Risk Assessments: From Paper to Practice

more ...

Business Income Losses for Bosses
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2019 PICPA YOUNG LEADER AWARD

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### Features

1. **Risk Assessments: From Paper to Practice**
   Adanma C. Akujieze, CPA, CISA, CIA, provides a roadmap for helping to take your company’s risk assessment strategy from an on-paper idea to a critical part of your organization’s success.

2. **Career Crossroads: Understanding Nonprofits before You Switch Jobs**
   Michael F. Cade, CPA, CGMA, urges those interested in a switch from the for-profit world to a not-for-profit one to have a full understanding of what nonprofits are all about before taking the leap.

3. **Unexpectedly Displaced: Calculating Economic Losses for a Boss Is No Simple Task**
   James A. Stavros, CPA, CFF, and Jessica Vrooman, CPA, explore the complications that arise when seeking to calculate income losses for bosses due to personal injury, wrongful death, or another catastrophic event.

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New Chair Brings Professional Ethics Background to Journal Work

In 2005, I was elected to serve on the PICPA Professional Ethics Committee. Subsequently, I was invited to coordinate the Ethics column for the Pennsylvania CPA Journal, thus joining the Editorial Board. When I attended my first meeting in May 2005, I was very impressed with the professionalism and dedication of the PICPA members serving on the board, and continue to be so to this day. Editorial Board members develop timely and practical topics, collectively decide on what the most relevant issues are, and share their expertise and talent in a variety of subject areas to inform our readership. Our means of communication has expanded with evolving technological options, but our main format continues to be the Pennsylvania CPA Journal. I am happy to serve as the Journal’s Editorial Board chair for the next two years, and look forward to contributing to its unrivaled quality among state CPA society journals, as you can see in this issue.

The cover story for my first issue as chair, “Risk Assessment: From Paper to Practice,” is by Adamna C. Akujeze, CPA, CISA, CIA. In her feature, she provides a roadmap for taking your company’s risk assessment goals from an on-paper idea to a critical part of an organization’s success.

“Career Crossroads: Understanding Nonprofits before You Switch Jobs” by Michael F. Cade, CPA, CGMA, urges those interested in a switch from the for-profit world to a not-for-profit one to have a full idea of what nonprofits are all about before taking the leap.

In this issue’s third feature, “Unexpectedly Displaced: Calculating Economic Losses for a Boss Is No Simple Task,” James A. Stavros, CPA, CFF, and Jessica Vrooman, CPA, explore the complications that arise when seeking to calculate income losses for bosses due to personal injury, wrongful death, or other causes.

We have a host of tremendous columns for CPAs throughout the profession’s spectrum. For Emerging CPAs, Ashley L. Stampone, CPA, and Amanda S. Marcy, CPA, explore rising technologies and how they are set to impact much more than everyday office duties.

CPAs would be wise to check out the Federal Tax column for this issue. “Penalty Abatement Opportunities after Chai v. Commissioner” by Jed M. Silversmith, JD, focuses on the titular court case and the effect it has had on IRS procedures for the assessment of penalties against individuals and other taxpayers.

Practitioners are the focus of two columns this issue. In the Practitioners column, “Practice Integration Imperatives” by Ira S. Rosenbloom, CPA (inactive), the author discusses considerations when integrating merging practices. The second, “Client Board Meetings Offer Opportunity to Shine, but Don’t Trip Over Legal Line,” is a Liability Lessons column by Jonathan S. Ziss, JD. He reminds practitioners that while attendance at board meetings presents a unique chance to add value to clients, it also can be fraught with liability traps.

We urge you to peruse several special sections that showcase both the present and future of PICPA leadership. The 2019-2020 Leadership Report presents this year’s executive team, while the 2019 PICPA Young Leader Awards show you who will be carrying the profession into the future. And who knows what may be possible from the students receiving scholarships via the Pennsylvania CPA Foundation?

I hope you enjoy this edition of the Pennsylvania CPA Journal. If you know of anything you think deserves coverage in a future issue, please let me know.

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2019 Is a Reporting Year for Pennsylvania CPAs

The Pennsylvania State Board of Accountancy requires all CPAs to obtain 80 credit hours per biennial period, four of which must be in ethics. There is a minimum requirement of 20 credit hours per year. Effective Jan. 1, 2018, CPAs providing attest services must complete 24 credit hours of A&A and 52 credit hours of professional development. All other active CPAs must complete 76 credit hours of professional development. Download PICPA’s requirements-at-a-glance guide.

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Whenever I hear the expression, “the only easy day was yesterday,” I know that person was either in the military or a CPA in public practice. OK, perhaps that’s an exaggeration … but not by much. To practice in financial reporting requires extraordinary knowledge of disclosures. After all, disclosure is to financial reporting what location is to real estate – everything!

GAAP Disclosure Basics
For financial statements to be presented in accordance with U.S. generally accepted accounting principles (GAAP), the following disclosures are necessary:
• Disclosures required by specific authoritative pronouncements
• Disclosures that are deemed “generally accepted”
• Any additional disclosures necessary to prevent the financial statements from being misleading

The third bullet is the epitome of a true principles-based (professional judgment) disclosure requirement – to weigh all the factors and implications of the reporting of financial information to ensure users can fully understand and assess. These disclosures are applied in several areas:
• In the body of the financial statements (in titles, classification, or even parenthetically)
• In the footnotes to the financial statements
• In supplemental information

However, be careful with information presented supplementally. If that information is required to be disclosed, and it is not already disclosed in either the body or footnotes, then there is a disclosure deficiency.

Success is defined by hard work and vigorous commitment. It’s measured by achievements that go beyond the bottom line. And it’s rewarded by the recognition of your peers for a job well done.

Baker Tilly congratulates Kristy Ferraro, Kamna Kanesh, Christopher Kassay and April Maschke, recipients of the PICPA 2019 Young Leader Award.

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SPF Disclosure Basics
Recognizing that not all financial statements are in accordance with a general purpose framework such as U.S. GAAP, AU-C Section 800 establishes the disclosure considerations necessary for financial statements to be presented in accordance with a special purpose framework (SPF). These informative disclosures affect the use, understanding, and interpretation of the SPF financial statements. This guidance includes the following:

- A description of the SPF framework, and how the SPF differs from GAAP
- Informative disclosures similar to those required by GAAP when the SPF measures and recognizes account items the same as, or similar to, GAAP financial statements
- Either disclose items as required by GAAP or provide information that communicates the substance of the required GAAP disclosure when the item has a required disclosure under GAAP
- Any additional disclosures beyond those also required by the SPF that may be necessary to achieve fair presentation

Again, a significant amount of professional judgment is required, not to mention a strong and proficient knowledge of all applicable disclosures under GAAP. Accordingly, whatever happens in the work of the Financial Accounting Standards Board (FASB) and U.S. GAAP will impact SPF financial reporting disclosures.

