

Helping Clients Rebuild After Hurricane Michael

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**The Georgia Society
of CPAs**

January/February 2019 | Volume IX, Issue 1

Health Care Conference

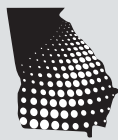
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Hands Free

Boyd Search, CAE



Heads-up Georgia! If you haven't been paying attention, Georgia's General Assembly passed the "Hands Free Law" during the 2018 session and soon after it was formally signed into law by Governor Deal. State Representative, and GSCPA member, John Carson

played a critical leadership role in the process. The law is already saving lives. Our attention required by multiple things in pursuit of one thing is an everyday occurrence in life. In the car, we're paying attention to the road ahead, the traffic surrounding us, the weather, the speed limit, the navigation system, and maybe the radio, a phone call, or other passengers. The consequences of not processing all those things effectively can be deadly and keeping your hands literally on the wheel and eyes on the road makes all the difference in safety. Behind the wheel of a car is not the only place requiring that level of diligence.

This time of year, many of you are likely planning the year that lies ahead. You're asking yourself questions. What will I try to improve? How will I be different? What will this year mean to me and my family? Many of us will commit to resolutions founded in the answers to those questions. As the year rolls on, we'll make progress on some and others will fall by the wayside. In life we get distracted, and it's easier than ever to become so. Getting thrown off course isn't always fatal, but there are things that continuously require diligence and patience and need our best efforts to ensure we don't become distracted.

The CPA profession isn't any different. We are surrounded by items needing real attention, offering distractions, all of them holding legitimate places – tax reform, standards overload, regulatory overload, technology, talent and human capital, volatile markets, complexity of work, and on and on and on. Keeping our hands on the metaphorical wheel of the profession is more important than ever. And one such item requiring attention is "CPA Evolution." The skills required to fully serve client and employer needs continues to rapidly shift and expand, particularly in business intelligence and technology. Talent hires in firms and companies have shifted as a result, with an increase in non-CPA hires in the traditional accounting space.

Initially there was discussion of an "Alternative Pathway" within the CPA exam that would recognize a successful candidate as being proficient in business intelligence, IT risks, and emerging technologies, but for a variety of reasons that was quickly tabled. NASBA and the AICPA have now assembled a 10-member working group, tasked with considering how to evolve the CPA exam to best meet the needs of the market place now and in the future. We are fortunate to have the Georgia State Board of Accountancy Chair, Clay Huffman, as a member of The CPE Evolution Working Group, and he is fully committed to ensuring a thorough and thoughtful process.

What you need to do is not get distracted and keep yourself informed as the CPA Evolution discussions unfold in the coming year. GSCPA is here to make sure your thoughts, perspectives, and opinions are heard, so do not hesitate to share those with us. Keeping our hands on the wheel of this journey is vital to the integrity and long-term efficacy of this great profession.





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New Year, New Path, New Evolution

Scott Collins, CPA



The start of a new year brings us a clean slate and 365 new opportunities. As we examine the year ahead and set our goals, it's important to stay focused on what new and changing initiatives are happening within the CPA profession. Licensing is an important aspect of our careers. In fact, 2019 is a reporting year, meaning we need to make sure our CPE is

up-to-date, and we renew our licenses by December 31.

In recent months, there has been discussion about changing the licensure model. The CPA Evolution Project, headed by the National Association of State Boards of Accountancy (NASBA) and the AICPA, is exploring possible changes to the CPA licensure requirements that would incorporate the skills and competencies in areas such as technology and data analytics that are increasingly needed in practice and business. This project was formerly known as the CPA Pathways Project.

In 2017, the original discussion stemmed from the fact that technology is changing the accounting profession and these changes will be continuous in the years to come. Due to these changes and disruptions, consideration was given to changing the definition of "CPA" to include technologists; CPA working in technology. This was the vision for the new "pathway." Developing skills around new technologies, such as blockchain, would keep CPAs and the profession on the cutting edge of business and open new opportunities.

Fast forward from the original discussion in 2017 to now. Leaders of the CPA profession, the regulatory community and representatives from critical stakeholder groups are joining together to explore possible changes to the CPA

licensure model that embrace the need for expanded skillsets of professionals. The goal of the effort is to align licensure with how CPAs will perform services in an increasingly technologically-driven environment. NASBA and the AICPA have developed The CPA Evolution Working Group to further discuss and research these options.

The working group consists of representatives from boards of accountancy, state CPA societies, CPA firms of all sizes from around the country, the accounting academic community, and NASBA and AICPA volunteer committees. They have been tasked with advising NASBA and the AICPA on actions that would position the profession for the future while continuing to protect the public interest. The Group will be meeting this winter to determine recommendations presented to state boards, state societies, CPAs and other stakeholders later this year.

Through this evolution of the CPA credential, building related technology knowledge into curriculum and testing will be part of the research and recommendations. As part of the licensing requirements, it will also need to be incorporated into the CPA exam to test for proficiency in all areas of accounting.

As this process unfolds and take shape, GSCPA will be here to keep you informed of the latest recommendations and visions. In the meantime, I encourage all of you to get a head start on your CPE for the year. Utilize the My CPE Transcript benefit of your membership on the website (under the My GSCPA tab) to see what you have left to take for the year and plan ahead. Happy New Year to you all! I'm looking forward to a successful 2019.



Helping Clients Rebuild After Hurricane Michael



by Natalie Rooney

When Hurricane Michael and its 115 mph winds slammed into Georgia beginning on Oct. 9, 2018, it did so as the first Category 3 hurricane to make a direct hit on the state in more than a century. Now, months later, Georgia's CPAs and their clients are still sifting through the aftermath.

No Time to Prepare

In mid-September, when Hurricane Florence pummeled the Carolinas, meteorologists had been sounding the alarm bells for a week. With Hurricane Michael, word – and warnings – came just days in advance.

With little time to prepare, Donna Walker, CPA, a sole practitioner in Tifton, was concerned. “I’m the only CPA here,” she says of the small, rural town in south-central Georgia. Her clients include farmers, small businesses and individuals.

The individual extension deadline was looming as the storm approached. Walker reached out to clients, reminding and encouraging them to submit their information so she could file their tax returns before the storm hit. She had learned the hard way in 2017 what it can be like to try and file when Mother Nature is wreaking havoc. “All of this just isn’t normal for South Georgia,” she says. Although extensions had been given the year before, Walker says you never know if the IRS is going to grant one. Ultimately, the IRS did grant extensions for victims of Michael, but Walker knew she had better be prepared, just in case.

While Walker’s clients were top of mind, she was also in a scramble to get her own rural property prepared for the storm, trying to get at least the basics taken care of – cooking meals in advance, making sure the car had a full tank of gas, and checking on her family to make sure they were prepared, as well. And then, while the storm raged, “We stayed in, stayed safe, and prayed a lot,” Walker says.

The Agricultural Aftermath

As a rural, agricultural area, southwest Georgia will be feeling the economic impact of Hurricane Michael for decades. Estimates from the Georgia Department of Agriculture put losses at approximately \$2.5 billion.

Georgia is the country’s top pecan-producing state and the 2018 harvest was just getting underway when 100-mph winds knocked nuts, limbs and trees to the ground.

Marlan Nichols, CPA, partner at Nichols, Cauley & Associates, LLC and a GSCPA past chair, calls the devastation from Michael “unreal.” The firm has eight offices throughout Georgia, but the two impacted most heavily are in Warner Robins and Dublin.

When Tropical Storm Irma hit the same region in 2017, it affected mostly younger pecan trees, but if growers thought 2017 was bad, it is nothing compared to the devastation from Michael, which took out mostly older, more-productive trees.

Walker says her clients were frantically trying to get crops out of the fields prior to the storm, but many pecans weren’t yet ripe and were knocked out of the trees by the storm. Those nuts were lost, either buried under debris or crushed during clean up.

But even beyond the damage to this year’s crop are the long-term impacts: pecan trees take seven to eight years to bear nuts again. And if trees were completely destroyed, farmers will need to start from scratch – if they can even find young trees to replant.

John McDuffie, CPA, a partner in Mauldin and Jenkins’ Albany office, says clients have seen significant impact and damage to their pecan crop, including groves that may have lost as much as 30 percent of their trees, and in some cases 100 percent of the current year’s crop. He confirms the dire situation for the pecan farmers in terms of current yield and future crops. “Even if you plant a pecan tree today, you will get nothing from that tree for the next ten to twelve years,” he says. One of the firm’s client had 92-year old trees and a significant portion of them are gone. Another client bulldozed 400 acres of trees.

Ryan Inlow, CPA, partner at Mauldin and Jenkins, says he has seen estimates that the economic loss from the pecan harvest alone is \$650 million. “It destroyed the trees themselves,” he says. “It will be twenty years before some farmers are producing significant yields again.”

Hurricane, continued on page 10

Inlow and McDuffie also describe devastation on the area's cotton farms. "Any cotton that had been sprayed to defoliate in preparation for harvest is just gone – blown right out of the fields," McDuffie says. "You couldn't tell much difference from a field that had been harvested and one that had been defoliated. They looked the same."

This year's peanut crop will be a big mystery as well. Thanks to the combination of a late planting after a wet spring, Hurricane Michael damage, and a rainy November, the peanut harvest may be 20 percent below normal, according to agronomists.

