). The company that makes BookBuddy, Kimico, makes a collection of similar media library managers including **MovieBuddy** and **MusicBuddy**.



An app that helps you collect and organize home (or office) inventory information is **Know Your Stuff**. This app allows you to record and store lists of all of your belongings, organized by room and property. Stored in the

cloud, the reports from this app will be useful should you need to make an insurance claim.

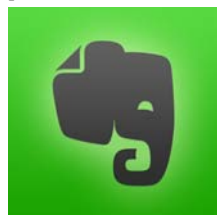
Similarly, an app called **Sortly** creates home (and business) inventory lists. In addition, the app is designed to help with moves by creating checklists and barcodes for each box you pack. Not only will you be able to find things quickly



after you have packed, but should a box get lost in your move, you'll know exactly what is missing.

Sortly allows you to track collectibles along with valuations. The inventory information downloads automatically into Evernote.

And speaking of Evernote, **Tom Hood**, president and CEO of the Maryland Association of CPAs uses **Evernote**



to list his home inventory. "Having my home inventory in Evernote with its date and time stamping was critical to establishing my losses. Then photos of damage

and clean-up documented the claim as well as subsequent follow-up."

We have one more home inventory app to recommend and that is Liberty Mutual's **Home Gallery - Household Inventory**. You don't need to be a Liberty Mutual customer to use this free app. With Home Gallery,

you can take photos of your belongings, assign details, scan bar codes, and record price information including pictures of receipts. Inventory can be exported as an attached CSV or PDF file and then you can easily search the inventory for any information you need.



Switching gears, as it were, to automobile insurance, **Sandra Wiley**,

President of Boomer Consulting, recommends State Farm Insurance's **Drive Safe and Save** app. "I have it on my phone, and it connects to a device in

my car. Then, I get a price break when it shows I am driving safely. It tracks my speed, how many miles I drive, etc.... It has worked very well for our family, and has reduced our insurance rates quite a bit."

Tom Hood also relies on State Farms's **Pocket**



**Agent** insurance app. "I have my State Farm car insurance app which allows for immediate claim submission with photos and location service via mobile."



If you're shopping for automobile insurance, check out **Go - Compare**

**Car Insurance**, an app that provides car insurance quotes from the nation's leading insurance companies. You can then purchase the insurance right through the app if you like.

MetLife's **Infinity** app provides not only a digital storage place for pictures and videos, organized by the milestone events in your life (marriage, childbirth, vacations, family events), but it also provides a secure cloud location where



you can store images of important documents - warranty deeds, automobile titles, insurance policies, wills, kind of like a virtual safe deposit box. (Obviously these copies won't take the place of the original documents, but having an easy place where you can view them can be handy.) ■

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<http://accountantsworld.com>



## Treating LLC Members as Employees

By Craig W. Smalley, MST, EA

For an LLC that's electing to pay tax as an S-Corporation or C-Corporation, it is perfectly fine to treat the members of the LLC as employees. Where it goes awry is when LLC members of partnerships or disregarded entities are treated as employees, and this happens to be a growing trend.

For the most part, payroll companies will sell their payroll services to LLCs, never bothering to ask them their tax election. But the law is clearly stated - TD 9766 points out that partners in partnerships (or LLCs electing partnership status) and sole-proprietorships (or single-member LLCs as disregarded entities) cannot be treated as employees.

The important question is this: What happens to the employee that is given interest as a partner in an LLC? That would nullify the way that they are paid, and any wages paid to them would have to be considered guaranteed payments to partners.

From the IRS's viewpoint, a partner cannot be an employee. Furthermore, the employee can no longer participate in benefit plans. The reason for all of this is that partners and sole-proprietorships pay their FICA (self-employment tax) on their personal tax returns, not on a W-2 form.

Rev. Proc. 2001-43 addresses the receipt of the interest in a partnership, which is usually done in lieu of wages. As long as certain conditions are met, then there is no taxable effect to the partner. However, any partner that receives both a W-2 and a K-1 may not be in compliance with the safe harbor provisions in the Rev. Proc.

As I mentioned earlier, this problem is exacerbated by payroll company salespeople. They simply sell

payroll services to clients, never thinking of the tax election that the LLC has made, and that is where the problem begins for us. How do we report wages paid to a disregarded entity? We aren't supposed to report them as wages, but if we don't, the client pays FICA taxes on the amount twice.

If we get the client's information early enough, we can apply for a late S-Election and thereby allow for the wages paid. But what happens when we miss the March 15th deadline? Do we simply report these amounts as wages on the Schedule C or Form

1065? Although technically incorrect, when I come across this situation, I report the wages as an expense. After all, I don't want the client to pay income tax and FICA tax on the wages twice.

In summary, you need to educate those clients of yours who are paying themselves as employees, and who are disregarded entities. ■

### LLC Advantages

- ★ LIMITED PERSONAL LIABILITY
- ★ PASS-THROUGH TAXATION
- ★ FLEXIBLE OWNERSHIP STRUCTURE
- ★ LESS FORMALITIES AND PAPERWORK

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### THIS MONTH'S TOP PAYROLL SOCIAL MEDIA POSTS

- Is Electronic Timekeeping a Help or Hindrance to Compliance? - Bloomberg BNA Payroll Blog: <http://bit.ly/2q3hQF6>
- The Small Business Owner's Guide to 401(K)s - The SurePayroll Blog: <http://bit.ly/2oj8NBN>
- How to Profit from Payroll - Simon Berglund via LinkedIn: <http://bit.ly/2qOwhiT>
- IRS Sets 2018 Health Savings Account Contribution Limits - PrimePay Blog: <http://bit.ly/2qOqbzn>
- How to Set Up a Paid Time Off Policy for a Small Business - Patriot Software Blog: <http://bit.ly/2qOqE4B>

## LATEST PAYROLL NEWS

**2017 Review of Payroll Systems.** We looked at more than a dozen payroll products that offer a dizzying variety of features and functionality. [www.cpapracticeadvisor.com/12318681](http://www.cpapracticeadvisor.com/12318681)

**The Worst Career Advice Comes from Parents and Friends.** Young professionals should think twice before taking career advice from their BFF. [www.cpapracticeadvisor.com/12331360](http://www.cpapracticeadvisor.com/12331360)

**Congress Votes to Change Overtime Laws to Allow Comp Time Alternative.** Employees

would have the choice to use the earned overtime as comp time or have the overtime payments added to their paychecks as they have done in the past. [www.cpapracticeadvisor.com/12331257](http://www.cpapracticeadvisor.com/12331257)

**Minimum Wage Updates for 2017.** Note that local rates can affect the states if the locals are higher. Twenty-seven states had minimum wage changes effective in 2017 — and you can expect more changes coming in the future. [www.cpapracticeadvisor.com/123325114](http://www.cpapracticeadvisor.com/123325114)

**Immigration Green Cards Got Redesign May 1.** These redesigns use enhanced graphics and fraud-resistant security features to create cards that are highly secure and more tamper-resistant than the ones currently in use. [www.cpapracticeadvisor.com/12330197](http://www.cpapracticeadvisor.com/12330197)

# America's Aging Workforce

By John Hollon

ACCORDING TO A new survey just released by the global consulting and advisory giant Willis Towers Watson one in four U.S. employees believe they won't be able to retire until after age 70, if at all, and nearly one-third (32 percent) say they anticipate retiring later than previously planned.

The Global Benefits Attitudes Survey of nearly 5,100 U.S. employees found 23 percent believe they'll have to work past age 70 to live comfortably in retirement while another 5 percent don't think they'll ever be able to retire.

for help with retirement."

And to underline that point, the survey found that more than six in 10 American workers (62 percent) would be willing to pay more out of their paychecks for more generous retirement benefits.

The survey also found:

- Some 40 percent of employees expecting to retire after age 70 have high or above average stress levels, compared with 30 percent of those expecting to retire at 65.
- For those planning to retire after age 70, less than half (47 percent) say they are in very good health, while nearly two-thirds (63 percent) of those retiring at age 65 state they are in very good health.
- Additionally, 40 percent of employees planning to work past 70 feel they are stuck in their jobs, compared with just a quarter of those who expect to retire at 65 (28 percent) or before 65 (27 percent).

recalibrate default enrollment to close the gaps in employee understanding about savings amount required and costs in retirement," said Shane Bartling, senior retirement consultant at Willis Towers Watson.

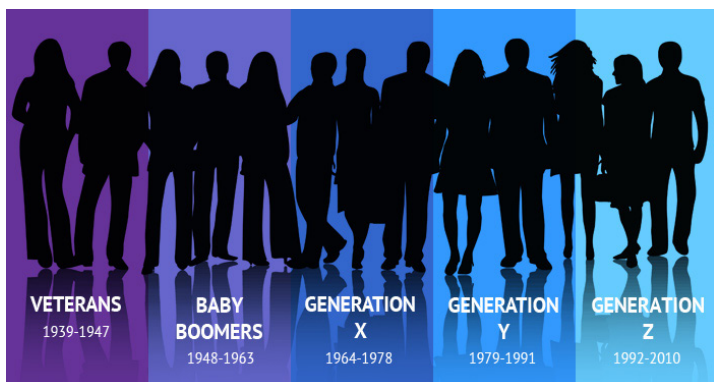
What's interesting about this survey is not just what it says about our aging workforce, but, what it also says about Millennials and younger workers. For example:

- A quarter (24 percent) of employees under age 30 believe they'll retire in their 70s or later, increasing to 28% of those in their 30s and a third (33 percent) of those in their 40s.
- Over the past two decades, the percentage of U.S. men aged 65 or older who are working has grown from 15 percent in 2003 to 22 percent last year.
- Almost eight in 10 workers will rely on their employer retirement plan(s) as the primary vehicle they use to save for retirement.

None of the findings in the Global Benefits Attitudes Survey is terribly surprising, but it does make one thing clear: Younger workers who are waiting for Baby Boomers to finally retire and get out of the way may be waiting a lot longer for that to happen. Despite the improving economy, older workers aren't going to get out of the way any time soon.

The Willis Towers Watson 2015 Global Benefits Attitudes Survey measured attitudes of over 30,000 non-governmental, private sector employees in 19 countries. A total of 5,083 workers from the U.S. participated in the survey, which was conducted between June and August 2015. ■

*John Hollon is vice president for content at Checkster. He is an award-winning journalist and nationally-recognized expert on leadership, talent management and smart workforce practice. This article first appeared on the Checkster blog.*



According to the survey, while the average U.S. employee expects to retire at age 65, they admit there is a 50 percent chance of working to age 70.