Monitor Disclosure Framework Project
More and more, the FASB is prescribing and specifying disclosure guidance in its issued accounting standards that provides users with the context and details to better understand, assess, and evaluate financial positions and results. The disclosure framework project commenced about five years ago with the intent to better define the limits of information that can and should be provided in a set of general purpose financial statements, including the notes. This project also is, in no small part, a response to trends identified in an EY study (To the Point: Now Is the Time to Address Disclosure Overload, EY, 2012) that concluded that, based on the rate of increased disclosure requirements, companies are expected to devote about 500 pages of footnote disclosures and management discussion and analysis in annual reports by 2032. To that point, a 2018 annual report for Sears has 14 pages devoted just to note 1 on significant accounting policies.

A new chapter (Chapter 8, Notes to Financial Statements) of FASB’s Conceptual Framework for Financial Reporting was issued in August 2018 to help the FASB improve procedures and promote consistent decision-making when determining disclosure requirements, but it is difficult to envision any significant pruning of required disclosures when the goal is to enhance the data and information available to financial statement users in all areas of relevance and materiality (defined by what influences or makes a difference to an investor or other decision maker) from a principles-based perspective. What is the extent of information that is “useful”? What and by how much, if omitted or misstated, is it probable that the judgment of a reasonable person relying upon the financial information would have been changed or influenced by the inclusion or correction of the item?

So much more is to come, but I will end this column with two thoughts for consideration.

One: New standards such as ASC 606 on revenue recognition and ASC 842 on leasing have established extensive disclosures of the who, what, where, when, why, and how of the topic matters. Private companies using GAAP need to assess – even after applying favorable practical expedients and exemptions – whether the presented disclosure is sufficiently relevant and useful and prevents the financial statements from being misleading. Private companies using an SPF will also need to assess whether areas (such as tax accounting revenue or tax reporting lease expenses) need to parallel or convey the substance of the corollary GAAP disclosure.

Two: Reporting companies using GAAP may need to assess the applicability of several different topic areas for consideration of a specific set of transactions. For example, in a July 2019 Deloitte financial reporting alert (Assessing the Collectability of Operating Lease Receivables, Deloitte Financial Reporting Alert 19-1, 2019), the authors describe that considerations of a collectability issue for a lessor’s treatment and disclosure might lead to new Topic 326 (Current Expected Credit Losses) applications. However, the FASB issued ASU 2018-19, which indicates lessor collectability is not applicable under 326-30, but rather within 842 itself, and possibly 450 (Contingencies).

As we navigate a principles-based approach, legal liability and peer review necessitate deep dives into not only how financial data is presented, but how all necessary aspects of such data is disclosed.

James J. Newhard, CPA, is a sole practitioner in Paoli, a CPE presenter for Kaplan Financial Education – Powered by Loscalzo Institute, and a past president of PICPA’s Greater Philadelphia Chapter. Among his numerous state and chapter technical committees, he is a member of the Pennsylvania CPA Journal Editorial Board and the Accounting and Auditing Procedures Committee. He can be reached at jimm@jjncpa.com or @CatalystJimCPA.
In 2017, the U.S. Court of Appeals for the Second Circuit issued a decision that significantly affected IRS procedures for the assessment of penalties against individuals and other taxpayers. The IRS is now required to possess contemporaneous evidence that a revenue agent’s supervisor approved a penalty before it was assessed. The Tax Court has expanded this rule over the past two years, so it now has significant teeth.

Because obtaining supervisory approval had not been standard operating procedure for revenue agents at the early stages of an audit, many penalties assessed by the IRS are potentially invalid. CPAs who have clients who have been assessed penalties should familiarize themselves with this situation, as there may be an avenue for inexpensive relief for their clients.

**Assessment Approval Required**

As part of the 1998 IRS Restructuring and Reform Act, Congress enacted Internal Revenue Code (IRC) Section 6751(b)(1), which states the following:

No penalty under this title shall be assessed unless the initial determination of such assessment is personally approved (in writing) by the immediate supervisor of the individual making such determination or such higher level official as the Secretary may designate.¹

The provision applies to penalties imposed against individuals and other taxpayers, including accuracy and fraud penalties. It also applies to the respon-
sible person penalty imposed in employment tax and other trust fund cases. The supervisory signature requirement does not apply to penalties that are automatically calculated, like the failure to pay and failure to make estimated tax penalties.

Although enacted in 1998, no court had interpreted this statute or the supervisory signature requirement until 2017. In Chai v. Commissioner, the Second Circuit analyzed Section 6751(b) in the context of an appeal from an adverse decision in the Tax Court. In that case, the Tax Court had sustained the deficiencies and the accuracy penalties. On appeal, the taxpayer argued that the IRS had not established that a supervisor had approved the penalty. The IRS argued that the accuracy penalty was mechanically computed, but the court of appeals rejected this argument. The court also noted that when Congress enacted the 1998 legislation, it intended to require a supervisor to approve penalties at an early stage of the audit. Congress was concerned that revenue agents might attempt to use the threat of a penalty as leverage to negotiate other audit adjustments.

The court of appeals also focused on another provision of the 1998 act. Section 7491 states:

Notwithstanding any other provision of this title, the Secretary shall have the burden of production in any court proceeding with respect to the liability of any individual for any penalty, addition to tax, or additional amount imposed by this title.

The court of appeals determined that these statutes meant IRS Counsel needed to introduce a signed penalty authorization in the Tax Court proceeding. If it failed to produce this document, the Tax Court could not sustain the penalty. In short, documentation of the supervisory approval was part of IRS’s burden of proof. The court found that the statute required there be a written document for when a notice of deficiency was sent (i.e., the 90-day letter).

The Chai decision was significant, but it only applied to the Second Circuit, which includes Connecticut, New York, and Vermont. Since no other court of appeals had weighed in on this issue, taxpayers in the other 47 states, the District of Columbia, and U.S. territories were not bound by the decision. However, in 2017, the Tax Court issued a regular decision on this issue. A regular decision is one that is handed down by the full Tax Court, and with this one it adopted the Second Circuit’s decision and stated that it would apply to all decisions moving forward.

The Tax Court’s regular decision on the matter immediately affected dozens, if not hundreds, of pending cases. IRS Counsel began filing motions to reopen the record for matters that had proceeded to trial to simply introduce the one document showing that a supervisor had authorized imposition of the penalty. In some cases, taxpayers have been able to raise the issue and successfully knock out penalty determinations (usually negligence penalties) based solely on the failure of the IRS supervisor to grant approval.