The damage extends beyond the farms themselves to the various agribusinesses in the area. For example, buying points, where peanuts are taken to dry, were without power for more than a week. The timber industry also suffered huge losses with more than one million acres of trees were blown over.

Legislative Assistance

Inlow says the big question on everyone's mind following Michael was what kind of relief would be coming and when.

The State of Georgia held a special legislative session in mid-November and passed House Bill 1EX providing up to \$270 million in emergency funding for state agencies and local governments in areas most heavily impacted by Hurricane Michael. Gov. Deal also signed House Bill 4EX, which creates a tax credit for certain taxpayers within southwest Georgia's timber industry who incurred significant expenses due to Hurricane Michael.

McDuffie praised GSCPA's work with legislators to utilize business casualty loss calculations to determine who would be entitled to the credits. In the past, federal laws treated two different farmers with the same economic loss differently – with one receiving the credit and one not receiving it. "Legislators reached out to GSCPA to discuss how to handle the situation equitably," McDuffie says.

Lessons Learned and Shared

Nichols' firm lost power in the Dublin office, which serves as the hub for the Warner Robins and Atlanta offices. "So, when Dublin went down, we all went down," he says. "We literally could not get to our data."

The resulting three days without power had a significant impact. Generators were rented, and the office was up and running after 48 hours, but even then, not all of the necessary tax filings were completed on time. "Some clients just couldn't comply," says Nichols. One client, an electric company, didn't have a single customer with power. At another electric company client, 80-90 percent of customers were without power, many for up to two weeks.

At TJS Deemer Dana LLP in Dublin, Tracy Sharkey, CPA, managing partner, says daily communication with staff followed a pattern of lessons learned from back-to-back storms in 2016. "We continually let our staff know we were watching Michael and how we would operate in case the office was down," she explains. An email blast went out to all clients to inform them of office closures.

Still ahead, says Sharkey, is the tedious process of dealing with FEMA. "It may take a year before those impacted see any money. There's usually crop insurance in place to help, but FEMA is backlogged."

Sharkey says the firm is reaching out to clients. "We were lucky. We didn't have any clients who were completely devastated, but they are asking about next steps. They want to know how to work through this financial situation."

Manufacturing clients face a slightly different problem; rather than physical damage, manufacturers faced productivity losses. "When you lose electricity, companies have to close for two or three days. When you're still paying your employees but not producing your product to generate revenue, that's a problem," Sharkey says. She also notes how hurricanes seem to pick a tax deadline every month to arrive. "Now that we're on our third storm, we know that when an area has been declared a federal disaster area, the extensions will come, but it still creates a lot of stress and destroys our ability to get work done."

The widespread devastation has spurred Nichols, Cauley & Associates to make some changes to its disaster plans. Generators have been installed in hub offices, and Nichols describes better security planning in the event of another disaster. Much of the firm's data had already been moved to a hosted, off-site facility. "That was a great benefit to us and saved our firm," Nichols says. The biggest step was changing communications procedures and how phone lines are set up to provide better redundancy.

"We'll have the ability to move forward," Nichols says. "But if you look at where we are, we never dreamed we'd have a hurricane of that magnitude."

Three years ago, Sharkey sat down the firm's COO. After watching a firm they knew in Louisiana go through Katrina, they decided to develop a disaster plan. And that's something she cannot emphasize enough to others – have a disaster plan. "We originally joked that we'd put a disaster plan in place, but we'd probably never put it to use," she says wryly. "We've had to use it three times."

Even taking small steps like setting up group text messages is invaluable, Sharkey suggests. "It's an easy way to check in with people and make sure everyone is okay."

Sharkey describes the biggest and most important effort was moving the firms' servers into a co-location facility; basically, it's a bunker for your servers. "Put your servers where they aren't going to be touched. As long as you can get electricity from where you are, you will not be down," she asserts. Generators will now assure there will be electricity at any TJS Deemer Dana LLP office. "Even if we close an office, people can work on their laptops from other locations."

The whole disaster situation is another plug for going paperless, Sharkey says. "If you can't get to your office and have made everything paperless, you can still function at some level."

Picking Up the Pieces

Even though they're busy helping clients recover, GSCPA members are dealing with their own damaged property. Inlow and McDuffie both had minor damage to their homes. Inlow says before FEMA began the cleanup, debris was piled so high along the roads it obscured the homes behind it.

Walker and her husband used their generators and were able to keep their own water, septic and power to the house going. Their property sustained damage, with downed trees, broken fences and damaged roofs, but after 24 hours, they were fortunate to have their electricity restored.

Sharkey says while the firm was very focused on when and how hurricanes would impact clients, they have also learned they need to reach out to staff members. "We had employees who didn't have electricity for over a week," she says. The firm offered cash to employees to help restock refrigerators or cover the costs of travel and hotels. "Our folks in Dublin opened their homes to employees who needed a place to stay," she says. The firm was also able to help employees with significant property damage secure loans to finance the repairs. "They didn't have to stress about the financial aspects of getting back into their homes."

"They will end up surviving," McDuffie says of the firms' clients. "A lot of them are generational farmers. There will be those who may not be able to continue farming, but they hardworking, resilient folks."

The longest-term impacts will be to the pecan growers, Inlow says "It remains to be seen how it impacts them for the long haul. It's going to hurt, but they will rebound."

"They'll go on," Nichols says. "What choice do they have? They'll file with insurers, deal with FEMA and GEMA to get reimbursement, and as a firm, we'll be assisting them."



Natalie Rooney, a freelance writer from Colorado, has been writing for state CPA societies for 15 years. She can be reached at nrooney@centurytel.net.

Federal Tax Form Changes Resulting from Tax Cuts and Job Act

John Masters, CPA and Joel L. Pascaner, CPA

The Tax Cuts and Job Act implemented numerous tax changes affecting partnerships, corporations, trusts, estates, and individuals. As a result, the year 2018 Tax Forms have been redesigned to incorporate these changes.

It is not possible to address all the 2018 changes in this article. However, we will mention some of the major changes of which you should be aware. Non-Profits, C Corporations, and foreign source income changes are specifically omitted from this short article.

Partnership Form 1065

- The bottom of Page 3 now requests detailed information relating to the newly enacted centralized audit regime under Sec. 6221(b). The Tax Matters Partner signature block has been replaced with the designation of Partnership Representative. In addition, an eligible partnership may elect out of the centralized partnership audit regime for the tax year on this line. The authors believe most eligible entities will wish to elect out of this regime each year.

If the election is not made, each partnership must designate a partner or other person with a substantial presence in the U.S. as the Partnership Representative having sole authority to act on behalf of the partnership. If an entity is designated as the Partnership Representative, the partnership must also appoint an individual to act on the entity's behalf. The representative's actions bind the partnership and its partners in dealings with the IRS. The designation for the year remains effective until terminated by a valid resignation, a valid revocation with designation of a successor, or IRS determination that the designation is not in effect.

- There is a new question on the bottom of Page 3 (and a new Form 8996) for the Qualified Opportunity Fund.

Estate Tax Form 706

- The Form (surprisingly) has not yet been updated or issued in draft form for estates of decedents who died during 2018. Using the current version of Form 706 with manual modifications (showing the 2018 changes) is a valid option. The authors believe that executors will usually extend the due date pending the revision of this Form.

Individual Form 1040

- The Form has been completely redesigned and is now only two pages 8 1/2" by 5 1/2." Don't mistake this as tax simplification because there are now six Schedules, each of which may be required – Additional Income and Adjustments to Income; Tax; Non-Refundable Credits; Other Payments and Refundable Credits; Other Taxes; and Foreign Addresses and Third-Party Income.
- Although dependent information is still provided on Page 1, dependency (and personal) exemptions are no longer deductible. Note that dependency determination is still required to qualify for "head of household" status, claiming "earned income credits," and qualifying for the new \$500 credit for "other qualifying" dependents.
- The child tax credit is increased to \$2,000 (\$1,400 refundable) per qualifying child.
- A Practitioner Checklist must now be completed and included with returns claiming "head of household" status.
- Form 8615 (the "Kiddie" tax) will be revised. It is no longer connected to the parent's tax rate. Instead net unearned income exceeding \$2,550 is taxed at estate and trust tax rates.
- Form 3903, Moving Expenses, will be revised. Only military personnel are now allowed this adjustment to gross income.

- The new Sec. 199A Qualified Business Income Deduction appears as a separate line item on Page 2 and is taken in addition to the standard deduction or included as an itemized deduction. Although currently unavailable, there will presumably be a new form for this calculation.
- 2018 Personal Casualty Losses are only deductible (in addition to the Standard Deduction or as one of the Itemized Deductions) if they occur in a federally declared disaster area.
- Schedule A has been modified to reflect the following changes implemented under the Tax Cuts and Jobs Act (TCJA):
 - o Overall itemized deductions are no longer limited.
 - o The medical expense deduction limitation is 7.5 percent of AGI for all taxpayers.
 - o State and local income, sales, and property taxes are limited to \$10,000 (be cautious of state programs designed to sidestep the limitation by disguising the state tax deduction as a charitable contribution). Note that state and local taxes continue to be deductible on Form 8829 (home office expense) and Schedule E

(income or loss from rental real estate). Foreign real estate property taxes are no longer deductible.

o Interest expense deduction on mortgage loans executed or refinanced after December 15, 2017 is limited to interest paid on maximum loan balances of \$750,000 total of indebtedness for purchasing, constructing, or substantially improving first and second residences.

o The deduction for charitable deductions of cash to public charities is now limited to 60 percent of AGI.

o Deductions that were subject to the two percent AGI floor are eliminated.