## OLDER WORKERS FREQUENTLY HAVE HIGHER STRESS LEVELS

"Although their financial situation has improved over the past few years, many workers remain worried about their long-term financial stability," said Steven Nyce, a senior economist at Willis Towers Watson, in a press release about the survey. "In fact, the only way for many employees to achieve retirement security and overcome inadequate savings is to work longer. Interestingly, employees are increasingly looking to their employers

## MORE MILLENNIALS SAY THEY'LL BE WORKING LONGER, TOO

"With the vast majority of workers counting on their employer's retirement plan as the primary way they save for retirement, employers have plenty of motivation to act. In addition to saving for retirement, employees are dealing with other, competing financial priorities such as housing and debt. Employers should take this opportunity to personalize their real-time decision-making support and

A Year in the Life of a PAYROLL Accountant is sponsored by ADP and SurePayroll



# Is 70 the New Retirement Age?



By Isaac M. O'Bannon

**IS 70 BECOMING** the new retirement age? According to a recent CareerBuilder survey, 30 percent of U.S. workers ages 60 and older plan to retire at age 70 or older. Another 20 percent don't believe they will ever be able to retire.

While delaying retirement can be fueled by a number of reasons, financial motivations typically top the list as mature workers work to ensure they have a large enough nest egg. But, just how much they'll need in the bank to enjoy their golden years remains a mystery or moving target for some. One third of workers ages 60+ (34 percent) say they aren't sure how much they'll need to save in order to retire.

The nationwide survey was conducted by Harris Poll on behalf of CareerBuilder from February 17 to March 10, 2017 among a representative sample of 3,215 full-time, private sector workers across industries in the U.S., of which 556 workers are ages 60+.

"Faced with the expectations of living healthier

for longer, older adults may opt to remain in the workforce for longer and defer savings, pensions, and Social Security for older age," said Rosemary Haefner, chief human resources officer for CareerBuilder. "This increased workforce participation for older adults has implications for retirement policy, health care financing, Social Security and the behavior of employers and employees alike."

Asked how much money they think they'll need to save in order to retire, 42 percent of U.S. workers ages 60+ believe they will need at least \$500,000. A quarter (24 percent) believe they'll need less than \$500,000.

- Less than \$500,000: 24 percent
- \$500,000 to less than \$1 million: 25 percent
- \$1 million to less than \$2 million: 13 percent
- \$2 million to less than \$3 million: 3 percent
- \$3 million or more: 1 percent

**Are mature employees financially prepared to leave the workforce?** When asked if they're currently contributing to retirement accounts, more than 1 in 4 (26 percent) workers 55+ said they do not participate in a 401(k), IRA or other retirement plan.

Three out of four workers ages 55+ (74 percent) don't earn their desired salary, and they're taking steps to change that. Eight percent took on a second job in 2016, and 12 percent plan to change jobs this year.

The survey was conducted online within the U.S. by Harris Poll on behalf of CareerBuilder among 3,215 employees ages 18 and over (employed full-time, not self-employed, non-government) between February 17 to March 10, 2017, of which 556 workers are ages 60+. With a pure probability sample of 556, one could say with a 95 percent probability that the overall results have a sampling error of +/- 4.2 percentage points, respectively. ■



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## The EEOC's Increased Focus on Leave Policies

SEVERAL YEARS AGO, the Equal Employment Opportunity Commission ("EEOC"), the federal agency that enforces the nation's anti-discrimination laws, filed suit against AutoZone, Inc., accusing the auto parts retailer of violating the Americans with Disabilities Act ("ADA") by allegedly firing employees who took too much time off for disability-related absences. According to the Complaint, AutoZone failed "to make exceptions to a 'no fault' attendance policy for their [employee's] disability-related absences, and discharged them as a result." The case is still pending before a federal judge in Illinois, but it reflects a broader trend on the part of the EEOC.

In recent years, the EEOC has focused intensely on employers' leave policies, alleging that many companies' leave policies violate the ADA and filing numerous lawsuits over the past several years. In a press release following a large settlement with Verizon Wireless for \$20 million, the EEOC stated, "an inflexible leave policy may deny workers with disabilities a reasonable accommodation to which they're entitled by law—with devastating effects." Similar settlements the agency has reached include: Pactiv LLC for \$1.7 million, Interstate Distributor for \$4.85 million, Supervalu for \$3.2 million, and Sears for \$6.2 million. And in the EEOC's most updated Strategic Enforcement Plan, the agency makes

clear that it intends to continue to police employers' leave policies.

Given the priority that employers' leave policies have been given by the EEOC over the last several years and in the agency's updated enforcement agenda, now would be a good time for employers to review and revise as needed any leave or no fault absence policies.

### THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

The EEOC is the federal agency responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or employee because of that person's race, color, religion, sex, national

origin, age, disability, or genetic information. Most employers are covered by EEOC-enforced laws. In Fiscal Year 2016, the last year for which complete statistics are available, there were a total of 91,503 Charges of Discrimination filed with the agency. Of these, 28,073, or over 30%, alleged violations of the ADA. And this number has only risen in recent years. For example, in 2005 there were only 14,893 Charges alleging disability discrimination filed. This trend is likely to continue.

### EMPLOYER LEAVE POLICIES AND THE EEOC

Most employers have leave of absence policies that are routinely used by employees who need to be



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away from work for one reason or another. In the majority of cases the needed leave is related to a medical condition of the employee or a close family member. The federal government and numerous states mandate leave for qualifying reasons through such laws as the Family and Medical Leave Act ("FMLA") and similar state laws. Normally, they provide up to 12 weeks of unpaid leave for the birth or adoption of a child, the serious illness of the employee or an immediate family member, and for other similar reasons.

For example, under the FMLA even longer leave is mandated for certain circumstances related to the military service of a close family member. Under most of these laws, at the conclusion of the leave, the employee must be reinstated to their prior position or to a substantially similar job if theirs is no longer available. "Substantially similar" has been ruled to be similar in pay, status, schedule, and other such characteristics. FMLA leave is mandatory for most employers with 50 or more employees, and many state laws track the FMLA's requirements.

In addition to FMLA leave, most employers also provide other leave, usually of a specified period, to employees who have need of an extended period away from work. Many employers cap such extended leave at some maximum amount, frequently one year, at the end of

# EEOC

U.S. Equal Employment Opportunity Commission

which time the employee is automatically subject to termination. These are the types of leave policies that the EEOC refers to as unlawful “inflexible” leave policies. According to the EEOC, such policies violate the Americans with Disabilities Act.

Inflexible leave policies became a focus of the EEOC under their Strategic Enforcement Plan (“SEP”) for fiscal years 2012-2016. They have become such a high enforcement priority that they have again been included in the EEOC’s updated SEP for years 2017-2021. The EEOC has also challenged no fault attendance policies under the same rationale. The EEOC has concluded that such policies violate the “reasonable accommodation” obligations that employers have under the ADA when responding to an employee’s disability.

The EEOC has processed many charges and filed numerous lawsuits challenging an employer’s unbending application of such policies, such as the EEOC’s high-profile settlement with Verizon Wireless and its continued lawsuit against AutoZone. According to the EEOC, the failure to consider extension of a set leave period to accommodate an employee’s disability as well as holding employees accountable under a no fault attendance policy for absences or tardiness related to a disability are clear violations of the ADA. In the EEOC’s opinion, a leave extension need not be open ended. But, if several additional weeks or possibly even months might enable the employee to return without causing the employer undue hardship, such an extension may be an obligatory “reasonable accommodation.” When coupled with the vast expansion of what constitutes a disability brought about by the 2009 amendments to the ADA, an extremely large number of medical and mental conditions have begun to be deemed disabilities, making

In Fiscal Year 2016, the last year for which complete statistics are available, there were a total of **91,503 Charges of Discrimination** filed with the agency. Of these, **28,073**, or over 30%, **alleged violations of the ADA**. And this number has only risen in recent years. For example, in **2005** there were only **14,893 Charges** alleging disability discrimination filed. This trend is likely to continue.

handling accommodations and leave policies even more confusing and burdensome.

## WHAT EMPLOYERS SHOULD DO NOW

In light of the EEOC’s increased scrutiny on employers’ leave policies and the inclusion of “inflexible” leave policies in the agency’s most updated enforcement agenda, employers should take several steps now, to proactively address any potential liability.

### ■ Review Your Company’s Leave Policies and Call in the Experts, If Needed

Employers should take a close look at their leave policies to determine whether any changes should be made in light of the EEOC’s enforcement agenda. With the tangle of laws covering medical and disability leave (such as the ADA,

FMLA, workers’ comp., and state-specific laws), companies should work closely with HR, in-house, and outside counsel to become educated about the laws. In addition, employers should regularly train supervisors and others who are on the front lines of these types of requests.

Employers should consider bringing in a third-party to perform periodic audits of leave records and policies, to ensure that the company is handling all issues appropriately.

### ■ Be Aware of State Laws

Many states have enacted their own versions of disability and family leave laws. These may be more generous to employees than federal regulations. When employees are covered by both federal and state laws, they are entitled to the greater benefit or more generous rights provided under the different parts of each law.

### ■ Take All Claims of Disability Seriously and Implement a Written Procedure

All claims of disability should be taken seriously, even those that are clearly frivolous. It is easy for employees to create a case where none would have existed had the employer responded to a complaint with proper and timely action. All employers should have a written procedure for employees to follow in dealing with disability claims.

### ■ Refer All Disability Claims to Human Resources

While supervisors and managers should be familiar with the law and ready to be the first step in the disability claim process, all disability claims should be referred to and handled by an in-house expert, such as Human Resources.

### ■ Go Through the Required Interactive Process in All Situations

In all situations where a disability claim has been made, employers must go through the interactive process to determine what, if any, reasonable accommodations may

be made to comply with the ADA, including possible additional leave.

### ■ Thoroughly Document Everything

If companies aren’t already doing so, they need to begin documenting every request and decision. Once leave is approved, the company should outline how long the leave will be and what the policy is for returning to work. This will help to eliminate misunderstandings and minimize the chances that employees can claim discrimination or other violations of their rights.

### ■ Communicate Throughout the Leave

Companies should stay in touch with workers during their leave, particularly when the leave is set to expire and employees will be medically released to return to work. This will help manage expectations on both sides and allow employers to plan for any necessary accommodations or changes to the initial leave agreement.