In April 2019, the Tax Court raised the bar for the IRS even higher. In Clay v. Commissioner, the taxpayer argued that the term “initial determination of the penalty” meant “the first time an IRS official introduced the penalty into the conversation.” In this case, the taxpayer argued that the penalties were first discussed when the IRS sent the revenue agent’s report (RAR). The Tax Court agreed, and held that an IRS supervisor needed to approve the penalty before the RAR was mailed to the taxpayer.

**Impact on Taxpayers**

Since these rules are applied retroactively, relief may be obtainable for taxpayers against whom penalties were assessed years ago. Taxpayers who do not have their audit file can generally get it by submitting a Freedom of Information Act request. The audit file will contain the supervisor’s written authorization for a penalty (if it was obtained). After reviewing the audit file, taxpayers may be able to obtain quick and easy relief. Specifically, taxpayers who have unpaid tax assessments may be able to file a Form 843, Claim for Refund and Request for Abatement, and argue that the penalties are invalid. Taxpayers who already paid the penalties may be able to claim a refund if the tax was paid in the past two years (or the return was filed in the past three years). Taxpayers nearing the end of the limitations period may want to file protective refund claims to preserve their ability to recover any improperly assessed penalties.

It is worth noting that there has been no analysis on the interplay between Section 6751 and the responsible person penalty. However, Section 6751 plainly applies to all penalties against individuals (i.e., all penalties in Chapter 68) other than those that are automatically calculated. The responsible person penalty is set forth in Chapter 68 and is not a penalty that is automatically calculated.

If you have clients who have paid or owe penalties, you should familiarize yourself with the potential impact of these decisions.

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2 Chai v. Commissioner, 851 F.3d 190, 221 (2d Cir. 2017).
3 Chai, 851 F.3d at 220–221.

Jed M. Silversmith, JD, is an attorney at Blank Rome LLP, where he specializes in representing individuals in white collar matters with an emphasis on tax and forfeiture. He can be reached at jsilversmith@blankrome.com.
Tax Notice Management Is Critical

By Matthew D. Melinson, CPA, Vito A. Cosmo Jr., CPA, CGMA, and Kiley Shetler, CMI

Part of the tax function is to address and resolve state and local tax notices from departments of revenue. Notices may be issued for various reasons, such as nonfiling, late filing, underreported tax, late payment, nexus inquiries, or various state updates. All should be reviewed and addressed immediately.

When doing so, though, a series of best practices should be adhered to, including a standardized process, maintenance of a notice log or database, prioritization by age/amount, and making key state department of revenue contacts. A standardized process should include assigning responsibility to certain staff and providing multiple contacts, with both email address and phone numbers, for ease of contact by the governmental official.

An initial step to effective notice management is to review the affected tax period and any necessary prior periods to become familiar with the account. Gather all relevant information that can be referenced before going live with a jurisdiction or direct contact. Then, during conversations, be sure to do the following:

• Inquire about the reason for the current notice (such as late filing, nonfiling, etc.)
• Confirm the cause/frequency of notice (i.e., one-time or pervasive issue)
• Ascertain what needs to be done for resolution
• Determine a timeline for resolution and where to send documents (if not already provided)

If a notice creates confusion, ask the revenue department representative for additional clarity, and break it down into manageable pieces. Confirm timelines, due dates, and how to send in additional information or payments. Also, inquire about a direct phone number and email address of the contact or department involved. This cuts down on processing time and begins to build the bridge between the taxpayer and the locality.

After the information-gathering phase, notices should be tracked either in a simple spreadsheet or in a large volume format using a database. Some items to track include the following: jurisdiction, affected tax period(s), date of notice, due date of response, amount due (broken down by tax, penalty, and interest), and overall status (i.e., unworked, in progress, near resolution, and resolved).

Entering relevant comments in the notice database is also useful to ensure that the most current information is being captured and recorded. This narrative history will aid in future calls and discussions with the jurisdiction. It can also prove helpful during an audit or year-end reconciliation when recollections of past issues and payments are needed. Perhaps the most valuable item is implementing corrective actions that should be taken to resolve the issue going forward.

Value-Added Action

Recognizing the importance of the notice process, from receipt to resolution, can be more of an art than a science. Notice work can run the gamut from a filing frequency change for sales and use taxes to improper tax allocations, or from a new mailing address to a formal appeal of penalty. There may be multiple notices from one state or several states stemming from the same issue. Resolving the notice is imperative, but so is detecting patterns and fixing root causes, which is key to proper notice management.

Strong interpersonal skills and writing skills are paramount in adding value. Clear, concise communication is desirable. State representatives do not want to be bothered with long, rambling letters or to be berated by a frustrated person on the phone. Forge strong, positive relationships to get things done. Also, the use of business judgment in prioritizing what is critical for immediate resolution is imperative.

A great tool to leverage is the taxpayer’s online account. Certain platforms prove to be more helpful than others simply based on the services offered. For example, in Georgia, a signed power of attorney can be uploaded through the “I Want To” section of the Georgia Tax Center website, which is then made available to the state for immediate processing.

The use of this tool can benefit a tax department in multiple ways. It reduces turnaround time, eliminates the expenses of postage or overnight mailings, and can provide a viable starting point from which to track a notice and provide account status updates without having to set aside time to call the jurisdiction.

Pitfalls and Prioritization

Be wary of “small notices.” While certain notices may appear trivial, they could pack a powerful punch regarding potential penalties, interest, or account levies if not handled properly. Review each notice as it arrives. Consider its origin and how much that potential liability will impact a locality. State accounts have a higher volume of taxpayers and generally collect much more than local jurisdictions. Thus, certain notices and assessments may be more helpful than others prove to be more helpful than others.

One war story relates to a company that had outsourced its tax compliance function. There was a subsidiary that was filing returns reflecting no tax due for an obscure state tax. Several nonfiling notices were sent out by the state’s department of revenue, which remained unanswered.
Finally, a notice was sent to the company’s CEO. After an examination, it was found that a staff member simply decided to stop filing the returns because there was no tax due. However, there was a reason why these returns were being filed. The company was subject to the tax, but it was exempt on the amount of sales for several technical reasons.

The CEO inquired about the status of the notice, including the possible worst-case exposure. The tax department calculated the exposure, which was remote, but the amount exceeded $100 million! Even a remote chance of an incredibly large number is alarming. A subject matter expert was hired to opine on the exposure, and concluded that the company was not liable for the $100 million-plus amount, and the matter was eventually resolved without payment to the jurisdiction. Nonetheless, there was quite a bit of stress for the people involved, and costs were incurred to resolve the matter.

**Penalties**

Generally, penalties should not be paid as part of the first response. There are normally mitigating or extenuating circumstances surrounding a late filed or nonfiled return. Many jurisdictions have abatement-of-penalties statutes, and a prudent tax professional should research those statutes and refer to them, along with a discussion of the mitigating circumstances. Explaining that the error was unintentional and why it shouldn’t be duplicated in the future often goes a long way to abate a penalty.