- Form 6251, Alternative Minimum Tax, has been changed to increase the exemption and increase the phase out levels.

- With respect to divorce agreements executed or amended after December 31, 2018, alimony paid will no longer be deductible and alimony received will no longer be taxable. The form will not likely be changed because the rules have not changed with respect to alimony paid and received pursuant to divorce agreements prior to December 31, 2018.



Summary of Schedule K-1 Changes for Trusts/Estates, Partnerships & S Corporations

Form 1041 K1 Line #	Form 1065 K1 Line #	Form 1120S K1 Line #	Description of CHANGES and ADDITIONS to SCHEDULES K and K1s
	11 Codes G, H, & I		Other Income (Loss) New Codes
	13	12	Charitable Contributions repeat Qualified Production Activities Deduction
14	20	17	
Code I	Code Z	V	*Section 199A Qualified Business Income
	Code AA	W	*Section 199A Qualified Business Wages
	Code AB	X	*Section 199A Unadjusted basis on acquisition of qualified property
	Code AC	Y	*Section 199A REIT Dividends
	Code AD	Z	*Section 199A Qualified Publicly Traded Partnership (PTP) Income
	Code AE	AA	Excess Taxable Income relates to Limitation on Business Interest Expense
	Code AF	AB	Excess Business Interest Expense relates Limitation on Business Interest Expense
	Code AG		Gross Receipt for Services
**	Code AH	AC	Other information (such as transactions reported on Form 8886)
*	Section 199A data should be provided for each trade or business using these new codes		
**	A statement must be provided (Other Information) with the details needed for each Form 1041 beneficiary to determine his/her/its own Section 199A deduction. See 1041 Instructions.		

New Guidance on the Evaluation of Noncompliance with the Risk Assessment Standards

The AICPA Peer Review Board approved a new section to Peer Review Program Manual Section 3100 titled, “Evaluation of Noncompliance with the Risk Assessment Standards,” effective for peer reviews commencing on or after October 1, 2018 through reviews commencing on or before September 30, 2021. This guidance was added to specifically address the non-conformity with current Risk Assessment Standards.

The Guidance

- Provides considerations for the reviewer to use when evaluating the reviewed firm’s compliance with the Risk Assessment Standards contained in AU-C secs. 315 and 330
- Defines the peer review impact when non-compliance is identified with those standards and
- Instructs RABs to require certain implementation plans or corrective actions when Findings for Further Consideration forms or deficiencies in the peer review report are issued

Peer Reviewer Evaluation of Engagements

When evaluating a firm’s compliance with the Risk Assessment Standards, peer reviewers should be aware of the following areas of common non-compliance.

Failure to gain an understanding of internal control when identifying client’s risks.

- Auditors are expected to perform the following steps when gaining an understanding of internal control; an audit omitting one or more of these steps results in non-compliance
 - o Consider what could go wrong as the client prepares its financial statements
 - o Identify the controls intended to mitigate those financial reporting risks
 - o Evaluate the likelihood that the controls are capable of effectively preventing or detecting and correcting material misstatements.
- Some auditors may inappropriately indicate that the requirements of AU-C 315.14 do not apply to their client

because their client has no controls.

- Auditors may erroneously default to control risk at the maximum level without gaining an understanding of the client’s internal control. This is not permitted under the current Risk Assessment Standards, even when not intending to rely on tests of controls
- Auditors may inappropriately reduce control risk to less than high without appropriately testing relevant controls

Insufficient risk assessment.

- Regardless of the nature and extent of substantive procedures, performing the audit in accordance with GAAS includes the following requirements for each engagement; omitting one or more of these requirements results in non-compliance
 - o Identify the client’s risks of material misstatement (RMM) by gaining an understanding of the client and its internal control (Identify RMM)
 - o Assess the risks (Assess RMM) and
 - o Design or select procedures that respond to those risks (Respond to RMM)
- Regardless of the size of the entity, failure to identify at least one significant risk almost always represents a failure to comply with AU-C 315.28.
- AU-C 240.26 states, there is a presumption that risks of fraud exist in revenue recognition, and AU-C 240.27 states risks of material misstatement due to fraud should be treated as significant risks.
- Failure to assess risk of material misstatement at both the financial statement level¹ and relevant assertion-level² for significant classes of transactions, account balances or disclosures represents non-compliance with AU-C 315.26.
- Some auditors are documenting RMM at the audit area level for every audit area, citing the risk assessment is the same for all assertions, when not all assertions are relevant

Failure to link procedures performed to the risk assessment

- Audit procedures should be responsive to the client's financial statement- and relevant assertion-level risks for significant classes of transactions, account balances or disclosures. The linkage is at the assertion (not account) level
- Some auditors are performing the risk assessment in accordance with AU-C 315 but designing the audit procedures with little regard for the results of that assessment. If the risks are not properly reduced to an acceptably low level, the auditor hasn't complied with the standards

Peer Review Impact

If you find non-compliance with the Risk Assessment Standards, the engagement should be deemed non-conforming. The impact on the peer review is illustrated in the following chart.

Non-Compliance Noted	Isolated or Systemic	Conclusion
Failure to comply with the Risk Assessment Standards	Isolated	MFC
Failure to comply with the Risk Assessment Standards	Systemic	FFC and Implementation Plan
Failure to comply with the Risk Assessment Standards and other deficiencies or significant deficiencies exist that resulted in omitted audit procedures	Systemic	Deficiency or Significant Deficiency with Corrective Action

If the non-compliance is not considered isolated, you should issue:

- A finding if no deficiencies or significant deficiencies related to other engagement performance issues are noted, even if all the engagements reviewed are nonconforming solely due to non-compliance with the Risk Assessment Standards
- A deficiency or significant deficiency if deficiencies and

significant deficiencies related to other omitted audit procedures exist

- A finding if there are deficiencies or significant deficiencies related to elements of a firm's system of quality control that did not result in omitted audit procedures (for example; monitoring or tone at the top)

Other Important Information

Changes will be made within PRIMA to allow you to indicate the number of non-conforming engagements due to non-compliance with the Risk Assessment Standards. This will provide a mechanism for staff to track the effectiveness of the initiative. These changes are expected to be implemented in early 2019. Once finalized, staff will communicate the nature of the changes and provide any necessary instructions to reviewers and other relevant stakeholders. Until the changes are made, you should continue the current process to identify and document nonconforming engagements in PRIMA.

Reviewer Performance

For reviews commencing December 31, 2018 or earlier, if issues involving non-compliance with the Risk Assessment Standards exist, and the reviewer fails to properly identify the noncompliance or fails to properly assess non-compliance with the Risk Assessment Standards in the context of a peer review, the result will be a reviewer performance finding (as opposed to a potential reviewer performance deficiency). Failure to properly assess non-compliance with the Risk Assessment Standards could include failure to conclude the engagement is non-conforming or failure to issue a finding, deficiency or significant deficiency when appropriate.



RAB Volunteers Needed

Are you interested in learning a new skill? Do you want to improve the quality control system of your firm? If so, becoming a Peer Review Captain and RAB volunteer might be for you. GSCPA is always looking for qualified individuals to volunteer as part of our RAB committee. If you'd like to learn more, please contact Jessica Mytrohovich at peerreview@gscpa.org or 404-504-2998.

¹ Meaning to assess risks which are pervasive to the financial statements, like a lack of expertise in the accounting department

² Meaning to assess risk for assertions that have a reasonable possibility of material misstatement, not every assertion for every account

Reinventing the Finance Role

John L. Daly, MBA, CPA, CMA, CPIM

"We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten."

- Microsoft Founder Bill Gates

What Will 2030 Look Like?

If asked to prophesize about the future of accounting/finance departments, most people would have difficulty envisioning a future much different from today's most state-of-the-art departments. Yet, if we look back at the careers of those professionals who are about to retire, the profession looks far different today than it did forty years ago.

In 1978, most companies kept their accounting records in paper ledger books. The only personal computer you could buy was an Apple 1 sold as an assemble-yourself kit. Visicalc, the first personal computer spreadsheet, did not yet exist. Those companies that had computers entered their data using 80-column Hollerith punch cards. The mechanical chains in computer line printers cranked out reports on 12" x 17" "green bar" paper that the computer operator might print in up to six carbon copy parts.

At the time, business school graduates were still about 75 percent male and supervised overwhelmingly female clerical staffs. Finance professionals wore suits and ties, might have a beer (or two) at lunch and likely carried a paper appointment calendar in their breast pocket.

What will finance teams look like in the year 2030? I will make this prediction: Some companies and some industries will have made radical changes to how they perform business processes and others will look very similar to today.

I base this prediction on the experiences of my own forty-year career. When I first saw Electronic Data Interchange (EDI) being used in the late 1970s, I thought this was the wave of the future and everyone would be transmitting data electronically within a few years. It happened in automotive supply, retailing and the securities industry, but in most industries, companies are at best exchanging .pdf images of paper documents, rather than exchanging upload-able data.