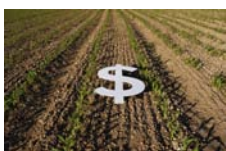
### ■ Proceed Carefully with Termination

When a worker has exhausted his or her leave but is not willing or is unable to return to work, employers need to carefully consider whether firing the employee is the right step. It’s important to determine whether any applicable laws could extend the leave. If the employer decides that terminating the employee is the appropriate action, every decision and communication should be put into writing. This will help ward off potential litigation and provide a defense if the employee decides to sue.

For several years now, claims under the ADA have seen the largest increase in filings with the EEOC. Add to the increased agency attention a rapidly aging workforce more prone to disabilities, and you can be virtually assured of more charges being filed in 2017. But, by being proactive and taking steps now, employers can put themselves in the best position to avoid any issues with the EEOC in the coming year. ■

Each month we explore the advantages and intricacies of developing and growing a niche practice.

This month we're examining what it takes to serve the niche of farming/agriculture.



## FARM INCOME TAXATION: REAPING WHAT GOOD LOBBYING HAS SOWN

By Mark Mullin, J.D.

Farms are as American as apple pie. Thus, they have become one of American politicians' favorite businesses. Unsurprisingly, they get tax advantages unavailable to most other businesses.

<http://cpapracticeadvisor.com/12334881>

## RESOURCES FOR THE AGRIBUSINESS ACCOUNTANT

- CliftonLarsonAllen Agribusiness Blog: Farm CPA Today - <http://www.farmcpatoday.com/>
- Farmwell Blog: <https://blog.farmwell.com/>
- QuickBooks: A powerful tool for your financial farm reporting and managing needs - <http://bit.ly/1jvSHYc>
- Agricultural Employees Under the Fair Labor Standards Act (FLSA): <http://bit.ly/2qkmlwv>

Building Your Niche Practice is sponsored by Intuit QuickBooks.



## Farm Loan Methods and Cautions

By Judy Gilbertson, CPA

**COMMODITY CREDIT CORPORATION (CCC) Loans are a viable option for accelerating income in times of low farm income. As a rule, loans are not included in Schedule F income. One of the benefits of a CCC loan is that an election can be made to treat the loan as income.**

The first time you take out a CCC loan, you and your tax specialist will need to analyze the best choice for your operation and either treat the loan as a loan or treat the loan as income. Once the precedent has been set you will by default treat all CCC loans the same way. If in a future year it would benefit your operation more to treat CCC loans with the other method, an election can be made and filed with

your tax return to switch methods.

If you have chosen to treat the CCC loan as a loan, there is no difference in the reporting of the loan or the subsequent sale of crop than if you had taken a loan with your usual loan officer – regardless of the fact that you pledged all or part of your production to secure the CCC loan.

If you have chosen to treat the CCC loan as income, you record the loan proceeds you receive as income on line

5a of your Schedule F. This establishes your tax basis in the crop. In the year when you market your crop, the actual prices received are offset against your tax basis and only the gain or loss is recorded on your Schedule F. This process has effectively accelerated the bulk of the crop income to the low year where you needed it. The income method is elected by attaching a statement to your return showing the details of the CCC loan. You do not need IRS approval or any other forms to make this election.

**Example:** In tax year 2016, Joe Farmer took out a CCC loan on his wheat for \$100,000. These loan proceeds are

## How to Turn Agricultural Clients into AgriBusiness Clients

By Pam Olinger, CPA

**MANY AGRIBUSINESS CLIENTS are often surprised to hear their gross receipts are higher than many other businesses in our area. This leads to the discussion of gross receipts versus bottom line profitability. Without a good method of record keeping it is impossible for agribusinesses to know how their operations are really performing. Agricultural income is often distorted by prepaid expenses, large machinery purchases, and deferred revenues.**

Our firm's agricultural committee has created a standard chart of accounts for agricultural clients to use within their QuickBooks file. This get clients' electronic record keeping systems set up quickly and uniformly. Having a uniform chart allows our accounting support to take questions from agricultural clients and answer them effectively and efficiently. Our standard chart of accounts follows more of a manufacturing style with cost of goods sold to keep track of direct input costs, as they relate to both grain and cattle production.

Our goal is to turn agricultural producers into agribusiness producers. We want to help the agribusiness producer think and make decisions as a business owner. We strive to challenge them from decision-making based on emotions or

tax consequences, which tends to drive many agricultural producers' decisions.

Taking this a step farther, we want to challenge agri-business producers to look at both the cash basis (which is what we use for tax basis) and accrual basis, which is much more business based. By reviewing accrual basis numbers, the producers have the opportunity to evaluate the costs versus income for the year. This provides them with a more accurate picture of how their operations have performed. This process is a little tougher to perform in QuickBooks while maintaining an efficient way to perform the accrual basis reporting to cash basis reporting for tax planning and preparation purposes. This is due to the fact that true accrual basis books would classify the prepaid expenses as assets (not

expenses), record inventory, and record deferred income. Ideally, the accrual basis reporting would record book depreciation instead of tax depreciation.

When we set up a QuickBooks client (whether desktop or QuickBooks Online), we work the client to establish an accurate balance sheet. This is especially important to help them understand the dynamics of their balance sheet and to help advise and manage their agribusiness. This is also important for the client to review and manage their liabilities, both in the terms of amount and structure.

We utilize QuickBooks products due to the ease of use and training, ease of transfer to accountants, and the cost effectiveness. QuickBooks Online has brought another dimension in the seamlessly integration with banking institutions and credit card companies. It has also made client support more efficient by having access to real-time information and eliminating backups and back and forth information with our staff. ■

*Pam Olinger, CPA, is a partner with ELO CPAs based in Mitchell, S.D.*



reported on his 2016 Schedule F 5a) "CCC loans reported under election". In tax year 2017, Joe sold his wheat for \$125,000. He reports the \$125,000 on 1a) "Sales of livestock and other resale items" and the tax basis of \$100,000 on line 1b) "Cost of other basis of livestock or other items reported on 1a" for a total 2017 taxable amount of \$25,000.

To change between treating CCC loans as income method to the loan method of reporting, Form 3115 is required. This form grants automatic change but needs to be filed both with the tax return in the year of change and also a separate copy filed with the IRS National Office.

If you choose to use CCC loans, a

word of caution should be mentioned regarding the Farm Loss Limitation Rules. Farm losses are limited to the greater of \$300,000 (\$150,000 MFS) or the total net farm profits from the prior 5 years if you have an applicable subsidy or CCC loans. The 2014 Farm Bill eliminated the program payments that formerly fell in the applicable subsidy zone leaving only CCC loans left that will bring about the Farm Loss Limitation.

**Example:** In tax year 2016, Joe Farmer took out a CCC loan on his wheat. He had an overall loss on his Schedule F of \$500,000. In the prior 5 year, 2011 – 2015, Joe had net farm income combined of \$250,000. On his

2016 tax return, Joe is limited to the greater of \$300,000 or \$250,000, thus \$300,000 of Joe's \$500,000 loss can be claimed in 2016. The remaining \$200,000 will be suspended and carried forward to 2017 as a Schedule F deduction and each year after until used.

The Farm Loss Limitation also affects the NOL that would be available to carry back 2 or 5 years or forward 20 years.

**Example:** Using the facts for Joe Farmer in the previous example:

- 2011 Net Schedule F Profit: 600,000
- 2012 Net Schedule F Profit: 100,000
- 2013 Net Schedule F Profit: 100,000
- 2014 Net Schedule F Profit: - 100,000
- 2015 Net Schedule F Profit: -450,000

- 2016 Net Schedule F Profit: -500,000 + 200,000 suspended = -300,000
- 2017 Suspended Loss Carried Forward: -200,000

Joe Farmer would be unable to maximize his 2016 NOL by carrying the entire 500,000 back 5 years to recoup the high ordinary income tax paid in 2011.

Careful planning and consideration should be implemented for the use of CCC loans in order to maximize the benefits available from the program. ■

*Judy Gilbertson, CPA, is the principal of Judy Gilbertson CPA in Jamestown, N.D. Article reprinted with permission of AgCountry Farm Credit Services.*

## Ten Income Tax Benefits for Farmers

By Ken Berry, J.D.

**FARMING HAS OFTEN** been viewed as the backbone of the American economy. While technology and other recent developments may have changed this thinking, farmers still enjoy a preferred status, at least as federal income taxes are concerned. For instance, there are several special tax code provisions relating to farming, most of them beneficial. At the same time, taxpayers in the agriculture field may be in line for the same tax breaks available to businesses in general.

What sort of tax provisions are we talking about? Periodically, the IRS provides insights through online postings. Here are ten items that may be of interest.

**1. Depreciation deductions:** Like other businesses, farmers can take advantage of enhanced writeoffs for property placed in service in 2017. Specifically, a farmer may claim a maximum expensing deduction of \$510,000 under Section 179, subject to a phase-out for acquisitions above \$2,030,000, plus 50% "bonus" depreciation on qualified property.

**2. Crop insurance proceeds:** Crop insurance may be purchased by farmers to protect against losses caused by natural disasters --such as hail, drought and floods -- or lost

revenue due to declines in prices of agricultural commodities. However, the proceeds generally have to be reported as income in the year they are received.

**3. Sales due to weather:** On a related note, if a farmer sells more livestock and poultry than would normally occur in a year because of weather-related conditions, the business gets a reprieve: It can postpone reporting the gain from sales of the additional animals due to the weather until the next year.

**4. Farm income averaging:** Regular income averaging has gone by the boards, but farmers may still average all or some of the current year's farm income by allocating it to the three prior years. This may lower tax for the current year tax if current income from

farming is high and taxable income from one or more of the three prior years was low.

**5. Deductible farm expenses:** As with other businesses, farmers may write off ordinary and necessary costs of operating a farm for profit. An "ordinary" expense is one that is common and accepted in the farming business, while a "necessary" expense must be appropriate for the business.

**6. Employees and hired help:** Similarly, a farmer can deduct reasonable wages paid for labor hired to perform farming operations. This includes both full-time and part-time workers. Of course, the business is responsible for withholding income and payroll taxes for its employees.

**7. Items purchased for resale:** Not all farm products are home-grown. Farmers may deduct the cost of items purchased for resale in the year the sale occurs. This includes livestock and freight charges for transporting the livestock to the farm.

**8. Net operating losses:** If the deductions claimed by a farming operation exceed its profits, it may report a net operating loss (NOL) for

the year. The NOL can be carried back for two years and then forward for up to 20 years to offset income in other years. As a result, the farm business may be entitled to a refund from a prior year or benefit from a tax reduction in a future year.