One experience involves a relatively small locality with seemingly outrageous penalty rates. Based on a late filing, a notice of penalty assessment was issued for about $200,000 by this jurisdiction, which had recently changed its law to lift the previous maximum cap of $2,000. The assessed amount was material to the locality’s budget, and an educated guess was made that this was the first large penalty assessment since the law change. After articulating why the penalty should be waived, identifying relationships with local officials, drafting written appeals, and having to attend a formal hearing, a significant reduction was granted, although not a full abatement. The alternative of taking this matter to court was averted, but not without substantial efforts and costs.

**Conclusion**

Ensuring that quality professionals with good business judgment handle tax notices is vital. Having a standardized process, creating a notice database, prioritizing issues, and identifying paths to resolution are some other best practices.

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Emerging Technologies Will Impact More than Office Duties

By Ashley L. Stampone, CPA, and Amanda S. Marcy, CPA

Emerging CPAs must educate themselves on the impact innovative technological advancements will have beyond their day-to-day office work, particularly in the areas of licensure requirements, certification examinations, and the future of the profession.

Potential Licensure Changes
Since 2018, the National Association of State Boards of Accountancy (NASBA) and the AICPA have been working to incorporate technological proficiencies into CPA license requirements. Their CPA Evolution Working Group has recommended that “the CPA Exam evolve to test a candidate’s ability to use emerging technologies, audit systems, and controls, and to examine and report on systems.”

State boards of accountancy will need to review education requirements to ensure that newly licensed CPAs meet the need for technological and analytical expertise in this evolving profession. While the exact licensure changes have not yet been announced, the CPA Evolution Working Group has released five principles to guide the new model:

• To protect the public interest, CPA competencies, services, and attitudes need to continually evolve and adapt to technological disruptions.
• Technological and analytical expertise is essential in performing assurance work and other professional accounting services.
• Continued modification of licensure requirements is necessary to sustain both the profession and its provision of public protection.
• The profession must be redesigned to attract individuals with the necessary technological and analytical expertise.
• Changes must be “rapid, transformational, and substantive,” while also considering those candidates already in the pipeline.

The working group has additionally called for a “common core in accounting and technology,” both in the education and examination requirements. The CPA Evolution initiative anticipates releasing updates at the NASBA annual meeting in October 2019 and at the fall AICPA Council meeting. Emerging CPAs should stay current on the working group’s developments since certain elective credits in some areas may soon become required.

Examination Updates
While more changes are in the works, the CPA Exam has already started to incorporate recent technological components. Last year, CPA candidates saw the addition of big data and data analytics on the exam’s Business Environment and Concepts section. Effective July 1, 2019, data analytics was also incorporated into the exam’s Auditing and Attestation section.

The CPA Exam is not the only professional certification exam to undergo modification. With the release of the 2019 Institute of Management Accountants (IMA) Management Accounting Competency Framework, the Certified
Management Accountant (CMA) exam will also incorporate innovative tools. This framework identifies “six domains of core knowledge, skills, and abilities that finance and accounting professionals need in order to remain relevant in the digital age and perform current and future roles effectively.” Technology and analytics is one of the key domains advising accounting professionals to obtain the “competencies required to manage technology and analyze data to enhance organizational success.”

Starting in January 2020, 15% of part one of the CMA exam will focus specifically on technology and analytics.

Because CPA and CMA candidates will now be required to use business intelligence, data analytics, and statistics to support accounting and business decisions within their respective exam materials, it is critical for candidates to be proficient in these areas.

Recommendations for Emerging CPAs
While current students can gain exposure to technological innovations in the academic setting, emerging CPAs already working in the profession may not get regular exposure to new technologies. There are, however, options for CPAs to elevate their technical proficiency:

• Firm trainings – Many public accounting firms offer in-house training, webinars, and white papers for staff to become more proficient in emerging technologies. Emerging CPAs should use these resources to learn how automation, data analytics, big data, blockchain, and artificial intelligence may affect particular industries or clients.

• Continuing professional education – There are many training and webinar options offered by professional organizations, such as the PICPA, the AICPA, and the IMA. Each has resources to provide enrichment relative to recent advances. For example, the AICPA released several (some free) resources to help CPAs learn about these emerging resources, including an audit analytics webpage, a blockchain white paper, multiple podcasts, and a cybersecurity resource center. The PICPA has compiled resources on its website dedicated to data analytics and cybersecurity.

• Additional credentials – Emerging CPAs may want to consider earning additional credentials to bolster their digital acumen, either through a professional organization, their own respective firms, or pursuit of advanced degrees. Credentials and digital badges are available, such as AICPA’s Blockchain Fundamentals for Accounting and Finance Professionals and Cybersecurity Advisory Services Certificate programs. Demonstrating mastery over a particular technological competency not only will help CPAs become a “go-to” firm resource, but also will help them to better serve their clients. Many of these certificates are available on PICPA’s website at www.picpa.org/certificates.

• Trade publications – Publications such as the Pennsylvania CPA Journal frequently publish articles on changes affecting the profession. Emerging CPAs should consult trade publications for the latest technological developments influencing their professional requirements. PICPA members can also subscribe to a weekly email highlighting recently published blogs and podcasts.

Given the ever-evolving nature of technological and analytical advances within the accounting profession, it is critical for emerging CPAs to stay abreast of these changes and develop the skills necessary for continued professional growth.


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Consider Section 962 to Mitigate GILTI Inclusions

By Andrew M. Bernard Jr., CPA

Individuals from the United States who are shareholders (including estates and trusts) of controlled foreign corporations (CFCs) face a difficult path in how to structure these investments in a tax-effective manner. The Tax Cuts and Jobs Act of 2017 (TCJA) treats U.S. corporate shareholders more favorably than U.S. individuals with regard to investments in CFCs. The TCJA has a new global intangible low-taxed income (GILTI) inclusion as part of the U.S. Subpart F anti-deferral rules that expands inclusions from CFCs to individual shareholders who are federally taxed at up to 37%. It also creates a double taxation event because individuals are not entitled to a credit for underlying foreign taxes paid in the income included. Corporations are taxed more favorably on their GILTI inclusions, as discussed below.

For individuals, a Section 962 election might be beneficial in this situation. Section 962 of the Internal Revenue Code was enacted in 1962, along with the rest of the U.S. anti-deferral Subpart F provisions. At that time, the top individual income tax rate was 91% and the top corporate income tax rate was 52%. With this concept of taxing the phantom income of a CFC under Subpart F, Congress provided a means of reducing the tax burden for individuals through credits for the foreign taxes paid on the foreign income inclusions. Congress allowed this to create parity between individuals investing directly in a foreign CFC and investing in a U.S. corporation that invested in a foreign CFC. Prior to the TCJA, a Section 962 election was rarely made and generally required a fairly unique set of facts to be beneficial.