Most Organizations are Decades Behind

In 1986, the management accounting experts recognized that using Activity-Based Costing (ABC) could provide a significant competitive advantage. Today we know that using it in pricing can double a company's profitability. Yet perhaps only 50 percent of all companies use ABC.

In 1992, the Balanced Scorecard became the recognized method to develop performance metrics to tie budgets to corporate strategy. Today, only about 20 percent of all companies use this method.

Organizations have had the ability to pay vendors via Automated Clearing House (ACH) transactions for years, but many accounting software developers have no feature that will let this happen through their accounts payable software.

The point of these stories is that to be at the forefront of our profession you do not have to invent new technology no one has ever used before. Merely using today's accepted best practices will put most finance departments way ahead of anyone else in their industry.

The Best Companies are Not Early Adopters

Research led by Jim Collins and reported in the books *Good to Great* and *Great by Choice* revealed that the great companies identified by these two very different studies were not early



adopters of new technologies. The Good to Great companies avoided technology fads or adopting any new ideas too soon. They might become a pioneer user of a carefully selected new technology, but not before carefully examining the change's impact and the technology's reliability. None of the Good to Great companies relied on pioneering technology to begin their transformation from good to great, but many used new technology to accelerate their transformation.

The Great by Choice companies used a similar process, which Collins called "firing bullets before cannon balls". They experimented with new technologies but adopted them only when they proved reliable. While the CEOs of these companies sometimes seemed to be bold innovators to the outside world Collin's team viewed them as "paranoid neurotic freaks" whose bold gambles were, in fact, carefully calculated moves based on experimentation and analysis of cold, hard empirical data.

This research clearly shows us great companies adopt technologies not because they are new, but because they

have proven to be better. We do not want to adopt new ideas too early, but we also do not want to adopt them too late. Being familiar with what is going on around us will allow us to adopt new technologies at the right time.

Seeing the Possibilities

How do we see the possibilities? Most financial professionals have at least a superficial exposure to the internal workings of multiple companies due to their former role as external auditors. How many of us, though, have a deep understanding of multiple companies? I have often posed this question in seminars involving senior level financial professionals. When I define a "deep understanding" as requiring at least six months working inside the organization, I only get a few people who will say their experience is with more than 10 companies and I have rarely had anyone whose number is as large as 15. Thus, none of us has seen more than a very small sample of the possible ways finance departments might work.

Finance, continued on page 18

Whether you think about your job this way or not, every business activity has products and customers. Our product is financial information and the CEO, Board, bank and others who use that information are our customers. To see the opportunity for improvement, take a moment to understand your product from their viewpoint.

If the CEO was to walk into your office at 8:30 a.m. on the 15th of the month, what would she want? Some CEOs would want sales data; others would want cash balances or cash flow. However, if you put yourself in her shoes, the first thing you realize is that you do not want to go groveling to the controller to get financial information. You want to walk into your own office, turn on your own computer and see your information (whatever that may be) displayed on your dashboard.

I would want to see our current cash balances, net working capital, year-to-date sales and profit. Your CEO's numbers might be completely different. Each of us may focus on different numbers, but we would all want to see our numbers, when we want them, which is now, not on some schedule predetermined by accounting. I do not expect the numbers to be up to the minute. I understand people go home at night. At 8:30 a.m., it is perfectly acceptable for the numbers to be current as of 5 p.m. the previous afternoon. However, seeing the state of the company as of one, two, three or four weeks ago is not acceptable. Your CEO wants what every customer for every product wants. They want their information now!

The information that your CEO sees is going to satisfy her for a while. She will go to some meetings and make some phone calls. At noon, she has lunch with the vice president of sales

and learns the company invoiced a major contract this morning. Thus, when she goes back to her office, she wants to click on the "refresh" icon on her desktop and see how her numbers change. This look at the state of the company's finances may be enough for today or for a whole week.

Is the CEO seeing good GAAP financial information? No; every company has some transactions that they post only once a month such as rent, depreciation and utilities. However, most information, such as sales, cost of sales and the liability for goods received should be current within a few hours.

Today only about five percent of all accounting departments can make information of this quality available. This process might initially sound like more work, but because being fast also requires you to drive the errors out of accounting processes, once you embark on this journey, you'll learn that faster also means better and cheaper.

Where You Need to Go

Once you can see where you need to go, the route to get there will be much clearer. Investigate ways to exchange actual data with your vendors and customers rather than .pdf images. Look for software that will allow you to put payments directly into the banking system from accounts payable rather than requiring duplicate entry. Discover how metrics used by both Activity-Based Costing and the Balanced Scorecard can give everyone in your organization a much better view of your organization's business.

It is going to take a while, but I am looking forward to seeing what you have achieved by 2030.



John L. Daly, MBA, CPA, CMA, CPIM, is a Chelsea, Michigan-based management consultant specializing in costing, pricing strategy and pricing model development and a seminar leader for Executive Education, Inc. He has taught continuing professional education courses since 1995 and began doing ethics seminars two weeks before the Enron scandal. John has been CFO for a Tier 1 automotive parts supplier and a large restaurant chain and COO for a window treatments manufacturer and retailer. He is the author of *Pricing for Profitability*, published by Wiley & Sons.

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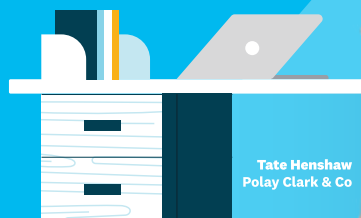
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Noteworthy Mobile Apps

Calvin Wong, CISSP

In the past few years our personal and professional dependence on apps has grown significantly. Some apps have been at the top of this list for years. And I'll reiterate on them and provide some newcomers that may become a staple for your mobile device the next few years.

Zoom is a video conference service that allows accounts to sign up and use it for meetings lasting less than an hour with up to 100 viewers for free. Pay for longer meetings and other beneficial features. The mobile app is fully functional and great to use. Need a good one-to-one video app that is friendly across platforms? Try **Google Duo**. It's easy to use and its high-quality video is on par with the best.

Expensify is still one of my favorites for expense tracking and reporting. Yes, recently they've changed the pricing structure, but the features are pretty good for those looking for more control on implementing policies.

Consider a password manager like **LastPass**, **Dashlane**, or **RoboForm**. Install the app on your mobile device and use it like the desktop version. Now all your passwords are safe and secure with their generator function.

Zelle is now built into your bank's mobile app. Instead of Venmo, you can send or request money from your bank to any other Zelle affiliated bank without fees. Even split bills as needed. They are currently working on adding small business functionality to the list of features and capabilities.

If you are an existing **Office 365** subscriber, take advantage of the tools they provide by checking out their suite of apps to assist in mobile productivity. Specifically, Office Lens, Delve, Power BI viewer, Teams and of course, all the mobile versions of

the desktop software. **Delve** lets you see all files that you interact with, including files sent to you via email, stored or shared on OneDrive, and files related to you on Teams. **Power BI** is great, and if you've published some of the accompanying dashboards, you can easily view them on your phone with the Power BI app. **Office Lens** gives you the ability to take pictures of documents, whiteboards, and business cards, and convert them to common formats for record keeping or for marking up and sharing.

Evernote, and if you are on Office 365, **OneNote** while connected to OneDrive, are both great note-taking apps. Multimedia friendly, these two apps allow you to take pictures, recordings, plain notes, and create a searchable database of information at your fingertips wherever you are.

Basecamp, **Microsoft Teams**, and **Slack** are a few collaboration tools that allow you to work together from anywhere and give you the capability to communicate and function as a team without physically meeting. All communications are stored online and can be reviewed in context to the conversations being made. Plan, manage, develop ideas and projects through these all-in-one tools.

DownDetector is a mobile representation of the website with the same name. If you ever need to find out if a service provider or an online service is down, you can most often do a quick check on this app and know if you are the only one or if it's a bigger problem.

When looking for your next phone system for your office or firm, might I suggest one that comes with an app. Most of the newer **VOIP** providers include apps to give you the ability to make and receive calls as your office line from anywhere in the world. Plus, they have a feature giving you the ability to pull calls from your



desk phone to your mobile mid call or vice versa. It is a great way to save money from having to purchase mobile phones for staff; they keep their mobile numbers private and the company gets to provide a phone number for customers.

Sick of those spam phone calls and anonymous text messages? There are a few apps out there that can identify them for you. I've been testing TrueCaller and Hiya, but there are a lot of them out there. So far, **TrueCaller** has shown spam calls on about 75 percent of the unknown numbers. However, it doesn't know how to flag numbers if they aren't yet in the database. **Hiya** has a block feature for numbers that copy the first six digits of your phone number, while whitelisting your contacts in your phone. A

lot of these have premium versions, but I have only tested with the free version so far.

Last, but not least, Apple device users, be sure to check out **Shortcuts**. It's an app that allows creation of custom voice commands and buttons for iOS users, giving you the capability to program new functionality into your phone. Everyone can check out **IFTTT**, another app that is built to program short macro commands to help workflow in your smartphone or tablet.

Try out some of these apps to help you get a little more out of your mobile device.