**9. Loan repayments:** When a taxpayer takes out a personal loan, he or she can't deduct interest on the subsequent loan repayments. However, if loan proceeds are used in a farming business, the taxpayer may deduct the interest paid on the loan on the farm's tax return.

**10. Fuel and road use:** Finally, farmers may be able to claim a credit or refund of federal excise taxes on fuel used on a farm for farming purposes. Other taxpayers often illegally claim this off-road credit, but it's legitimate for those in the farming industry.

Do you want to know more about the special rules for farming activities? You can find valuable information in IRS Publication 225, Farmer's Tax Guide, at <https://www.irs.gov/pub/irs-pdf/p225.pdf>. ■

## Top Business Trend for 2017: Achieving Work-Life Balance

By Christopher Stark

**TRANSITIONING FROM A traditional IT setup to the cloud can not only save your business IT dollars, but it has nontangible benefits as well. One of those benefits is creating a better work-life balance for your employees.**

While having a better work-life balance can directly impact your bottom line, the improved morale and employee satisfaction also leads to more productivity and less employee turnover. Businesses have become more conscious of the early warning signs of employee burnout, such as increased absenteeism or a slackening of the quality of work done. That's why it is no surprise that evolving work-life balance policies is a top small to mid-size business trend for 2017.

better work-life balance helps workers mentally, physically and emotionally be better professionals, which in turn means your business is able to provide better service to your end customers.

To support the shift in work-life balance policies, we've pulled together five interesting stats:

- A recent Microsoft study, found that 71 percent of employees say work-life balance is the most important aspect of their job.
- Corporate Executive Board, which represents 80 percent of the Fortune 500 companies, found that employees who believe that they have good work-life balance work 21 percent harder than those who don't after researching 50,000 global workers.
- Society for Human Resource Management (SHRM) found that 89 percent of human resource professionals reported an increase in employee retention simply by launching the implementation of flexible work arrangements.
- The Center for American Progress found that the average cost of employee turnover was 21 percent of an employee's annual salary.
- Staples Business Advantage 2016 Workplace Index (conducted among more than 3,100 employees in the U.S. and Canada), found that 22 percent of employees changed jobs because of work-life balance issues.

Hear what one of our clients has to say about improved work-life balance due to the cloud:

"Our internal staff has benefitted

**Businesses are enabling mobile workstyles more than ever.**



Flexible workforce policies for some or all employees

**74%**



Personal devices available for work purposes

**68%**



Use of personal devices for work increased productivity

**21%**

greatly from the transition to the cloud," said Reggie Nance, director of finance and administration, Public Affairs Council (PAC). "It has allowed our staff to be more efficient and has given them more of a work-life balance, which in the end makes our employees happier. They're able to work from home, because they know they have the technology and support from Cetrom to be productive. That's a huge benefit for us!" ■

*Christopher Stark is CEO of Cetrom, a provider of custom cloud and IT solutions to meet specific user, mobile, security and application needs for a variety of SMBs including accounting and CPA firms, associations and nonprofits, travel management and other organizations.*

The cloud allows your employees to use the devices they prefer without compromising on data security, making you more competitive, cost-efficient, and attractive to quality talent.



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**Top 3 benefits of mobile solutions:**

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# DECEMBER 7, 2017



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# Are You Managing Your Clients? (Or Are They Managing You?)

A RECENT FAMILY vacation got me thinking about management. We took a trip to Florida and booked rooms at a Hilton resort, where I enjoy Diamond level status in their loyalty program. When I booked the rooms online last August, I requested adjoining rooms since we were traveling with three young children. After booking online, I called the hotel to confirm that they'd received our request for adjoining rooms and the staff confirmed it was in their system. A week before our trip, I called again and the hotel staff assured me that everything was in order. On the first day of our vacation, we arrived too early to check in but again the front desk staff confirmed that we would have adjoining rooms.

You can imagine where this story is going. When we got to our rooms, they were indeed next to each other, but not adjoining. And the hotel was sold out for the weekend so we were limited in our options. Despite my best efforts at managing the hotel staff to ensure we got the rooms we requested, they still messed up in providing customer satisfaction. Let me say that a different way. I tried my very best to manage the company that was supposed to be providing me excellent service...and they still failed.

Do any of your clients feel the same way?

Too often, CPAs are not proactive about managing clients and/or expectations on the front end of engagements, then blame the clients when things get messed up later. Here are two common examples of management failures we have at CPA firms, and tips for turning those failures around before the client has to manage you.

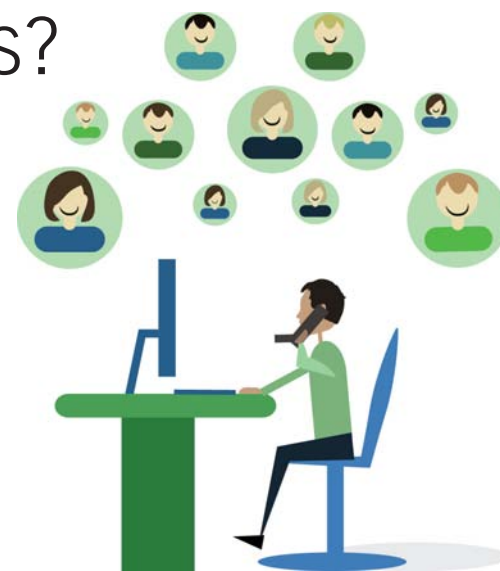
**Management failure:** A firm sends a PBC list to a controller ahead of audit fieldwork, but nobody follows up to make sure she understands the list or verify that the information will be ready by the start of fieldwork. On Monday morning, the audit team shows up, and the client has very little prepared. The audit team spends the first day of fieldwork reviewing the PBC list with the controller and waiting on information. The controller is frustrated because she thought a trial balance was enough for the audit team to get started. Now her department has to put other pressing work on hold to work on the PBC list.

**A better approach:** When we work with clients who are experiencing failures like the one described above, we help them set up processes that include

following up with the client two weeks before fieldwork begins to make sure they understand the PBC list and confirm the client will be ready by the start of fieldwork. Two weeks out, if a client is not responsive, sometimes suggesting rescheduling fieldwork is enough to compel a client to take the PBC list seriously. A simple phone call will ensure that your client knows what actions they need to take to keep the audit on schedule. And by utilizing a shared portal to request and receive the client's files, you'll always have real-time access to what the client has ready. The key to being proactive: make sure your team is ready to "hit the ground running" on Day 1 of fieldwork.

**Management failure:** The tax client drops off a package in early February containing nothing but a W-2 and a couple of receipts for charitable donations. The in-charge knows that the client should have rental income and expenses, home mortgage interest, 1099s from brokerage accounts and several K-1s. Rather than contact the client right away, the in-charge hands it off to a preparer with a note that the rest of the information will follow. Knowing she doesn't have enough information to complete the return, the preparer pushes it aside to work on other returns. On the first week of April, the client calls the office wondering when his return will be done and is livid when he hears the list of missing items, wondering why nobody contacted him sooner.

**A better approach:** We recommend that an in-charge performs a "quick assessment" whenever a client turns in their tax package. This quick assessment will determine whether the preparer



will have enough to get started on the return. If any information is missing, the client should receive a list of missing items as soon as possible. Whether the list is prepared in February or April, it will take the same amount of time. Why not frontload this time and deliver better client service?

In short, make it easy for your client to work with you. Whether it's a PBC list or a tax organizer, firms should use terminology that the client can understand and set expectations for deadlines. If you tell a tax client that you just need their rental income and expenses to complete the return, they may assume that they have until April 15th to provide that information and still file a return on time. If you need it by April 1st to have enough time to review and assemble the return, your client needs to know that. Manage your clients, manage expectations, and you'll have better-managed outcomes. Don't wait for the client to manage you – it's a lose/lose situation – and may have your client looking for another provider. ■

*Dustin Hostetler, Chief Innovation Officer, Shareholder and Lean Six Sigma Consultant at Boomer Consulting, is a pioneer in applying the Lean and Six Sigma concepts to public accounting firms. As a Lean Six Sigma Master Black Belt with extensive experience working inside a large regional CPA firm, he has taken proven Lean techniques and tailored them to bring ground-breaking value to public accounting firms. His innovation and passion has brought true efficiency to accounting — helping accounting firms improve client service, improve client retention, set the foundation for growth and build the bottom line.*



## Important Components of a Professional Liability Insurance Policy

By Steve Edelstein

- **Covered and excluded services** – Ensure that your policy contains no limitation to fees, areas of practice and or persons covered. You want to ensure coverage for a broad variety of professional services and persons that work for you. Coverage must be full tort (not restricted to negligence).
- **Claims coverage** – Make sure that this covers verbal and written claims, does not exclude fee disputes, or if permitted by law, fines and penalties.
- **Hammer Clause** – Your policy should not include a “hammer” clause. A hammer clause gives the insurance company the right to control claims settlement.
- **Coverage Extensions** – A policy should contain additional enhancements- this might include the cost to respond to a subpoena; regulatory complaints; cyber liability protection; outside directorships; and other valuable coverage extensions.
- **Defense** – The cost of an attorney to defend any claim can be included the limit of liability or in addition. Additionally, the deductible can apply to all costs, or just the settlement.
- **ERP (Extended Reporting Period)** – This extends the policy for a defined period to cover claims arising from past services. You should ensure that the policy offers a variety of extension periods at reasonable costs (ideally with an unlimited option) and a free period of 60 days.
- **Cancellation** – Can be mandated by State insurance law; however, ideally the policy should not be cancellable by the insurer.
- **Cyber Coverage** – Ensure that your policy provides legal liability protection for cyber related lawsuits as well as notification, credit monitoring, asset damage and extortion costs.
- **It is essential to review coverage every year.** If your practice has changed in size or there has been a merger / acquisition you should amend coverage accordingly.
- **Establish a relationship with a broker** that specializes in coverage for accounting firms and has access to experienced, highly rated insurance programs and can be a resource for you. ■



*Steve Edelstein is the AVP of the retail team at Jorgensen and company, a professional liability insurance agency and a specialist insurance broker. He can be contacted at (201) 345 2453 or [sedelstein@jorgensenandcompany.com](mailto:sedelstein@jorgensenandcompany.com).*