A Section 962 election provides individual shareholders of a CFC with the option to tax Subpart F income from CFCs at a hypothetical U.S. C corporation’s lower rate of 21%. Also, the hypothetical C corporation is entitled to the 50% Section 250 (GILTI/foreign-derived intangible income) deduction on the GILTI inclusion, which results in a tax rate of 10.5% on the GILTI income. Then, the hypothetical C corporation is permitted 80% of the deemed paid foreign taxes on the GILTI. Therefore, if the foreign income included in the hypothetical C corporation is taxed at a rate of at least 13.125%, then no residual U.S. tax results for the hypothetical C corporation — a potentially much better result than not making a Section 962 election. When the foreign earnings are subsequently distributed out of the CFC, they are taxed as dividends at the U.S. individual level. If the CFC is located in a country that has a treaty with the United States that contains an exchange of information clause, then the dividends may be taxed at the 20% qualified dividend rate, otherwise it may be taxed at up to 37% (plus the 3.8% Net Investment Income Tax).

In certain circumstances, a Section 962 election can be made on an amended return. The election is made annually, so an individual can choose to make it one year and not make it in another year if it is not beneficial.

A comparison and projection should be made to determine if a Section 962 election should be made or whether the CFC should be transferred to an actual U.S. C corporation. Further, the projection should consider whether a check-the-box election should be made on the foreign investments (assuming this can be done tax-effectively) to flow through foreign income and foreign taxes as a credit against the foreign income taxed by the United States. Some factors to be considered (although others may arise depending upon the circumstances) are as follows:

- What is the do-nothing cost?
- What tax rate is imposed on the foreign earnings?
- What are the distribution projections of the foreign earnings?
- Do subsequent distributions qualify for the 20% qualified dividend U.S. individual tax rate?
- What are the state income tax implications?
- What are the projections for double tax from a disposition when a CFC is transferred to an actual U.S. C corporation?
- What might happen with future U.S. tax legislation and the potential for rising U.S. corporate tax rates if the parties in the U.S. Senate and presidency shift, and can the structure be modified in a tax-effective way if necessary?

As a side note, Treasury issued proposed regulations that would contain a high-taxed exception for GILTI income taxed in a foreign jurisdiction at a rate greater than 18.9%, but taxpayers cannot rely on this exception until the year after the regulations are final, which is not expected to occur until, at earliest, in late 2019. This would be a helpful exception if it is included in final regulations.

A Section 962 election may be an effective tool for mitigating the impact of enhanced U.S. tax inclusions from the GILTI provisions enacted in the TCJA for individuals. However, it needs to be carefully considered based on the circumstances: a modelling exercise should be undertaken that outlines and calculates the pros and cons of each alternative.

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Negotiating the terms for a CPA practice transfer or merger is the most important step in setting the stage for a successful transaction. Nearly as important, but often overlooked, is having a well-designed integration plan.

Depending on the practices involved and their operational comfort zones, an integration plan may need to be very detailed. It must be developed collaboratively and customized to the firms involved. Typically, firms are on top of their game with the administrative transition (technology, vendors, payroll, etc.). Areas that are worthy of more attention than they often receive include staffing, clients, external communications, and leadership.

**Staffing**
The members of each firm’s staff have never worked together, and dealing with the unknown will be unsettling.

Bring in members from each of the firms to craft job descriptions for the members of the combined organization. This will achieve better consensus and unity, and often translates to more buy-in for any changes. This likely will lead to smoother team integration and, possibly, better employee retention.

Synchronizing benefits, compensation, and personnel policies is important and sensitive. Use a system for questions and support during the transition, and schedule internal focus groups for post-closing to ensure two-way communications between management and staff. In addition, a merger may be the right time to implement a mentoring program or staff buddy system. Everything you can do to foster a “one firm, one team” vision will pay off.

**Clients**
Clients will be concerned with any transition, especially if they think the level of service will drop and fees will increase.

Each firm should create a list of its top 20 clients with information about longevity, what’s important to the client, and prominence in its industry or market. Share that information among client-facing team members. A deeper understanding of each top client’s needs ensures members from both firms are keyed into any possible client dissatisfaction.

Top clients should be notified and welcomed personally by the leadership of the newly combined firm. Emphasize the benefits to the client of the merger. Stress accessibility to leaders of the firm and how your level of service will be equal to or greater than it was in the past.

Create a client welcome letter to be issued within two weeks of any public announcement. Introduce key members of the firm, pertinent service areas, billing and collection policies, and contact information. Institute an outreach plan so every client is contacted after the letter.

**External Communications**
There needs to be common and consistent messaging around the purpose of the transaction, the vision for the future, and the near-term action plan.

Prior to solidifying the deal terms, define the goals, milestones, and vision for the combined firm. Consensus on the strategic intent and process will not only bolster the quality and transparency of your messages externally, it will enhance management of the integration.

Time lines for communication, methods of communication, follow-ups, and touch points should all be worked on through ongoing conversations between the firms. The communications plan can’t be restricted to an event or series of events; it must include check-ins and follow-ups to measure the reception to the message.

**Leadership**
Partners and top executives set the tone. The happier the leaders of the two firms are, the better the viability of a successful integration. Owners must build consensus around a common set of processes and policies to ensure firm unity.

The job descriptions of leadership should be updated. If the transaction is centered around succession, then an outline of the timing and steps to implement the succession needs to be designed ahead of time. Succession is a two-way street. The exiting party and the successor must both be held to certain criteria and certain consequences.

Future leaders of the combined firm need to understand their place and expectations for progress. Setting core objectives for advancement will help. Setting a process to establish milestones, goals, and accountability with input from the candidates will go a long way toward building trust and solidifying practice continuity.

Higher level policy issues need to be resolved ahead of time. These would include, but are not limited to, requirements for tax return review, client acceptance, engagement letter protocols, time management and cash flow controls, and collection controls.

Successful practice integration is highly dependent on people and communications. When all of the people involved – including the clients – are aligned, and when the communications are consistent, the results will be better. Planning and creating a process to manage setbacks will enhance the outcome and make the vision a reality.

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Visit www.picpa.org/integration for a podcast with the author.
Client Board Meetings Offer Opportunity to Shine, but Don’t Trip Over Legal Line

By Jonathan S. Ziss, JD

Insightful lessons can be learned by reviewing professional liability issues. With this in mind, Gallagher Affinity provides this column for your review. For more information about liability issues, contact Irene Walton at irene_walton@ajg.com.

The board of directors of a corporation should meet annually, if not more frequently. Partnership agreements, too, commonly require an annual meeting (at minimum). Agenda items for these meetings may include election of officers and directors, decisions concerning distributions, officer compensation, retirement plan contributions, review and approval of loans to shareholders, and ratification of key management decisions made during the year.