Calvin Wong, CISSP, director, information technology, plans and executes information technology for The Georgia Society of CPAs, overseeing new technology integration, infrastructure maintenance and updates. He is the correspondent between third party technology vendors of the Society.

Midterm Elections: Looking to the Future

Don Cook

With the midterm elections behind us (including run-offs), it is time to look at the outcome in Georgia, ideally giving us some hints of what is to come – legislatively speaking.

What We Know from the Elections

Georgia Secretary of State, Robyn Crittenden, has officially certified the election. The day before she certified the election results, Gov. Candidate, Stacey Abrams, announced she was ending her run, officially making Brian Kemp governor-elect for Georgia. He was elected in what I believe we can all agree was a hotly contested race.

For state elected offices, Republicans held control across the board, except for two very close races, resulting in to two

run-off elections, which were held on December 4, 2018. The offices up for run-off were secretary of state and public service commissioner. In both cases, there were three parties vying for these positions which, coupled with the slim margins of victory, is what led to the run-offs. In Georgia, to be victorious in an election, one must win at least 50 percent plus one vote. In other words, you must win the majority of the votes. Races with three parties vying for the spot became much less sure of outright victory. Overall, Republicans held control, but won by smaller margins than they did in the midterms in 2014.

Let's look at some of the key figures winning their state-wide races in Georgia:

- Brian Kemp, Governor-elect
- Geoff Duncan, Lt. Governor-elect
- Brad Raffensperger, Secretary of State-elect
- Chris Carr, Attorney General
- Gary Black, Commissioner of Agriculture
- Jim Beck, Commissioner of Insurance
- Richard Woods, State School Superintendent
- Mark Butler, Commissioner of Labor
- Chuck Eaton, Public Service Commission, District 3
- Tricia Pridemore, Public Service Commission, District 5

Political Make-Up of Georgia

All the above state-wide races went to Republicans. The margins of victory were from 50.22 to 53.08 percent. While these seats went to Republicans, the “blue wave” we have heard so much about in the national media was still evident in Georgia. Contributing to the national “blue wave” for Georgia, incumbent congresswoman Karen Handel (R) lost her seat to Lucy McBath (D) in the hotly contested Congressional District 6.



Additionally, in the Georgia General Assembly, the “blue wave” was most evident in the state house, where it was clear suburban areas and districts were more of a challenge for Republicans while the rural seats remained mostly conservative. Democrats in Georgia picked up 14 seats in mostly suburban areas, while Republicans picked up three seats in the House in mostly rural areas. The net gain for Democrats is 11, narrowing the Republican majority to 105-75.

The State Senate in Georgia had fewer competitive races. Republicans lost two seats with no gains. The Republican majority in the Senate slipped to 34-22.

Legislative Initiatives for 2019 and Beyond

What does all this mean? At the end of the day, it means Republicans are still very much in control of the General Assembly in Georgia. Lawmakers will convene at the state house on January 14, 2019 and will immediately begin work on discussing and adopting a budget for the 2020 fiscal year. The specific legislative direction taken during the 2019 legislative session is largely unknown, but it is beginning to take shape. Georgia will enter the session with a new governor for the first time in eight years, and a new lieutenant governor for the first time in 12 years. Keep in mind, the lieutenant governor also serves as the Senate president, which is a very prominent position in the state house. Additionally, with the retirement of many veteran legislators, and as we discussed a narrowing republican majority, it is likely going to take some time before the legislative body takes on any big issues.

Look for Gov.-elect Kemp to begin his work on outlining his legislative agenda during the first week of session when he addresses members of both legislative bodies. During the first couple of weeks, the Governor’s Office will likely release their first budget proposals for the amended fiscal year 2019 and fiscal year 2020. Some other issues brought up on Kemp’s campaign trail include:

- Health Care
 - o Improve access to health care in rural Georgia, including recruiting physicians
 - o Lower health care premiums and prescription drug costs
- Education
 - o Fully fund public school education and raise teacher pay
 - o Improve literacy with early childhood education
 - o Expand access to high-speed internet – especially in rural Georgia
- Small Business
 - o Reduce burdensome regulations
 - o Work to cut red tape and streamline state government
 - o Support farmers, agri-business and small-town start ups

The above issues are pulled from Brian Kemp’s campaign website and were used on his campaign for governor. In addition to these areas, there will likely be some movement with tax reform, although we will need to stand by to see how that develops. Georgia began to address its response to tax reform in the 2018 session. With the addition of the Supreme Court ruling in the Wayfair case earlier this year, there will be an impact on the states. Georgia has done a great job trying to look forward into these issues and be proactive instead of reactive. Now we will wait and see as these laws take affect and have an impact.

The CPA profession needs to remain vigilant as always. As the profession sees legislative issues arise and especially as you see solutions, please let your thoughts be heard. Your opinion is valued and counts now more than ever.

If you have any questions regarding current legislative topics, please contact Don Cook, VP, legislative affairs at 404-504-2935 or dcook@gscpa.org.



Don Cook is the vice president of legislative affairs at The Georgia Society of CPAs. He is responsible for legislative advocacy on behalf of the CPA profession in Georgia. Don is a registered lobbyist in the state and works on the grassroots training of GSCPA members while providing education on why members should strongly consider supporting the GSCPA-PAC.

Innovation, Disruption, and the Experience Economy

Paul J. Voss, Ph.D.

Disruptive technology is nothing new. In the early 1440s, for example, Johan Gutenberg invented moveable type and started a printing revolution. Gutenberg used the existing technology of the press (wine and olive presses had been around for centuries) and thus made the production and distribution of printed material cheaper and more convenient. Soon, printed books became widespread, literacy rates increased, and universities grew. The ability to read gave people the opportunity to become knowledge workers and use their minds instead of their taxing their bodies with physical labor. Nearly every aspect of human society improved as a direct or indirect result of the printing press.

Not everyone, however, benefitted equally from this new technology. This type of disruptive technology always produces winners and losers. For example, scribes, those talented

artisans who created beautiful, hand-crafted texts, rightly viewed the printed book as an existential threat. Hundreds and hundreds of scribes, working in scriptoriums across Europe, would soon be displaced. The vendors who procured parchment and quills likewise witnessed, first hand, the power of disruptive innovation.

Disruption happens everywhere—steam engines replaced horses, digital photography killed Kodak, streaming video (and late fees) destroyed Blockbuster, iPods obliterated the Walkman, and cell phones continue to disrupt business in myriad and profound ways. Uber, the world's most valuable transportation networking company, generated more revenue in its first seven years than any company in history—even when adjusted for inflation. Millions of people prefer Uber and Lyft to the traditional “yellow cab” as the experience, convenience, and price surpass the old standards.

What do these successful disruptions have in common? They all provide the customer with a better experience. In fact, historians call this the “experience economy,” and companies (and individuals) that provide a superior experience will continue to flourish. Consider Netflix and how it made Blockbuster (a very successful company run by smart, hard-working people) obsolete in less than a decade. Both Netflix and Blockbuster provided a service, but the Netflix experience (no late fees, streaming video, no travel, unlimited options, among others) overwhelmed the experience of driving to Blockbuster and looking over the empty shelves for a movie.

We recently hired a plumber to replace our water heater. Before entering our house, he put on a couple of inexpensive blue booties—the type seen in an operating room. My wife





commented upon this and he said: “Ma’am, you have a beautiful house and I will treat your house like I treat my own. I will never bring dirt into your house.” My wife swooned (I exaggerate here only slightly). I know she raved about the experience to our neighbors, posted a review on the community website and another on Yelp. In fact, the \$.50 blue booties earned him many hundreds of dollars of free advertising. I know the next time we need a plumber, my wife will call him again.

So, this raises an important question: What is your blue bootie? What does your business do to “out-behave” the competition? How do you differentiate your company in the crowded marketplace? Companies and firms that can find this advantage and make it part of the corporate culture will have a built-in advantage in the experience economy. Companies that do not evolve or adapt to the experience economy will do so at their own peril. Customer

expectations continue to change—what was once the “wow” experience (e.g., video on demand or a killer app) has now become standard in all formats and on all devices.

All companies provide a service and soon computers will provide the vast majority of those service activities. Making the metal transition to an “experience economy” will help all employees more fully understand how they can meet and exceed customer expectations.



Paul J. Voss, Ph.D., is president of Ethikos and an associate professor at Georgia State University. Dr. Voss teaches courses on Shakespeare, Dante, Machiavelli, Business Ethics, Renaissance Literature, and the History of the Book. He publishes on a wide variety of topics (for both academic audiences and for the popular press) and regularly appears on television and radio programs.

High School Juniors and Seniors Attend GSCPA Rising Professionals Program

On October 26, 2018, The Georgia Society of CPAs (GSCPA) hosted the fourth annual Rising Professionals Program. The goal of the program is to inspire high school students to become certified public accountants (CPAs) and to expand each student's knowledge of the accounting profession. The program was first organized by Smith & Howard and was known as SHARP (Smith & Howard Advancement for Rising Professionals).

Over 30 juniors and seniors from ten different high schools in the Atlanta Public School (APS) system, Northview High School, Roswell High School, Cedar Grove High School, and McEachern High School attended. Teachers and counselors from each high school selected students to apply, and a group of volunteers evaluated each application to determine which students met the required criteria to participate in the event.