### THIS MONTH'S TOP FIRM MANAGEMENT SOCIAL MEDIA POSTS

- Key Issues for Partner Agreements - Marc Rosenberg: <http://bit.ly/2qO7WKO>
- Mentoring Lessons from a 4 Year-Old - Liz Taishoff Sweigart from LinkedIn: <http://bit.ly/2qNWSXf>
- Why Effective Leaders Must Manage Up, Down, and Sideways - McKinsey Quarterly: <http://bit.ly/2oOEgrm>
- 11 Things You Need to Know About Your Millennial Coworkers - AICPA Blog: <http://bit.ly/2qvV01o>
- Positive Comments Help Move the Firm Forward - Gary Adamson: <http://bit.ly/2prydJy>

## LATEST FIRM MANAGEMENT NEWS

**7 Website Tips to Drive Real Accounting Firm Growth.** If you're really committed to growing your firm, you need to turn your website into a marketing machine. Invest the time and money to do this right up front. [www.cpapracticeadvisor.com/12332629](http://www.cpapracticeadvisor.com/12332629)  
**What Accounting Firms Should Know About Trademarks.** Your accounting firm's name serves as its brand identity and is generally the first thing clients see when they arrive at your office. [www.cpapracticeadvisor.com/12331631](http://www.cpapracticeadvisor.com/12331631)

**10 Tips for Firm Retreats.** You know the old saying "if you don't know where you're going, any old road will do." [www.cpapracticeadvisor.com/12332623](http://www.cpapracticeadvisor.com/12332623)  
**Indiana CPA Society Recognized as Best Place to Work.** INCPAS ranked seventh out of the 46 small companies named to the list in the "small companies' category." [www.cpapracticeadvisor.com/12331598](http://www.cpapracticeadvisor.com/12331598)

**Georgia CPA Society Awards \$115,000 in Scholarships.** Students were selected based on their commitment to pursuing a career in accounting, academic performance and achievements. [www.cpapracticeadvisor.com/12330980](http://www.cpapracticeadvisor.com/12330980)

## The Top Myths About Remote Work And How To Overcome Them

IN A PREVIOUS column, I talked about an important part of creating an environment within your accounting firm where everyone can thrive: allowing opportunities for remote work. When thinking about remote work, this can apply to either an associate who works solely at home or one who works remotely when needed. Even though demand for these opportunities today is high (listings for remote positions on Accountingly receive eight times more applicants than traditional listings) there remains still quite a few misconceptions about how remote workers spend their day.

The virality of 'BBC News dad' shows the fine line remote staff often try to tread between work and home. But, working from my home in Cincinnati, Ohio, through my role at Xero, I've found that it's much easier to strike a blend between work and life. I and many other remote workers aren't watching TV, we're working just as hard as our in-office counterparts. In order for remote work to succeed in an accounting practice, both the firm and the remote employees need to work to dispel the misconceptions around working away from the office, so the same respect is given to a remote employee as it is to someone who comes into the office and has regular facetime. Here are some of the myths about remote work, and how to overcome them:

### ■ *Remote Workers Are Watching TV In Their Pajamas All Day*

Video conferencing is becoming more widely accepted as a tool for conducting meetings. Using software like Google Hangouts or Zoom, meetings can be held just as if the participants were in a room together. Accounting practices should make the option to join all relevant meetings via video conference a standard. Unlike conference calls, through video you are able to see who is engaged and hold staff accountable. On the other side, it's important for participants

joining remotely to look presentable. This doesn't mean you have to wear a pantsuit, but it's important for your colleagues to know you're putting in the effort. By implementing video conferencing tools and dressing presentably, staff can still interact with clients where practical as well.

### ■ *Working From Home = Working Fewer Hours*

Some may think that a worker's attention is more divided at home, and while there can be distractions at times, I've found that I work more hours at home. It can be really hard to mix your workplace with your home life. With your computer in the next room, it can be tempting to open it up and keep working past regular business hours. I try to mitigate this by keeping a strict schedule, dictated by my calendar, so when it's time to stop I get a reminder. I actively schedule the time to get out of the house to work out, and try my best to avoid eating lunch at my desk. It's important for accounting practices to implement practice management tools to enable their staff to check work in and out so people can work whenever they are available, whether at home or in the office. This enables everyone to be up to date from wherever they are and know what is being worked on and by whom.

■ *Not In The Office, Not Part Of The Team*  
One of the little things that many

working in an office can take for granted are the casual conversations that happen in the workplace. Deskmates have time to talk about things outside of work, but in virtual meetings, everything is generally on a much stricter timeframe. It's the responsibility of accounting firm leadership to think about social initiatives to help remote workers feel involved.

Consider putting time on the calendars of staff firmwide, where, in a casual environment, everyone can get to know each other to talk about what their families are like and their hobbies. Think of it as a virtual happy hour or similar. Ten minute kick-off meetings every morning are a great way to start the day also. In my practice, I had time set on the schedule called virtual "coffee breaks" where we would pair up staff in different locations to spend 30 minutes getting to know each other and brainstorming new ideas for the practice. I also know of firms that make the investment to bring their staff to conferences together and organize extracurricular social activities for them to get some valuable face-to-face time. It's all part of creating a great culture.

### ■ *There Aren't As Many Leadership Pathways For Remote Workers*

Accounting firm leadership should offer the opportunity for remote



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workers to take on projects or jobs that will give them not only a feeling of accountability but the experience so when they do take on a new role, they're ready. Instant Messaging services like Slack are a great place for everyone to interact and touch base - if you implement them make sure everyone is active on these channels. Trello is a great project management tool for assigning projects and jobs. By using these programs, everybody can interact and get things done no matter where they are, while having more equal footing as far as career growth. Coaching remote workers is another area where video conferencing should come in, as it enables those involved to read each other's body language and react as if they were in the same room together. Weekly one-on-one video meetings between managers and their direct reports ensures feedback can be given in real-time.

Work-life integration is difficult to accomplish, but one of the most important things to help foster as an accounting practice looking to recruit the best talent. With the availability and widespread use of cloud technology, there should be no reason for remote workers to not be provided the same opportunities as those in-office. Thanks to these tools, you can transform your practice so employees can benefit from working from wherever they are, while continuing to deliver the same level of service to your clients, if not better. ■



# Intuit announces QuickBooks Online Integration with G Suite

**GETTING PAID ON time is a huge pain point for many small business owners who spend hours reconciling their calendars to determine billable hours or chasing down unpaid invoices. To help eliminate this pain point and help small businesses get paid faster, Intuit has announced a QuickBooks Online integration with G Suite by Google Cloud.**

More than 1.5 million small businesses in the U.S. use QuickBooks Online to manage their business and balance their books. Many small businesses use G Suite to manage their schedules and customer communications. In fact, Intuit found that 56 percent of QuickBooks Online customers use Google Calendar to book and manage appointments, while almost 50 percent communicate with their customers via Gmail. This means that small business owners can find themselves spending hours performing double entry as they switch back and forth between QuickBooks and Gmail or Google Calendar to invoice their customers.

Intuit and Google are working together to integrate key data and workflows for small business owners and accounting professionals, helping them be more successful and efficient in running their business. Intuit hopes to help alleviate the risk of errors associated with manual data entry and save customers time by automatically importing G Suite data directly into QuickBooks Online. With Bill My Time and the Gmail Invoice Add-on, small businesses can create invoices directly from their events in Google Calendar or from Gmail without having to switch back and forth between QuickBooks Online and Google. If they use the Gmail Invoice Add-on, they can also track the status of other invoices from within Gmail. A future integration with Google Hangouts Chat will also revolutionize the way QuickBooks users communicate with their customers.

Intuit has been working hard on Bill My Time since it was announced last year at QuickBooks Connect. Since then, the product has been rebranded to reflect the target demographic – small businesses and accounting professionals who manage their time in Google Calendar – and the company has been testing it live with customers.

“We have been working with our customers and developers to enhance Bill My Time so that it can really be a one-click process to get billable time from Google Calendar into an invoice. Customers that are currently using Bill My Time in beta have shared with us that they save at least 30 minutes every time they use the integration compared to their old way of invoicing,” said Salyer.

Through the Bill My Time integra-

tion, QuickBooks Online customers can turn their client meetings and tasks in Google Calendar into billable appointments in QuickBooks Online for easier and faster invoicing. Hours from client work scheduled in Google Calendar are then auto-populated into the invoicing flow in QuickBooks.

Additionally, many small business owners also communicate with their customers solely through Gmail and Intuit recognized that almost 50 percent of QuickBooks Online customers have Google email domains. Most of the workflow where money is being requested and communication is taking place already exists in Gmail, but is later manually reconciled in QuickBooks Online.

When a small business owner sends an invoice through email, customers may miss it or disregard the notice because they are waiting for an “official” invoice. With the QuickBooks Invoice Add-on, Gmail will prompt users to create a professional-looking invoice with a click of a button based on keywords within the email, eliminating customers’ confusion on whether that email was actually an invoice. The QuickBooks-branded Add-on will allow users to not only create an invoice right from Gmail, but also track the invoice’s status. Small businesses will always know if an invoice has been opened or paid and can follow up with customers accordingly. Any payments received are then automatically entered into QuickBooks, eliminating the need to manually enter that data.

“Our e-invoicing integration meets small businesses where they are already communicating with customers [in Gmail] and gives them the confidence that they can create a professional invoice to send to their customers and know their data is automatically

reconciled into QuickBooks,” said Salyer.

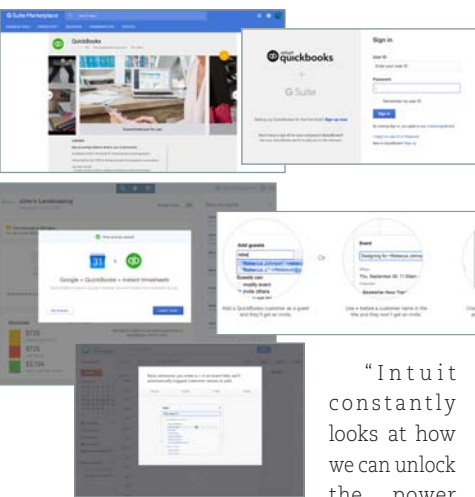
One of the unique features of the Gmail Invoice Add-on is that it is a standalone widget that does not require an active QuickBooks subscription. Data from the Gmail Invoice Add-on will integrate into QuickBooks Online when users sign up. Payments processed through the add-on will be subjected to the usual credit card payment fee.

Bill My Time and the Gmail Invoice Add-on integrations are the brainchild of a meeting between Intuit and Google that took place two years ago. The two companies met to discuss ways they could partner to change the game for small businesses and accounting professionals by drastically changing their lives and helping them become more successful.