For the practitioner who serves small to midsize clients (rather than large public or private entities), it is almost always worthwhile to be a part of board or partnership meetings. There is a role for the CPA to play concerning the plans for certain agenda items the board may be considering and to properly document various decisions that have tax implications so they are part of the corporation’s tax records. Live attendance is encour-
aged, as your availability can only encourage questions and provide documented confirmation concerning tax planning.

There are, however, a few important caveats that should be kept in mind by the practitioner in attendance.

Remember, the applicable operating agreement, partnership agreement, or bylaws are legal documents. They may contain, or appear to contain, ambiguities, inconsistencies, missing provisions, or provisions that are inconsistent with current law. Should you notice these, you must keep in mind that the practitioner is not tasked with pointing out, advising, or resolving any such legal issues. Stick to tax matters. Questions surrounding the meaning, intent, or implementation of documents should be addressed through legal counsel. Bear in mind that governing documents commonly contain a “governing law” clause, which may stipulate that, say, a Pennsylvania LLC’s operating agreement is governed by Delaware law. With each state having its own corporate (for-profit and not-for-profit) statutes, as well as partnership laws, knowledge of these matters is critical, but is properly left for counsel.

That being said, a board’s failure to strictly comply with its own governing documents in all respects is perhaps more common than not, whether the entity is a not-for-profit swim club or a sophisticated, professionally managed entrepreneurial enterprise. What should a practitioner do in circumstances involving a deviation, such as a nonconforming vote or an unratiﬁed declaration of distributions? One approach would be to suggest that counsel be consulted and make a memo to the ﬁle to this effect. If an action taken by the board would have a tax effect, and this effect is duly communicated, the fact that authority for the action may be subject to later legal challenge by one or more members/shareholders is likely not the determinant for tax compliance. (A private consultation by the practitioner with her or his own attorney may be indicated and, if allowed by the engagement letter, may be chargeable to the client.) Clients should bear the risk of unauthorized board actions, not their CPAs.

Should you attend board meetings, always be vigilant for potential conﬂicts of interest. Your client is the entity, not the individual owners in this setting. If dissension should surface, “adviser” is the watchword, not “advocate.” The minority position could regard you as being allied with the majority, suggesting favoritism is at play more than professional regard for a given position or action. Make your positions clear, and by all means make a note to your ﬁle concerning any such discussion.

Overall, participation in an annual meeting gives the practitioner an opportunity to shine. You will remind the client of your value to the entity by addressing forward-looking tax planning, discussing additional services that you or your firm can provide when the time comes, and you can get that all-important engagement letter signed.

One final note: for attest clients, careful consideration must be given to maintaining independence in the board meeting setting.

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Congratulations
Ashley Blessing, CPA
& Stephanie Chandler, CPA

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Health Care Valuations Present Unique Challenges

By David H. Glusman, CPA, CFF, FABFA

Health care expenditures in the United States will top $3.5 trillion this year, which is about 18% of the gross domestic product. The provider sector is undergoing dramatic change in the form of mergers, consolidation, and new partnerships. All of these actions require business valuation services.

Quite a few CPAs have business valuation credentials, but it is important to understand the unique nature of valuation within the health care sector. Health care business transactions and financial arrangements — particularly those that could provide financial incentives for the referral of patients to services that are paid by federal health programs — require compliance with three closely related laws: the Anti-Kickback Statute (AKS), the Physician Self-Referral law (commonly called the Stark Law), and the False Claims Act (FCA).

The AKS makes it a crime to offer or exchange anything of value in an effort to induce the referral of patients to services paid by Medicare, Medicaid, or any other federal payor. Violating the AKS is a felony, punishable by a fine of up to $100,000 and up to 10 years imprisonment. AKS violators are also subject to civil penalties.

The Stark Law is somewhat narrower. It prohibits physicians from referring Medicare patients to providers with whom the doctor (or an immediate family member) has a financial relationship. The rationale is that a financial arrangement may interfere with the health professional’s independent medical judgment. The banned referrals apply to a specific list of “designated health services.”

The FCA was enacted in 1863 because Congress was concerned that suppliers of goods to the Union Army during the Civil War were defrauding the government by charging too much or providing unnecessary supplies. Most states have statutes essentially identical to the federal one that covers state programs, including medical assistance.

An example of an inducement or incentive for patient referrals would be a hospital paying a physician a monthly sum for patient referrals. This is an illegal kickback. Once a relationship is tainted by an illegal payment, the entity or entities receiving the referrals are prohibited from submitting any claims for medical services to federal health programs, including Medicare or Medicaid.

The AKS and Stark Law have safe harbors that are exceptions to their prohibited acts. The safe harbors permit some financial arrangements and transactions, as long as specific criteria for each safe harbor are met. For example, one safe harbor allows the sale of a physician’s income in a hospital. In addition to other requirements, two key elements of this transaction are that the purchase price and any subsequent physician compensation arrangements must be fair market value.

Fair market value in health care transactions is governed by traditional valuation principles and methodologies, but it is also governed by extensive federal regulations, guidance, and case-specific advisory opinions issued by the U.S. Department of Health and Human Services Office of Inspector General.

When performing an engagement in which a CPA is providing an opinion regarding fair market value, AKS and Stark Law compliance requirements determine whether the consideration and other terms are “commercially reasonable.” When it comes to the AKS, a transaction is generally deemed to make commercial sense if entered into by a reasonable health care provider entity of similar type and size, or a reasonable physician (or group thereof) of similar scope and specialty, even if there were no potential business referrals between the parties.1

To perform a fair value analysis, the CPA would need to gain an understanding of the reason for the transaction and any referral patterns, past or anticipated, as well as other financial issues between the parties. This review may require a need to engage other experts.

Consider a radiation oncology practice planning to rent space from a hospital and contracting with a radiation oncologist to provide management services under a long-term contract. The CPA must be able to determine whether the arrangements made are of fair market value, without considering that the radiation oncology facility may give or receive referrals of patients from the hospital system and its affiliated entities. Thus, a real estate expert may be needed to determine the fair market value of the leased space. Separately, the CPA needs to determine the management services being rendered and calculate, by market reference, whether it and the underlying methodology is of fair market value and commercially reasonable. Only with these considerations is the CPA in a position to render an opinion.

CPAs who provide business valuation, due diligence, and investigative accounting services in the health care industry need to be aware of AKS and Stark Law compliance requirements.

1 See preamble to the Stark II, Phase II regulations at 69 F.R. 16093 (March 26, 2004) and OIG Supplemental Compliance Program Guidance for Hospitals at 70 F.R. 4866 (Jan. 31, 2005).