Upon arrival, students were greeted by Christopher Mooney and Sarah Smith of Smith & Howard, PC. Throughout the day, students heard from accounting professionals in various industries and learned about the CPA profession. Barbara Evans, GSCPA past chair of the Board of Directors and current chair of the GSCPA Diversity and Inclusion Task Force, welcomed students, and Evelyn Rosier, T.O.P. Solutions Group, LLC, kicked off the event with an icebreaker game. According to Ms. Rosier, "The life of a CPA can be as dynamic as you desire. We are an integral part of the business community. We are no longer the 'bean counters,' we grow the beans."

Jimmy Lee and Adrian Rivers of Bennett Thrasher PC presented an informative session on the importance of networking and proper handshakes. Next, Katie Russell and Eric Neas from Aprio, spoke about their experiences in a session called "A Day in the Life." Afterward, Abriel Davis, Caraustar Industries, Inc., and Alicia Wilson, Georgia Pacific, led the group in a team-

building exercise called "Pins and Straws." During this session, the students were assigned different roles to play. The leader was instructed to secretly use one of three management styles: dictator, laissez-faire or democratic. Each group worked together to build a structure using only newspaper, tape, drinking straws and straight pins.

After a networking lunch, a panel of accounting professionals enlightened the students with stories and words of advice. The group consisted of Phillip Buelterman, Aprio; Gina Miller, Bennett Thrasher PC; Jill Pitcher, Smith & Howard, PC; Brandi Samuel, Windham Brannon PC; and Josh Sanders, PwC. Barbara Evans served as the moderator.

Before the event, Paula Mooney, Savannah State University, and Evelyn Rosier, T.O.P. Solutions Group, scored each application based on their qualifying questions and essay questions. Throughout each session, the students were scored by Nikelle Klareich of Smith & Howard, PC and Khari Rosier-Robinson, Windham Brannon PC. At the end of the day, all scores were tallied, and as a result, eight students were awarded scholarships. Scholarship contributors included GSCPA (one \$1,000 scholarship to a senior and one \$500 scholarship to a junior), Smith & Howard – the Jim Howard Scholarships (one \$1,000 scholarship to a senior and one \$500 scholarship to a junior), Aprio (\$1,000 to a junior or a senior), Bennett Thasher (\$1,000 to a senior), GSCPA Diversity and Inclusion Task Force (\$500 to a junior or senior), and The Educational Foundation of GSCPA (\$500 to a senior). All monies will be mailed to each recipient.

For future events, GSCPA will be looking for volunteers as well as scholarship donations. If you or your firm would like to participate or donate, please contact Callie Hammond at chammond@gscpa.org or 404-504-2953.



Outstanding Accounting Educator of the Year Awarded to Michael Dugan, DBA

The Educational Foundation of The Georgia Society of CPAs was honored to present the 2018 Outstanding Accounting Educator Award to Michael Dugan, DBA at the 2018 Fall Leadership Council Meeting. The award recognizes a full-time accounting educator who has made significant contributions to accounting education and has had significant impact on the lives of his students. Dr. Dugan is the Peter S. Knox III Distinguished Chair of Accounting in the Hull College of Business at Augusta University. Mike received his undergraduate degree in accounting magna cum laude from the University of New Orleans in May 1978, and his master's and doctoral degrees from the University of Tennessee-Knoxville in June 1981 and December 1982, respectively. He has served on the accounting faculty at the University of New Orleans, the University of Alabama, and the University of Southern Mississippi.

Dr. Dugan's application was highly impressive. Dr. Dugan's teaching technique has been described as outstanding and engaging. He is known to help students receive internships and jobs, as well as encourage students to continue their education in obtaining a MAcc or MBA. Students credit Dr. Dugan for helping them grow as a young professional and offering his assistance to further explain material by often "flipping the classroom."

Dr. Dugan's primary teaching interests are in the areas of financial accounting and reporting, financial accounting theory, and financial statement analysis and his primary research interests are in the areas of corporate bankruptcy prediction, the measurement of corporate risk, and accounting pedagogy. Dr. Dugan has received numerous teaching awards at the departmental, college, and university levels, and he has published approximately seventy articles in various academic and professional journals in accounting and finance.



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Offering voluntary worksite products on a **GUARANTEE ISSUE** basis through payroll deduction or bank draft. **All GSCPA members, employees of member firms and industry companies with affiliated CPA members are eligible!**

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IF YOU NEED HELP understanding the wide variety of sources from which you can purchase health insurance, please contact **Patrick Bell** at pbell@pjins.com or **(404) 949-1098**.

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Upcoming In-Person Seminars

All in-person seminars are held in the GSCPA Learning Center: 6 Concourse Parkway, Suite 800, Atlanta, Ga. 30328

****Qualifies for \$30 AICPA discount**

1040 Tax Return Workshop**

January 7-8, 2019

In-Person: 01001 | Live Stream: LS01001

AICPA Tax School - Week 3

January 14-18, 2019

To register visit <http://bit.ly/TaxSchoolJan19>

Getting Ready for Busy Season: A Guide to New Forms, Filing Issues, and Other Critical Developments

January 17, 2019

In-Person: 01002 | Live Stream: LS01002

Form 990: Exploring the Form's Complex Schedules**

January 17, 2019

In-Person: 01004 | Live Stream: LS01004

Fiduciary Income Tax Returns - Form 1041 Workshop with Filled-In Forms (CFP)

January 18, 2019

In-Person: 01003 | Live Stream: LS01003

Preparing Individual Tax Returns for New Staff and Para-Professionals

January 24, 2019

In-Person: 01005 | Live Stream: LS01005

Tax Forms Boot Camp: LLCs, Partnerships, and S Corporations

January 25, 2019

In-Person: 01006 | Live Stream: LS01006

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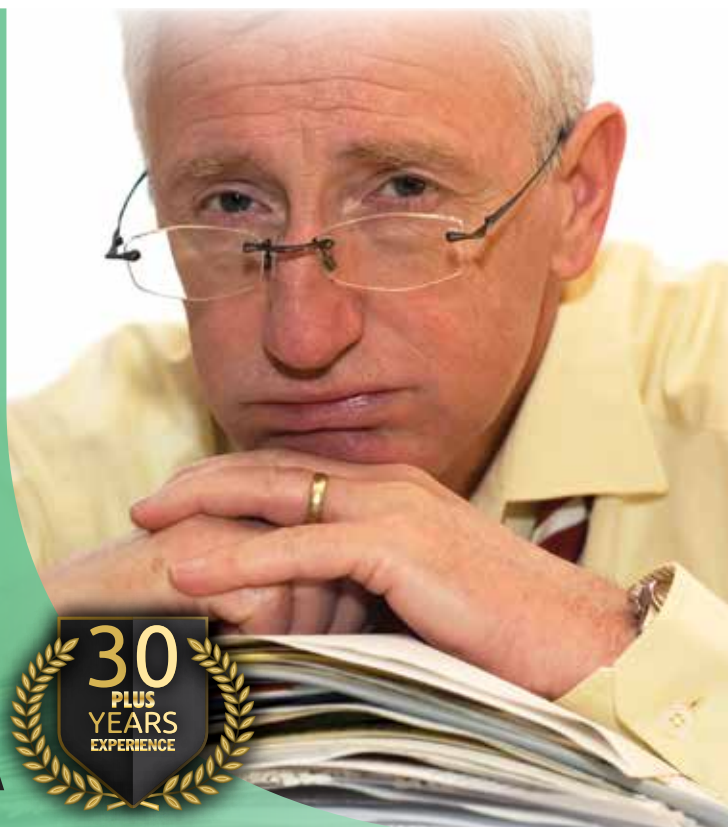
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Current Accounts Self-Study

The self-study tests in the back of every issue of *Current Accounts* are a quick and easy way to earn two hours of CPE, and each test is available for two years.

The January/February 2017 self-study test will be available until February 28, 2019. Take each test as you receive the issue or wait and take them all at one time. For more information on how to take a test, see page 36.

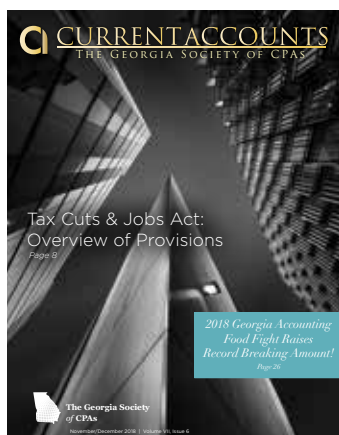
January/February 2018 - Self-Study Test # CA80102

March/April 2018 - Self-Study Test # CA80304

May/June 2018 - Self-Study Test # CA80506

July/August 2018 Issue - Self-Study Test # CA80708

September/October 2018 Issue - Self-Study Test # CA80708

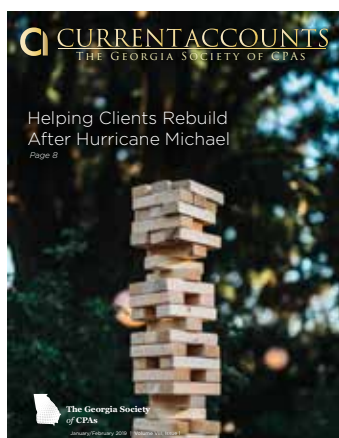


< November/December 2018 Issue

Self-Study Test # CA81112

January/February 2019 Issue >

Self-Study Test # CA90102



Upcoming Live Streams

Make time this spring for meeting your CPE requirements and staying up-to-date on the latest hot topics in your area of interest.