“There are endless opportunities for our partnership with Google. We are both customer-centric companies who are committed to understanding our customers’ biggest needs, solving for them and creating one, unified experience,” said Salyer. “In addition, every time we launch a new integration with Google, we learn more about our customers – what they want and how they want us to work together.”

Intuit’s latest QuickBooks Online integrations are just one more way the company aims to improve the invoicing and client communication processes for its customers. Intuit continues to build upon its QuickBooks ecosystem to enable long-term success for small businesses and accounting professionals. The Gmail Invoice Add-on will be available later this summer and Bill My Time is currently available in beta for free on Apps.com, where QuickBooks customers can opt-in to test the beta version and give feedback. ■

The ProAdvisor  
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Intuit constantly looks at how we can unlock the power of many for the prosperity of one. By coming together with Google, we can save our customers money and time. This extends to accounting professionals as well. Streamlining workflows through data integration eliminates time spent chasing down or reconciling data so accountants can focus on being trusted advisors,” said Gretchen Salyer, director strategic partnerships, Small Business Group, Intuit.



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## Spring Training for CPA Teams

**BASEBALL FANS GET excited when spring rolls around. It's the first step of a new season — the moment when everyone sees what your team is made of. Although there are no leagues or playoffs in public accounting, managers still need to gear up all their players for their equivalent spring training: professional development.**

As coaches invoke Benjamin Franklin and remind athletes: *Fail to prepare, prepare to fail*. Is your professional development program filled with strikeouts or home runs? Here are a few questions to ask yourself when assessing your training needs:

### **Is our professional development attractive to rookies?**

Recent graduates are often the ones who require the most professional development as they're still learning the ropes. These entry-level accounting hires require much more training if they want to move up in their career. And many of them are pointedly aware of it. That's why your firm's training strategy plays a major role in your recruitment efforts. In a workforce study about Generation Z from Robert Half and Enactus, 64 percent of Gen Z professionals said the opportunity for career growth is a top priority when looking for a job. By comparison, only 44 percent said

a generous compensation package was essential.

Publicize your professional development program in job descriptions, on your website and social media, at college career fairs, and during interviews. Let candidates know your company is committed to growing staff members' potential and promoting from within.

### **Do players respond well to current training options?**

Baseball teams may show training videos and even use virtual reality, but the bulk of their coaching remains in person and hands on. Accounting managers shouldn't assume today's tech-savvy accountants prefer professional development via devices and apps. Those managers would be (partly) wrong.

Many professionals respond well to in-house mentorship programs. Matching up staff with a mentor is not only a proven training strategy,

but it also fosters the kind of personal relationships that encourage skilled employees to stay with the firm for the long term.

### **Am I taking advantage of individual team members' expertise?**

Take a good look at your staff. Chances are that one person is an expert pitcher (of ideas), while another regularly hits proposals out of the park. When developing a comprehensive professional development program, don't forget to tap your own talent.

In addition to sending your players to industry conferences and bringing in expert consultants who can impart in-demand expertise, ask the team's MVPs to give presentations on what they've learned recently. This is a cost-efficient way of spreading knowledge and building an all-star team. Furthermore, these stars will be inspired knowing you think so highly of their abilities.

### **Am I prepared for injuries?**

Okay, accountants don't usually have to worry that a torn ligament or rotator cuff tear will sideline them for the entire season. However, good managers do prepare for skills gaps, which can occur when team members retire or suddenly resign to accept a new job. If your finance team isn't ready to fill that gap immediately, you're going to have a hard time winning.

Effective professional development takes into account both the present and the future, so let spring training be a time when you build your bench strength. Create a system where you pair up employees and have them learn the basics of each others' duties. Job rotation is also a good way to make sure team members gain a diverse skill set. And don't forget succession planning, where you groom promising players for roles of greater responsibility.

Keeping your team in top shape should be a priority. Give your players — both the rookies and the veterans — the professional development they need, and your department will commit fewer errors and hit more home runs. ■



# How Much Does the Skills Gap Cost Businesses?

By Isaac M. O'Bannon, Managing Editor

It's one of today's most vexing economic puzzles: Why can't employers find workers to fill their positions when approximately 7.5 million Americans are unemployed, and millions more are working part-time because they can't find full-time positions or have given up looking for work altogether? According to a new CareerBuilder survey, nearly 60 percent of U.S. employers have job openings that stay vacant for 12 weeks or longer. The average cost HR managers say they incur for having extended job vacancies is more than \$800,000 annually.

CareerBuilder's latest studies on the effects of the skills gap on the U.S. labor market were conducted online by Harris Poll from November 16 to December 6, 2016 and February 16 to March 9, 2017. These studies included representative samples of 2,391 and 2,380

*"There's a significant supply and demand imbalance in the marketplace, and it's becoming nearly a million-dollar problem for companies."*

employers, respectively, and 3,411 and 3,215 workers, respectively, across all industries in the private sector.

According to the survey, 68 percent of employers who said they were increasing their number of full-time, permanent employees in the first quarter (Jan.1-March 31, 2017) currently have open positions for which they cannot find qualified candidates. This is consistent



across company sizes with larger companies – which tend to have more job openings in general:

- 1-50 employees: 49 percent
- 51-250 employees: 74 percent
- 251-500 employees: 72 percent
- 501+ employees: 71 percent

"The gap between the number of jobs posted each month and the number of people hired is growing larger as employers struggle to find candidates to fill positions at all levels within their organizations," said Matt Ferguson, CEO of CareerBuilder and co-author of The Talent Equation. "There's a significant supply and demand imbalance in the marketplace, and it's becoming nearly a million-dollar problem for companies."

Read more at: [www.cpapracticeadvisor.com/12330196](http://www.cpapracticeadvisor.com/12330196)

## THIS MONTH'S TOP SMALL BUSINESS SOCIAL MEDIA POSTS

- 3 Things You Must Know Before Starting a Business - Amy Vetter on LinkedIn: <http://bit.ly/2pEvVdR>
- Never Burn a Bridge: A Client Came Back After 3 Years - Scott Cytron on LinkedIn: <http://bit.ly/2qoZ1P5>
- Registering a Trademark FAQs - Nellie Akalp on the Corpnet blog: <http://bit.ly/2p1Z3YD>
- 4 Steps to Help Manage Your Operating Cash Flow Statement - Dennis Najjar on the AccountingDepartment.com blog: <http://bit.ly/2p4Lf0a>
- The Gig Economy and Its Impact on Your Business - Barbara Weltman blog: <http://bit.ly/2p51N8f>

## LATEST SMALL BUSINESS NEWS

**Manufacturers Increase Use of Internet of Things.** Half of plant production and equipment processes are already being managed via the IoT, and that number is set to climb. [www.cpapracticeadvisor.com/12326247](http://www.cpapracticeadvisor.com/12326247)

**Farmers Face Soaring Health Care Costs** - Agricultural businesses say that as costs soar, health insurance has replaced markets and weather as many agriculturalists' biggest concern. [www.cpapracticeadvisor.com/12321934](http://www.cpapracticeadvisor.com/12321934)

**Down Payment is Greatest Barrier to Buying a Home.** Almost 70 percent of renters surveyed cite the down payment as a greater barrier to homeownership than debt, job security and qualifying for a mortgage. [www.cpapracticeadvisor.com/12325358](http://www.cpapracticeadvisor.com/12325358)

**U.S. Business Optimism at Record High.** The study suggests that the new pro-business U.S. administration is acting as a catalyst, releasing pent-up confidence after a long period of sup-

portive monetary policy and cheap oil. [www.cpapracticeadvisor.com/12324386](http://www.cpapracticeadvisor.com/12324386)

**Illinois Considers Proposal to Legalize Marijuana.** A panel discussed business and societal impacts, noting that there are about 3,000 licensed marijuana businesses in Colorado, about half medical and half recreational. [www.cpapracticeadvisor.com/12327328](http://www.cpapracticeadvisor.com/12327328)



## Top CPA Exam Scorers Honored

The American Institute of CPAs (AICPA) has awarded the top scorers on the 2016 Uniform CPA Exam with its Elijah Watt Sells Award. The award was bestowed upon CPA candidates who have obtained a cumulative average score above 95.50 across all four sections of the CPA Examination, passed all four sections of the Examination on their first attempt and completed testing in 2016.

A total of 102,323 individuals sat for the Examination in 2016, with 58 candidates meeting the criteria to receive the Elijah Watt Sells Award.

"The CPA Examination, along with the education and experience required sets a high bar for entry into the profession. This serves to protect the public interest by ensuring that only qualified individuals earn a CPA license," said Michael Decker, AICPA Vice President of Examinations. "On behalf of the AICPA, I'd like to congratulate this year's winners of the Elijah Watt Sells award on their outstanding accomplishment and wish them the best of luck in their careers."

More at:  
[www.cpapracticeadvisor.com/news/12330668](http://www.cpapracticeadvisor.com/news/12330668)

## AICPA Creates Cybersecurity Risk Management Reporting Framework

At a time when organizations around the world are facing cybersecurity attacks, it is more important than ever for them to demonstrate to key stakeholders the extent and effectiveness of their cybersecurity risk management efforts. To help businesses meet this growing challenge, the American Institute of CPAs (AICPA) has introduced a market-driven, flexible and voluntary cybersecurity risk management reporting framework.

"Cybersecurity threats are escalating, thereby unnerving boards of directors, managers, investors and customers of businesses of all sizes – whether public or private," said Susan S. Coffey, CPA, CGMA, AICPA executive vice president for public practice. "While there are many methods, controls and frameworks for developing cybersecurity risk management programs, until now there hasn't been a common language for companies to

communicate about, and report on, these efforts."

The AICPA's new framework will enable all organizations – in industries worldwide – to take a proactive and agile approach to cybersecurity risk management and to communicate on those activities with stakeholders.



More at: [www.cpapracticeadvisor.com/12329194](http://www.cpapracticeadvisor.com/12329194)

## New ERISA Auditing Standards Proposed

The AICPA's Auditing Standards Board has issued Exposure Draft, Proposed Statement on Auditing Standards (SAS), Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA, specific to audits of financial statements of employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974 (ERISA).

This proposed SAS addresses the auditor's responsibilities to form an opinion and report on the financial

statements of ERISA plan financial statements, and the form and content of such reporting, including reporting on specific plan provisions relating to the ERISA plan financial statements and reporting when management imposes a limitation on the scope of the audit in accordance with ERISA section 103(a)(3)(C).