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Targeted Teaching Key to “Flipping” the Classroom

By Christian E. Wurst, CPA, PhD, and A. J. Kreimer, CPA

One of the hottest trends in education has been the advent of the flipped classroom. In a traditional classroom, the professor presents the material, demonstrates it, and asks for any lingering questions. A flipped classroom jumps directly to the questions stage.

There are many benefits of the flipped classroom. Most of the instructional material is delivered by prerecorded video, which allows students to learn and study at their own pace. The method also allows students to review any material that they find particularly vexatious, and it offers the flexibility to schedule and tailor their learning tasks to accommodate their other time demands. In theory, it empowers students to be the “constructors of learning” as opposed to simply being the “consumers of information.”

Another benefit of the flipped classroom is that it allows the teacher to spend all of her or his time working with the students in the classroom as they apply their newly acquired knowledge. The “sage on the stage” has morphed into the “guide on the side.” Teachers no longer “teach” the material; they plan “learning tools and activities” for student consumption.

Success in this endeavor, however, all depends on one significant factor that is beyond the control of the professor: students must be highly motivated self-efficacious learners. The students need to be highly motivated self-efficacious learners. The students need to be highly motivated self-efficacious learners. The students need to be highly motivated self-efficacious learners. The students need to be highly motivated self-efficacious learners. The students need to be highly motivated self-efficacious learners.

The key to eliciting questions is to provide students with an anonymous vehicle to do so. Many software polling packages provide that conduit. Some include AskNicely, Fieldboom, Formstack, GetFeedback, Qualtrics, SurveyGizmo, SurveyMonkey, Typeform, and Wufoo, among others.

The process begins with creating the survey. Take each learning objective for that class (“Complete a bank reconciliation,” for example) and turn it into a question (“Can you do a bank reconciliation?”). The students respond on a four-point Likert scale. The Likert scale choices are “Easy,” “Yes, but only with help from the text and other materials,” “Just barely,” and “Not at all.”

The data are harvested in an Excel spreadsheet, with each column representing a question and each row for a respondent. At this point, it is simply a matter of using the Excel “Find and Replace” to convert each qualitative response into a quantitative data point, such as “Easily” as a 1, “Yes, but only with help from the text and other materials” as a 2, “Just barely” as a 3, and “Not at all” as a 4. Then average each column to derive a general difficulty level for each learning objective.

Once those difficulty levels are determined, use the sort tool to arrange the learning objectives/survey questions from largest value to smallest. After determining which are the 10 or 12 most vexatious topics, create a unique PowerPoint presentation for that class to address those topics. Essentially, this process covers the questions that should have been asked but most likely would not have been.

Perhaps the best advantage to this method, at least from the student’s point of view, is that it avoids the dreaded “Death by PowerPoint” lectures common in too many classrooms. Instead of general slideshows that touch on every topic in the text, each class gets a presentation based on its unique needs. Students appreciate the respect it shows for their time. Instead of plodding through dozens of slides to find the ones they need, this technique produces a presentation that contains only the slides that they need.

While creating PowerPoint presentations for each class takes significant time, it does avoid wasting class time on topics the students either already know or are mostly inconsequential. Textbooks contain every conceivable topic the authors can include, hence there is always a fair amount of chaff with the grain. This practice of surveying allows professors to winnow out the chaff using the students’ criteria. In short, it fits the course to the class and eliminates unproductive and arbitrary decisions by the professor.


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Form 990 Basics: Brief Overview and Best Practices

By Harrison A. Pereira, CPA

Form 990 is an annual information return required to be filed with the IRS by most organizations that are exempt from income tax under Section 501(a) of the Internal Revenue Code. Although most tax-exempt organizations do not pay federal taxes, the majority must still file annually with the IRS. Form 990 not only includes financial information such as gross income, receipts, and disbursements, but also nonfinancial information such as mission, programs, and key governance information.

What to File and When
Based on the gross receipts and assets table below, an organization can determine which form satisfies its annual reporting requirement.

<table>
<thead>
<tr>
<th>Gross Receipts</th>
<th>And / Or</th>
<th>Total Assets</th>
<th>Form Type</th>
<th>Due Date*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to $50,000</td>
<td></td>
<td></td>
<td>990-N</td>
<td>15th day of the 5th month after the close of your tax year</td>
</tr>
<tr>
<td>Less than $200,000</td>
<td>And</td>
<td>Less than $500,000</td>
<td>990-EZ or 990</td>
<td>15th day of the 5th month after the close of your tax year</td>
</tr>
<tr>
<td>At least $200,000</td>
<td>Or</td>
<td>At least $500,000</td>
<td>990</td>
<td>15th day of the 5th month after the close of your tax year</td>
</tr>
</tbody>
</table>

An automatic six-month extension is provided to tax-exempt organizations by filing Form 8868.

If a nonprofit fails to file its Form 990 on a timely basis, penalties of up to $20 a day are imposed for each day the return is late, with a maximum penalty of the lesser of $10,000 or 5% of gross receipts. For organizations with gross receipts exceeding $1 million, the penalty increases to $100 per day with a maximum penalty of $50,000. Failure to file for three consecutive years can lead to revocation of an entity’s tax-exempt status.

An organization does not have a filing requirement – even if they meet the thresholds in the chart – if it falls within certain categories. These categories most notably include certain religious organizations and state institutions, but a complete list of exceptions can be found on the IRS website.

A Form that Tells a Story
Per IRC Section 6104, Form 990 is a public document that is easily available for review. GuideStar and Charity Navigator are two charity ratings services that rate and provide access to the form online for public inspection. Many donors read and examine the form during their due-diligence process of selecting an organization to which they will contribute. Organizations should take advantage of this annual compliance requirement by using Form 990 to educate the public and should include specific achievements and metrics to highlight the impact of the organization’s programs. Providing such information may better persuade a potential contributor.

Governance and Form Review
Form 990 was redesign in 2008 to provide greater accountability, transparency, and governance of tax-exempt organizations. The revision includes inquiries about the organization’s governing body and management, as well as the process of Form 990 review prior to its filing with the IRS. There is no requirement for the governing body to review the form, but Part VI, Section B, line 11 specifically asks whether the form was provided to be reviewed by the organization’s governing body prior to filing and the process of review. Since the board oversees the organization’s policies and finances, such a review is considered a best practice in the area of good governance because the board can further validate the accuracy of the information that is being conveyed. When organizations do not have a board review and approval process, it could indicate a weakness in oversight that may expose it to greater scrutiny during review by the IRS.

Conclusion
Form 990 is an important document that can be adopted as a marketing tool and included on an organization’s website, on brochures, and in public relations materials. During the annual preparation of the form, a nonprofit should provide the necessary qualitative information to its tax preparer so it is presented in such a way that best tells its story to the public.