1040 Tax Return Workshop**

January 7-8, 2019 | Event Code: LS01001

Don Farmer's Maximizing the 20% Deduction Under 199A (Rebroadcast)

January 7, 2019 | Event Code: LS09021R

Getting Ready for Busy Season: A Guide to New Forms, Filing Issues, and Other Critical Developments

January 17, 2019 | Event Code: LS01002

Form 990: Exploring the Form's Complex Schedules**

January 17, 2019 | Event Code: LS01004

Fiduciary Income Tax Returns - Form 1041 Workshop with Filled-In Forms (CFP)

January 18, 2019 | Event Code: LS01003

Preparing Individual Tax Returns for New Staff and Para-Professionals

January 24, 2019 | Event Code: LS01005

Tax Forms Boot Camp: LLCs, Partnerships, and S Corporations

January 25, 2019 | Event Code: LS01006

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BUSINESS SERVICES

Business Valuations: Formal appraisals for Attorneys/CPAs/Clients. Areas: Equity Compensation (IRC 409a / ASC 718), Estate & Gift (FLPs), Financial Reporting (Impairment Testing, Purchase Price Allocations), S-Corp. Conversions (built-in-gain tax), M&A, Marital Dissolution, Shareholder Disputes, Exit/Succession Planning. Contact David H. Hern, CPA/ABV, ASA, Alvarez & Marsal Valuation Services, LLC, 770-776-8852, DHern@alvarezandmarsal.com

Peer Review: Kilpatrick, Rea & Associates, CPA, PC
Peer reviews for sole practitioners and small firms. We have the client base, technical skills, plus the understanding, to help your firm. Fifteen years of peer review experience with 150 firms ensures efficient work on engagement reviews. Contact Steven Rea, Crescent Centre, Tucker. 770-455-8706 or steve@kilpatrickcpa.com, www.kilpatrickcpa.com.

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IRS and state taxpayer representation. Tax Attorney & CPA available to consult with your firm or your clients on IRS and state tax matters. Audit, appeal, collection or criminal matters including offers in compromise, offshore voluntary disclosures/foreign bank account and asset cases, bankruptcy discharge of tax and non-filers. Practicing in Atlanta since 1982. Call Jeffrey S. Gartzman, The Gartzman Law Firm, PC; 770-939-7710; jeff@gartzmantaxlaw.com.

POSITIONS AVAILABLE

Accounting/Audit manager/partner or CPA firm needed to manage and grow our audit practice. Our firm, located in the Roswell/Sandy Springs area with a staff of 26, currently performs approximately 25 to 30 audits. This is an ideal situation for a current audit/accounting manager to become an employee or a sole practitioner or small audit firm that would like to merge into a larger practice. Candidate should have audit experience at the partner or manager level. Please respond to: Lori@frickecpa.com or 770-216-2226.

Managers/supervisors in the tax, audit & accounting areas needed for rapidly expanding CPA firm in the Roswell/Sandy Springs area with a second office in Marietta. Positions require supervisory/review skills and extensive interaction with both staff, clients and partners. Significant opportunity for advancement. Please respond to lori@frickecpa.com or 770-216-2226.

Fayette County full-service CPA firm seeks Certified Public Accountant with minimum of five years of experience in income tax preparation, audits, reviews, accounting and tax representation (collection, etc.) Position has partner potential. Would consider buy-in/or merger with smaller CPA firm with minimum of \$100,000 plus in annual gross revenues. Current owner wishes to retire within the next 2 to 3 years. Competitive salary and benefits. Please respond to Bill: wbrumlow@brumlowandcompany.com or call at 770-996-2055.

Part Time Tax Professional Needed. Experienced tax professional needed for part time work. Flexible schedule. 10-30 hours per week. We are located in Dawsonville near GA 400. Email Tim Couch at tim@timcouchcpa.com or call 706-216-1044.

Sole Practitioner, NW ATL near 75/285, seeks merger to facilitate retirement within the next few years. Client base consists of high net worth individuals and small businesses. No attest level financials. Contact nwatlcpa@gmail.com if interested in discussing.

How could an eager and experienced CPA who has recently attained the Certified Valuation Analyst (CVA) designation via NACVA benefit your valuation practice? Your continued success and my development into a valuation expert are the goals of this opportunity. The level, hours and direction are flexible. Contact Dan at ivalueforyou@gmail.com.

OFFICE SPACE/ACQUISITIONS

Atlanta CPA firm is seeking growth through the merger and acquisition of accounting/audit/tax practices. We have successfully acquired numerous CPA practices over the prior 15 years. Owners of the acquired firm may choose to continue working during and after the transition period. We are also interested in acquiring practice segments such as tax, bookkeeping, or audit clients. Please respond to GSCPA File Box 456.

Furnished offices in professional building Kaltek, Inc. Furnished offices appropriate for accountants, bookkeepers, therapists. Lease ~200-2000 sq ft (1-6 offices) furnished space in Dunwoody, close to I-285 and Peachford Hospital. Attractive surroundings, private entrance, other professionals in building include attorneys, therapists, engineers. Space can include reception, conf room, kitchen, bath, and separate security system. Call or email Kal kalevi.turkia@kaltekinc.com or 404-543-2310

Successful transitions require experienced, confidential, professional services you can trust. We specialize exclusively in the brokerage of Accounting firms. List your firm with a professional. Call David Akins, CPA at 877-277-0272. To learn more about our services and to see the firms we have listed, go to our website at www.akinsprofessionalbrokerage.com.

PRACTICES FOR SALE

PRACTICES FOR SALE Savannah-Hilton Head area CPA \$400,000. . . . Buckhead CPA firm \$1,500,000..... Norcross area CPA \$625,000..... Newnan area \$635,000.... Kennesaw CPA \$400,000..... Blue Ridge-Blairsville CPA \$375,000. . . . Kennesaw Tax \$300,000..... Many others throughout the southeast. Contact Leon Faris, CPA at Professional Accounting Sales. Tel 770-859-0859 or visit our website at: www.cpsales.com Let our 36 years of experience work for you!!

LTS South, LLC – Georgia, Gwinnett - \$475,000 tax and bookkeeping, Flexible transition. Call Dirk@470-331-7796 or email at Dirk@LTSSouth.com

Augusta CPA Firm: Augusta firm looking for seasoned professional; near-term ownership potential. Please respond to GSCPA File Box 517.

Accounting Practice Sales is the largest marketer of CPA firms in the U.S. The reason? Proven success! Contact us to receive a free valuation of your practice or for a confidential, no-obligation discussion of your situation. 888-847-1040 x 4 or chase@aps.net. Current listings (Gross revenues shown): South Central GA (GA1165) \$8000K; Central GA (GA1162) \$225K. Buyers - see more listings than anyone at www.accountingpracticesales.com.

MAIL FILE BOX RESPONSES TO:

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CONTACT US:

To place a classified ad, please contact
Elizabeth Cook at ecook@gscpa.org.

Current Accounts Self-Study Test

JAN/FEB 2019 | TEST NO. CA90102

How do you earn a quick two hours of CPE? Take the self-study test provided in each issue of *Current Accounts*. Simply answer the 10 questions based on content in *Current Accounts* and submit your answers to GSCPA. Receive a grade of 70% or better and earn two hours of CPE credit.

**Please Note: All Current Accounts self-study tests are available for two years from the issue date.*

PRICING

	Online	Print
Members	\$25	\$30
Nonmembers	\$50	\$60

ONLINE INSTRUCTIONS

1. Go to caselfstudy.gscpa.org.
2. Click on "Register Here" for the appropriate issue.
3. After registering, you will receive an email confirmation with a link to the self-study test. Look for "CURRENT ACCOUNTS SELF-STUDY TEST" in the body of the email.
4. Complete the test and click "Submit" when you are finished.
5. Print the confirmation page for your records.

PRINT INSTRUCTIONS

1. Detach the test insert from Current Accounts.
2. Take the test, recording your answers on the answer sheet by filling in the appropriate circle.
3. Complete the registration and payment information. Payment must be submitted with the test. Print clearly.
4. Mail this page, along with your payment, in an envelope to:

The Georgia Society of CPAs
 Current Accounts Self-Study Test
 Six Concourse Parkway, Suite 800
 Atlanta, GA 30328
 OR email to the CPE Department at cpe@gscpa.org

TEST RESULTS

Upon completion of the test, your answers will be graded and within two business days you will either receive an Event Acknowledgement stating you passed the test along with certificate of attendance or an email stating you did not pass along with a link to retake the test.

QUESTIONS

If you have any questions about this test, please contact the CPE Department at 404-504-2985.