For audits of ERISA plan financial statements only, this proposed SAS would apply in place of AU-C section 700, Forming an Opinion and Reporting on Financial Statements

(AICPA, Professional Standards), and paragraph .09 of AU-C section 725, Supplementary Information in Relation to the Financial Statements as a Whole (AICPA, Professional Standards).

The proposed SAS also would amend various other AU-C sections in AICPA Professional Standards. The proposed SAS would be effective for audits of financial statements for periods ending on or after December 15, 2018.

The comment period ends on August 21, 2017.

## AICPA ENGAGE Conference Set for June 11-15

AICPA ENGAGE, an event that combines six public accounting, tax, personal finance and marketing conferences under a single roof, offers one of the most unique opportunities for career advancement, networking and practice development in the accounting and finance professions.

The full agenda for the event, which will be held in collaboration with the Association for Accounting Marketing from June 11-15, 2017, at the MGM Grand in Las Vegas, is available at [aicpaengage.com](http://aicpaengage.com).

Besides professional learning and networking opportunities, AICPA ENGAGE will offer several innovative programming features, including:

- An expanded exhibit hall, with over 150 relevant companies, CPE-eligible learning labs, interactive product demos and an "expert access" zone where participants can mingle with speakers after their sessions for more

in-depth discussions

- A "professional impact" track staffed by AICPA experts on such topics as peer review, the CPA Exam, regulatory and legislative updates from our D.C. tax team, and competency-based renewal requirements for AICPA credentials, among other issues
- Increased interaction for online conference attendees, including morning wake-up conversations for remote participants and online moderation of select sessions
- More than a dozen pre-conference, specialty workshops, including the Private Foundation Summit and a session on cybersecurity risk management program essentials



## New Version of CPA Exam Released

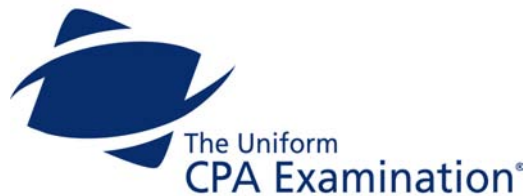
By Isaac M. O'Bannon, Managing Editor

The American Institute of CPAs (AICPA), National Association of State Boards of Accountancy (NASBA) and professional testing company Prometric have released the latest revised version of the Uniform CPA Examination.

The next generation exam, which began testing on April 1, has added additional assessment of higher-order cognitive skills that test a candidate's critical thinking, problem solving and analytical ability. The exam also makes greater use of task-based simulations (TBSS) as a means of assessing these higher-order skills. Recent research confirms that CPAs are now performing tasks that rely upon these skills earlier in their careers.

"The roles and responsibilities of newly licensed CPAs are constantly evolving, so it's crucial for the CPA Exam to stay ahead of the curve. The CPA Exam now better reflects the knowledge and skills essential to today's profession," said Michael Decker, AICPA vice president of examinations. "With an eye toward the future, we'll continue to work with stakeholders to ensure that the CPA Exam, along with the experience and education requirements, maintains the high bar for entry into the profession."

"The new Exam Blueprints demonstrate the continuous enhancement model of the Uniform CPA Examination," said Colleen Conrad, CPA, NASBA executive vice president and chief operating officer. This strengthens the public protection role of Boards of Accountancy by enhancing the examination portion of the licensing model (education, examination and experience) used to regulate more than 700,000 licensees throughout the U.S.," she continued.



Among the most important changes to the CPA Exam:

- Exam Blueprints containing approximately 600 representative tasks across all exam sections are available on the AICPA website. The blueprints replace the Content Specification Outline and Skill Specification Outline.
- The exam remains composed of the four existing sections: Auditing and Attestation, Business Environment and Concepts, Financial Accounting and Reporting, and Regulation.
- Total CPA Exam testing time increased from 14 to 16 hours – four sections of four hours each.
- A new, 15-minute standardized break during each section that will not count against a candidate's testing time had been added.

### THIS MONTH'S TOP A & A SOCIAL MEDIA POSTS

- Experienced Auditors Detect Fraud Better Than a Computer - Bloomberg BNA Blog: <http://bit.ly/2p1v2YO>
- FAQ on Decrypting Tax Documents with AES Script - Brian Tankersley's CPA Technology Blog: <http://blog.bftcpa.com>
- AI is Coming Faster than You May Think - Tom Hood on LinkedIn: <http://bit.ly/2psbqAL>
- Why a Remote Accounting Department Delivers More Value - Stephen King on the GrowthForce blog: <http://bit.ly/2pTr21s>
- How to Tell When a Business Goes "fraud-blind" - Jerry Murray on the GPP CPA blog: <http://bit.ly/2p4RVLJ>

## LATEST A & A NEWS

### Ranking the Best Accounting Firms of 2017.

Each year, Vault ranks the best accounting firms in the U.S., using several metrics, along with "insider information" from actual employees of the firms. [www.cpapracticeadvisor.com/12327445](http://www.cpapracticeadvisor.com/12327445)

### KPMG Dismisses Head of Audit Practice and 5 Others.

The firm learned in February that a staff member received and share confidential information from a then-employee of the PCAOB. [www.cpapracticeadvisor.com/12327378](http://www.cpapracticeadvisor.com/12327378)

### Survey Shows Doubt on Value of Mandatory Auditor Rotation.

Research in a journal of the American Accounting Association goes to the heart of the auditor-client relationship. [www.cpapracticeadvisor.com/12327965](http://www.cpapracticeadvisor.com/12327965)

### Most CFOs Aspire to Be CEO.

More than six in 10 CFOs (64 percent) said they are motivated to become CEO of their organization, with nearly a quarter (23 percent) stating they are very motivated. [www.cpapracticeadvisor.com/12327131](http://www.cpapracticeadvisor.com/12327131)

### Are Your Clients Ready for a Corporate Governance Review?

Corporate governance is an increasingly key component of insurance regulatory reviews, with the National Association of Insurance Commissioners (NAIC) and state regulators targeting new reporting requirements. [www.cpapracticeadvisor.com/12326250](http://www.cpapracticeadvisor.com/12326250)

# 3 TECH TRENDS FOR ACCOUNTANTS TO WATCH

KIMBERLEY N. ELLISON-TAYLOR, chairman of the AICPA, recently noted that technology tops her list of the most important trends shaping 2017 because it will drive so many of the profession's opportunities and challenges in the year ahead. But how are accountants supposed to keep up with all of the technological trends?

To be certain, many accountants could make a full-time job out of simply trying to understand the various types of technology that can make their personal lives easier and their practices more profitable and secure. However, three technology trends are of particular interest to public accountants because of their potential to transform major aspects of the profession. These three trends are: the progress of blockchain technology, the continued shift to the cloud, and advances in automation. Below are brief descriptions of each trend.

## 1 PROGRESS OF BLOCKCHAIN TECHNOLOGY

Some industry experts believe that blockchain technology can

be used to revolutionize accounting in several areas, but the term and some of its descriptions have left many people confused. One of the best explanations of what blockchain technology is comes from a startup that is developing blockchain technology for financial transactions. In an interview with the Wall Street Journal, Digital Asset Holdings CEO Blythe Masters described blockchain simply as a form of database architecture:

*"You all know what databases are, you use them in your different businesses extensively. The thing about databases is they're siloed and they're generally centralized, and they're owned and managed by someone who has unilateral editorial rights.*

*So when multiple parties to a*

*common transaction interact, they are inclined to keep their own separate records of their respective piece of a joint transaction, and that leads to tremendous inefficiencies. An enormous amount of time, particularly but not limited to financial services, is spent reconciling the differences between records kept in distinct databases that ultimately refer to the same transaction between two parties.*

*Blockchain technology, or distributed ledger technology, is just a way of using the modern sciences of encryption to enable entities to share a common infrastructure for database retention."*

In other words, instead of companies keeping and then reconciling records of the same transaction in their separate, privately managed databases, or ledgers, both sides

of the transaction are recorded simultaneously in a shared ledger.

Some in the accounting profession believe blockchain technology is currently at the height of the "hype cycle." Though enthusiasm about this technology is high, experts do foresee several practical potential uses of blockchain technology in the profession. For example, this technology could help create completely traceable audit trails or ultimately automate the entire audit process. Other blockchain potential uses outlined have included authentication of transactions, tracking ownership of assets, and development of "smart contracts," or computer programs that could pay an invoice after confirming that delivered goods have been received as promised and confirming that sufficient funds are available for payment.

## 2 CONTINUED SHIFT TO CLOUD COMPUTING

Erik Asgeirsson, president and CEO of CPA.com, has noted that the shift



# TRENDS IN ACCOUNTANTS RESEARCH IN 2017

to cloud computing will continue to be among important tech trends for accountants to watch. “We’re seeing broad pickup in cloud services and other emerging technologies,” Asgeirsson said in a recent news release describing results from a recent survey by CPA.com and the AICPA’s Private Companies Practice Section. “The next wave that leads to greater productivity and capabilities for advanced firms is fuller integration of these technologies and the elimination of bottlenecks in work processes.”

The 2016 National Management of an Accounting Practice survey found that the use of cloud services by CPA firms has grown since 2014, with 56 percent of all firms surveyed saying they use cloud-based software, up from 48 percent in 2014 and 29 percent in 2012. Asgeirsson noted that cloud computing has helped turn client accounting services into a high-margin, high-growth line of business for many firms. However, other research on cloud computing has identi-

fied the technology as even more pervasive across all industries. Some 90 percent of respondents in the Future of the Cloud Computing Survey reported they use the cloud in some way. The survey also found that software-as-a-service (SaaS) is the most popular cloud technology, with 7 in 10 companies indicating they use it in some way.

Cloud computing has implications for accounting firm growth. Research by Xero recently found that accounting and bookkeeping firms that are “all in” with the cloud (i.e., with the highest concentration of clients using cloud accounting software) have higher growth rates than firms that are not “all in.” Given that cloud computing makes it easier for staff to work from anywhere, it can also impact the ability to recruit and retain staff. The CEO of Accountingfly, an online career center for accountants, recently reported that job opportunities listed as “remote” see seven times more applicants than traditional in-house CPA positions.

## 3 ADVANCES IN AUTOMATION

While artificial intelligence and data analytics may provide huge opportunities for audit, tax and client accounting services in the future, a prerequisite to widespread use will be the continued automation of data inputs, according to Asgeirsson. In auditing, for example, there’s a lot of inefficiency in gathering the audit evidence. However, automating this process can generate complete data sets that analytics can be run on and ultimately, artificial intelligence can be applied to. Similarly, automating more of what is put into client accounting systems (such as expense reports), can pave the way for use of more sophisticated technologies for analysis.