ANSWER SHEET

- | | |
|--------------------|---------------------|
| 1. (a) (b) (c) (d) | 6. (a) (b) (c) (d) |
| 2. (a) (b) (c) (d) | 7. (a) (b) (c) (d) |
| 3. (a) (b) (c) (d) | 8. (a) (b) (c) (d) |
| 4. (a) (b) (c) (d) | 9. (a) (b) (c) (d) |
| 5. (a) (b) (c) (d) | 10. (a) (b) (c) (d) |

REGISTRATION INFORMATION

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Company/Firm Name _____

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PAYMENT INFORMATION

☐ Check for \$_____ made payable to
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☐ Discover ☐ MC ☐ AmEx ☐ Visa
☐ Personal OR ☐ Company Card

Card Number _____ Exp. Date _____

Name as it appears on card _____

Signature _____

ATTRIBUTION

The Self-Study Test is developed and written by Lowell Mooney, Ph.D., CPA, professor of accounting at Georgia Southern University.

Helping Clients Rebuild after Hurricane Michael

1. Which of the following Georgia crops did not suffer extensive damage by Hurricane Michael?

- A. Tobacco
- B. Pecans
- C. Timber
- D. Cotton

2. Select the correct statement about the impact of Hurricane Michael.

- A. The economic loss from the pecan harvest was \$650 million.
- B. The peanut harvest may be 20 percent below normal.
- C. Estimates from the Georgia Department of Agriculture put losses at approximately \$2.5 billion.
- D. All of the above are correct.

3. Select the incorrect statement from the following.

- A. The State of Georgia provided up to \$270 million in emergency funding for state agencies and local governments in areas most heavily impacted by Hurricane Michael.
- B. The total losses from Michael were not great enough to qualify for assistance from FEMA.
- C. The State of Georgia created a tax credit for certain taxpayers within southwest Georgia's timber industry who incurred significant expenses due to Hurricane Michael.
- D. State legislators reached out to the Georgia Society of CPAs for assistance with federal regulations related to business casualty loss calculations.

Federal Tax Form Changes Resulting from Tax Cuts and Job Act

4. Which of the following will no longer be deductible as a result of passage of the Tax Cuts and Job Act?

- A. Foreign real estate property taxes
- B. Alimony payments
- C. Unlimited mortgage interest
- D. Moving expenses of non-military personnel

New Guidance on the Evaluation of Noncompliance with the Risk Assessment Standards and Its Impact to Peer Review

5. Which of the following is not a common area of non-compliance with risk assessment standards?

- A. Failure to gain an understanding of internal control when identifying client's risks.
- B. Lack of relating risks to audit assertions
- C. Insufficient risk assessment
- D. Failure to link procedures performed to the risk assessment

Reinventing the Finance Role

6. Which response is least likely to be the correct answer to the question, "What will finance teams look like ten years from now?"

- A. Some companies will have made radical changes in how they operate.
- B. There will be no humans on finance teams.
- C. Some companies will look very similar to today.
- D. According to Bill Gates, your prediction will likely underestimate the changes that will have occurred.

7. Select the incorrect statement from the following:

- A. According to research, the best companies are the early adopters of new ideas or technology.
- B. Most organizations are decades behind.
- C. Merely using today's accepted best practices would put most finance teams at the forefront of their discipline.
- D. Great companies adopt technologies not because they are new, but because they have proven to be better.

Noteworthy Mobile Apps

8. Chelsea recently launched her accounting career upon graduating with her master's degree. Remembering a professor telling her about the importance of networking, she collects the business cards of almost everyone she meets. Which of the following apps will help Chelsea manage her card collection?

- A. Hiya
- B. Roboform
- C. Zoom
- D. Office Lens

Innovation, Disruption, and the Experience Economy

9. Select the incorrect statement about disruptive technology:

- A. Disruptive technology can produce both winners and losers.
- B. Companies that can avoid the move to the experience economy will likely be highly successful.
- C. Disruption can happen everywhere – even in the CPA profession.
- D. Successful disruptions provide the customer with a better experience.

Midterm Elections: Looking to the Future

10. Select the incorrect statement. New Georgia Governor Brian Kemp

- A. Was elected because he won at least one vote beyond 50% of the votes cast.
- B. Will likely focus on health care, education, and small business.
- C. Will have to work with a legislature dominated by the other political party.
- D. Saw his political party's margin of control narrow in both houses of the State's legislature.

Member News

PROMOTIONS & NEW POSITIONS

Windham Brannon has promoted **Laura Berry** to principal at the firm.

David Garrison, CPA and **Jeff Johnson, CPA** have joined **Crowe LLP** as partners in tax services.

Mersereau, Lazenby & Rockas, LLC is pleased to announce that **Laura E. Rockas, CPA, CFP®** has been named managing member.

Brady Ware & Company is pleased to announce that **Andrew Walker, CPA, MBA**, and **Matthew Steinberg** have been promoted to managers.

LeaseQuery, a leading provider of lease accounting software, has announced today that EY alum **Jennifer Booth** has joined the company as vice president of accounting.

AWARDS & HONORS

Aprio, LLP is excited to announce that **Jagruti Solanki**, senior manager, has been selected to receive the 2018 Innovative Practitioner Award from the AICPA and CPA.com for her role as an early champion of blockchain accounting and consulting services.

Moore Colson recently announced its Managing Partner, **Bert Mills**, was awarded as a 2018 Most Admired CEO by the Atlanta Business Chronicle.

IN MEMORIAM

We sincerely regret the loss of the following members and extend deepest sympathy to their family and friends.

Sam E. Schuessler, Opelika, Ala.

Randy L. Skinner, Greenwood, S.C.

Thomas J. Westbrook, Suwanee, Ga.

Mary McCreary, Decatur, Ga.



Congratulations Barbara Evans!

Congratulations Barbara Evans, CPA, former chair of The Georgia Society of CPAs Board of Directors, for being recognized as the Board Champion Honoree as a part of this year's Atlanta Business Chronicle Diversity and Inclusion Awards.

Decision Makers Conference

April 24-25, 2019

Cobb Galleria Centre, Atlanta, Ga.

Event Codes: 13005,  LS13005



To register: <https://www.bit.ly/Decision19> or call 800-330-8889, Opt. 3

CPE Audits and Transcripts

Emily C. Sanders, CPA, MBA, JM



Please Note: The views and interpretations reflected below are those of the author and do not necessarily reflect an expression of opinion on the part of The Georgia Society of CPAs.

Imagine the angst as year-end approaches and you're working feverishly at completing those 80 hours of CPE (Continuing Professional Education) for the Georgia Board of Accountancy. How many more hours do I need to meet the requirements (including 16 hours of A&A)? Should I take the class in-person? Can I get away from the office during a busy time? Would it be better to take the class via live stream, do an online course, or go to company-sponsored continuing education? All these choices lie before us as CPAs, yet one of the most important factors is often overlooked – accurate and thorough recordkeeping of the CPE! What happens if you are notified of an audit?

I know because this happened to me. Apathy is not an antidote to the need to timely adhere to CPE requirements. After 34 years of being a licensed CPA, religiously completing required CPE and accurate record keeping, for the first time I received a dreaded notice of an audit on April 6, 2018. After being assured by the Georgia Board of Accountancy that this was just a random selection, I went about the business of gathering up my documentation in a format that the Board would accept. The good news was that audit candidates had plenty of time to gather all this copious documentation, or so I thought. The Board allowed three months before the filing deadline for their review, which required an online submission to the National Association for State Boards of Accountancy (NASBA). However, this was not a simple process, and I found that all three months were needed to fully comply, due to time constraints of one's day job!

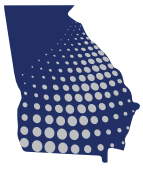
Since I've been tracking my CPE on a spreadsheet for years, I had extensive detail and had completed more than the 80 hours required. What I didn't realize is that the NASBA requires "proof" and validation of the content of classes (outside of the typical channels such as GSCPA/AICPA). In some cases, I hadn't saved old materials and had to obtain old certificates and course descriptions. These were sometimes available, but often quite difficult. Needless to say, this quest for documentation of classes that I had taken took me hours over several weeks, and was an unwelcome and stressful exercise which could have been avoided.

I am now aware that GSCPA has free transcript tracking called "My CPA Transcript" on the website. The convenience is amazing. Not only does it track GSCPA events for which you successfully earned CPE credit (excluding online self-study programs), yet you can add course transcripts taken outside of GSCPA (they are not verified by GSCPA, however). The best news came in October when I received the results of my CPE audit, and the beautiful words, "PASSED!"

After many years as a CPA in Georgia, and a long-time member of the GSCPA Leadership Council, I hope to have imparted easier ways to obtain CPE and to successfully navigate a random audit. Being a practicing CPA is our livelihoods, and a designation of great value. An audit is an unwelcome distraction of uncertainty that can be smoothly handled with the proper preparation tools in your tool box. It is easy to procrastinate one's hours until the second year and then "cram" the learning into a short period. As a result of this experience with the unexpected CPE audit, I prefer to take at least 40 hours each year, spreading out the course work, and maintaining record keeping all along the way. Happy studying!



Emily C. Sanders, CPA, MBA, JM is managing director United Capital Financial Advisers, LLP in Atlanta. Prior to founding Sanders Financial Management, Emily served as assistant treasurer at BellSouth Corporation where she managed \$1 billion in investments, as well as mergers and acquisitions and global banking.



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Helping Accountants Write Their Next Chapter