For example, Sageworks’ Electronic Tax Return Reader allows accountants to quickly import business information, financials and real estate data from tax returns produced directly from a tax package. Thought leaders such as McKinsey & Co. expect certain

activities that commonly occur in accounting firms, such as data collection and data processing, will increasingly become automated. In fact, the firm estimates about 60 percent of all occupations could have 30 percent or more of their basic activities automated. As automation replaces these repetitive or routine tasks, employees will be able to spend more time on tasks that utilize abstract skills such as problem-solving, creativity and relationship-based persuasion.

For example, accountants using some software solutions can automatically import business information, financials and real estate data from tax returns produced by a tax package and then analyze the data so that the accountant can move on quickly to offering advice related to the findings. ■

*Mary Ellen Biery is a research specialist at Sageworks, a financial information company that provides financial analysis and valuation applications to accounting firms.*

## 10 Tips for Firm Retreats

By Gary Adamson, CPA

ANOTHER TAX SEASON is over and many CPA firms are turning their attention to scheduling their annual planning retreat. If you're not one of them then I encourage you to become one; planning retreats are a critical part of firm management and strategy. It is the process where your leadership group establishes the road map for the firm for the next year and beyond. You know the old saying "if you don't know where you're going, any old road will do".

As a former managing partner (MP) with a firm who religiously held an annual retreat, I can offer a few tips to you from experience that will help you get the most out of the process. You're investing a lot of time (= money) taking your top talent out of production, so make it worthwhile.

Here are my ten tips. Give them to your MP or firm administrator. It's a quick checklist to help you.

**1 Venue.** Hold the retreat outside your offices. Select a comfortable meeting facility far enough away from the office that it is not easy for people to "stop by" the office. Better yet, hold it out of town. This takes a little bit more planning but is worth it. We used to alternate between staying local and going to a resort location every other year.

**2 Mix in Some Fun.** You don't get the group together very often. Take advantage of the opportunity to do something as a group that's not business. It will help you get to know each other better and perhaps take the edge off of the retreat itself, particularly if you have some tough issues to discuss.

**3 Spouses?** This is a business meeting and a time to be with your business partners. That said, I'm a realist. Depending on your destination, if spouses are going to show up, try to make it before or after, not during.

**4 Duration.** One day or two? My experience is that it is tough for most firms to get it all done in one day, but on the other hand two full days can be exhausting for the group. Consider a day and a half or so, concluding early afternoon on day two. The opportunity to "sleep on it" can be good and the second morning conversation is often the most valuable of the retreat.

**5 Outside Facilitator (or Not).** I have a strong opinion here and not just because I do a lot of retreat facilitation. In the no-facilitator approach, your MP usually winds up leading the retreat because "someone has to do it". When you put your MP in that role, it creates a very different atmosphere and changes the dynamics of his or her participation. Most firms find that it is worth the investment to bring in the outside person.

**6 Survey.** Make sure that you survey your group and develop the agenda



beforehand. It takes too much time to try to do it on site at the retreat. The survey is best done by the outside facilitator in a confidential manner, meaning that individual comments are not shared. Typically the facilitator and the MP will use the survey results and work together to develop the agenda.

**7 Strategic.** Remember that your annual planning retreat is a strategic meeting of the firm's leadership. It is about the future of the firm and where we're going – big picture things. It's not about billing rates or staff salary increases or things that are part of the day to day management of the firm.

**8 How deep do we go?** This is the question about whether we are flying at the 30,000 ft. view or do we get into the weeds? The answer should be somewhere in between. The purpose of the retreat is not to hash out detailed solutions to problems or questions. It is to develop the question or issue far enough to articulate agreement on a direction and an action plan to later deal with the details.

**9 Short List / Short Time Frame.** I strongly suggest that you keep your action plan coming out of the retreat to a relatively short list and that you focus on what you can get done in the next several months excluding busy season. Figure out what is really important and don't overcommit. Coming out with a laundry list and unreasonable expectations is setting you up to fail. And, we all know that implementation is where most of us drop the ball.

**10 Implementation.** Make sure that you spend some time at the retreat talking about how you will implement beyond putting a name and date beside each action item. How are you going to make sure that the ball isn't dropped? You need an implementation action plan and it's really up to your MP after the retreat to keep it alive.

Gary Adamson is a CPA and the President of Adamson Advisory, specializing in succession planning and strategic planning for CPA firms. For more about Adamson Advisory, visit [www.adamsonadvisory.com](http://www.adamsonadvisory.com) or follow the company at [www.adamsonadvisory.com/blogArticle](http://www.adamsonadvisory.com/blogArticle) - and [www.twitter.com/adamsonadvisory](http://www.twitter.com/adamsonadvisory). He can be reached at (765) 488-0691 or [gadamson@adamsonadvisory.com](mailto:gadamson@adamsonadvisory.com).





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## Reaching Clarity On Remote Work Policies

REMOTE WORK IS a popular topic of discussion at many firms across the country. Yet few firms sit down to flesh out detailed policies for remote workers before their first virtual employee is in place. Typically, one valuable employee requests to work from home and soon more follow, either on a full-time or as-needed basis. Before long, the firm has several employees with a wide range of remote work situations, and somebody asks, “Should we have a formal policy for this?”

If your firm doesn't have official policies for remote work, now is the time to work on getting one in place. Here are a couple areas to consider.

### WHAT TECH DOES THE FIRM PROVIDE?

When your employees work from home, do they use their own computers or ones provided by the firm?

In our experience, firms provide a full setup for fully work-from-home employees, just as they would outfit a workstation in the office. When it's a second office for an employee working remotely occasionally or on a part-time basis, there is very little uniformity.

Who provides the tech is a critical question. Is your employee accessing client data on an operating system that hasn't been updated in a decade? Does the employee use firewalls or current antivirus software? Do other members of

the household have access to that computer? Is the computer left in a vehicle when traveling or does the employee access client information while working on public networks? You may want to consider providing hardware and software that addresses all of these issues for remote workers or make firewalls, physical security and antivirus software part of your formal policy.

### HOW WILL YOU REMAIN CONNECTED?

This isn't about internet speed but about maintaining a connection between remote workers and people in the office. A major perk of remote work is flexible hours that accommodate personal and family responsibilities. But there should be a policy in place outlining hours the employee will be available and how quickly they respond to emails and calls. We also recommend investing

in technology that allows workers to collaborate and video conference for “face-to-face” communication.

### WHO IS ELIGIBLE FOR REMOTE WORK?

The fact is that not every employee has the discipline to work remotely and remain productive on a long-term basis. Furthermore, some positions in the firm just don't lend themselves to remote work. Your policies should outline who is eligible to work remotely. Do employees have to earn the right after demonstrating their work ethic in the office? Or will new hires be able to take advantage right away? Also, consider a scenario in which an employee who has been allowed to work remotely isn't meeting expectations. What is the policy for bringing remote workers back into the office?





### HOW WILL REMOTE WORK BE MEASURED?

When we see firms that remain resistant to remote work, the issue is never technology. They may blame tech, but the real problem is their own management style. Managers of remote workers cannot rely on measuring productivity by the number of hours an employee spends in the office. Instead, they need to look at the amount and quality of work being produced. Your policies should address how a remote worker's productivity will be measured, and every remote worker should have clearly defined responsibilities and goals they are expected to achieve. Also, consider whether a remote worker has the ability to advance in their role as they would in the office. Will they continue to be promoted? Or will their career stagnate when they are “out of sight, out of mind?”

If your firm hasn't started addressing remote work policies, it's time to give these questions some thought. Your ability to attract and retain the best employees depends on your ability to offer flexible work arrangements. And the cost of making remote work arrangements successful pales in comparison to losing a valuable employee. ■



## MARK YOUR CALENDAR:

- 5/25 National Accounting Day
- 5/29 Memorial Day 
- 6/4-7 Scaling New Heights Conference: [www.ScalingNewHeights.com](http://www.ScalingNewHeights.com)
- 6/6-7 California Accounting & Business Show & Conference: [www.FlaggMgmt.com/ca](http://www.FlaggMgmt.com/ca)
- 6/11-15 AICPA ENGAGE Conferences: <http://www.AICPAEngage.com> 
- 6/14 Flag Day 
- 6/15 Deadline for expat taxpayers' 1040 returns or extension requests
- 6/15 Second quarter estimated tax installment due
- 6/18 Father's Day
- 6/21 First Day of Summer
- 6/21 AICPA Not-for-Profit Conference: <http://not.AICPAStore.com/> 
- 6/28 Insurance Awareness Day - Now who do you think invented that!?!

## YOUR TO DO LIST:

- **Webcast:** Tech Tips with Microsoft and the SBA <http://bit.ly/2pkbR1v>
- **Home Improvement:** 5 Budget-Friendly Projects You Can Do in a Day <http://bit.ly/2gknf8K>
- **Get a Green Thumb:** Apps We Love for Gardening [www.cpapracticeadvisor.com/12312423](http://www.cpapracticeadvisor.com/12312423)

## WHAT YOU'LL FIND IN THE JUNE CPA PRACTICE ADVISOR:

- Monthly Theme: Expense Reporting
- Reviews: Travel and Expense Reporting Systems
- Expert Commentary: Managing T&E Reporting and Reimbursements
- Features: 2017 Innovation Awards
- Building Your Niche Practice: Truckers/Transportation
- Social Media Tips: Marketing to Mobile Businesses
- Apps We Love: Communication

## WHAT'S ONLINE AT CPAPRACTICEADVISOR.COM:

- Tax Court Denies Stockbroker's Questionable Meal and Phone Expenses [www.cpapracticeadvisor.com/12332164](http://www.cpapracticeadvisor.com/12332164)
- The Top 4 Things CPAs Should Know About Trademarks [www.cpapracticeadvisor.com/12331631](http://www.cpapracticeadvisor.com/12331631)
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- Clayton Confirmed as Chair of the SEC [www.cpapracticeadvisor.com/12331395](http://www.cpapracticeadvisor.com/12331395)
- AICPA Offers New Credential for Fair Value Measurement [www.cpapracticeadvisor.com/12330949](http://www.cpapracticeadvisor.com/12330949)
- How Much Does the Skills Gap Cost Businesses? [www.cpapracticeadvisor.com/12330196](http://www.cpapracticeadvisor.com/12330196)

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