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Using an LLC for Ownership of a Vacation Home

By Herbert R. Fineburg, LLM (Taxation)

I am frequently asked if a limited liability company (LLC) should be used to purchase a second residence. It is often an excellent choice for clients. There are many benefits of owning a residence in the name of an LLC.

The top advantage is protection from personal liability arising from the property. Certainly a property owner can purchase general liability and umbrella insurance coverage, but the small up-front cost of forming an LLC (typically less than $750) to achieve permanent and unlimited protection is difficult to match. (There is also an annual LLC registration requirement with a small fee that is typically around $200 per year.) The limited liability protection is especially important for vacation homes that may be rented or used by others while your client is not present.

Another advantage is privacy. In most states, including Pennsylvania, Delaware, and New York, the owners of an LLC are not of public record. This is one reason, as reported by The New York Times, that most New York City luxury condominium units are owned by an LLC and not in the name of individual owners. In other states, such as New Jersey, confidentiality of owners can be maintained if a manager is reported.

The ease of transferring ownership is another benefit. Once the deed is listed in the name of the LLC, the deed does not need to change until the property is sold to a third party. Property ownership can be transferred confidentially by the assignment of LLC membership interests from a parent to trusts, estates, children, etc., without changing the deed in the name of the LLC and without dealing with all of the associated filings and fees.

Understand that ownership of an LLC membership interest is an intangible asset for probate purposes upon death. If a client owns a second residence, or multiple residences, in a state in which he or she is not a resident, they need not incur ancillary probate proceedings in the other state.

An LLC interest is also an intangible asset for state inheritance tax purposes — the real estate will be taxed by the state in which your client resides at the time of death, as opposed to the state in which the real estate is located. You will need to compare the inheritance tax of your client’s resident state to the state in which the property is situated to determine if there is a significant difference in tax cost. For example, a New Jersey resident can avoid a potential Pennsylvania inheritance tax on his or her Pennsylvania property by using an LLC. On the other hand, in the case of New Jersey property owned by a Pennsylvania resident without a surviving spouse to inherit the property, Pennsylvania has a 4.5% inheritance tax on the LLC interest passing to your client’s children, while New Jersey does not tax real estate passing to children. However, there is no Pennsylvania inheritance tax when the LLC interest passes to a surviving spouse. It is common estate planning for a Pennsylvania resident to later become a resident of a state without a state inheritance tax (such as Florida), so that on the death of the surviving spouse there is no inheritance tax.

Most LLCs that own a personal residence do not require any type of federal or state income tax return. Basically, when there is no rental activity, a client simply deducts the associated real estate taxes on his or her individual tax return as if the client owned the property directly. If your client rents out the vacation home, your client will file an income tax return whether the property is in an LLC or not; so, considering limited liability is paramount for a rental, an LLC should be considered.

Unlike annual record maintenance requirements for corporations, an LLC has no required formalities after formation and the signing of a simple operating agreement, other than an annual state registration.

The formation of an LLC is not without issues that may concern some clients to a degree. The most common is that when your client is obtaining a mortgage loan, some lenders may charge a higher mortgage rate to an LLC. A second, potentially more material, concern is the possibility of additional state inheritance tax costs for LLC ownership (adjusted for the amount of additional state ancillary probate costs of not using an LLC) as described above. Also, in Pennsylvania, if your client purchases real estate in the client’s individual name and later decides LLC ownership is preferred, Pennsylvania will assess a realty transfer tax, even if your client is the sole owner of the LLC. Therefore, it is recommended that LLC ownership be considered at the time of the purchase and is not deferred until after closing.

In general, an LLC holds numerous benefits for clients who own other personal residences. Sometimes titling property in the client’s individual name may be preferred, however, when there is a concern for additional inheritance taxes or, less so, a concern for the slightly higher mortgage rate or modest cost of formation and annual registration. Your client will have to decide if those factors outweigh the benefits of using an LLC.

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Risk Assessments: From Paper to Practice

By Adanma C. Akujieze, CPA, CISA, CIA
Successful risk awareness cultures are those in which employees at all levels of the organization recognize the crucial nature of managing risk. Too often, risk assessment and risk management initiatives die prematurely because there is a lack of ownership or committed responsibility over the process. Interestingly, this absence of commitment to the process exists because “What do we do with it?” goes unanswered by leadership. This article highlights how risk assessments can be more than a concept and become a critical component of an organization’s success strategy.

Let’s start with some basic definitions. Risks are potential internal or external events that may have an adverse effect on an organization’s objectives. Risks are, essentially, the what-could-go-wrongs (WCGWs) to which every organization is subject merely by existing and operating. Examples of some general risks may be delays, inefficiencies, or significant monetary losses encountered due to inadequate project planning. The existence of risk is no reason to panic; instead, risks should be proactively addressed to minimize the cost of disruption. Internal controls help an organization achieve these objectives by providing assurances against risk. Most internal controls rarely eliminate risk altogether, although they may in some cases. Their design does not typically entail elaborate special initiatives; they are part of day-to-day tasks. It takes a great deal of intentionality to identify day-to-day tasks that are internal controls and elevate the level of accountability tied to their execution.

There are myriad risk factors facing every going concern. Therefore, an organization must develop its own comprehensive risk library, and it is critical that all operating units and support functions are involved. The method by which this inclusive approach is implemented will depend on the size, structure, and culture of the organization. At larger organizations, questionnaires are the handiest tool to start with, while at smaller organizations, workshops and brainstorming sessions will get the ball rolling just as effectively. The goal is to get each operating unit and support services leader thinking about any risks that could keep them from achieving their objectives. Streamlining this into categories that are most relevant to the organization’s industry can be helpful in this process. Examples of categories identified as risks may include operational, financial, regulatory, strategic, etc.

Another approach that has proven effective is to pose questions to work groups about significant new initiatives undertaken by each, as well as how companywide initiatives have affected the resources within their respective areas. Ask about concerns with fraud and unethical practices, and get their interpretation of how economic conditions impact their goals and objectives. All of this will inspire leaders to think deeper and broader about what risks they are susceptible to. The deliverable from this exercise is a comprehensive list of relevant WCGWs – preferably sorted by risk category.

Adding quantitative measures to risk assessment is the next step in this process. Here, it is advisable to engage a smaller set of stakeholders. The organization’s designated risk assessment facilitator will work with a smaller group of advisers to design a risk rating scale and then rank the risks. The objective is to measure the effect on the organization should the WCGW occur (impact); how likely the WCGW is to happen (likelihood); and the effectiveness of controls in place to minimize the potential impact (assurance). Ultimately, the deliverable from this exercise is a calculation of inherent risk and residual risk.

Inherent risk is the level of risk that exists without taking into account any existing control and mitigation activities. Residual risk is the level of risk after taking into account existing controls and mitigating activities. Inherent risk is calculated as impact multiplied by likelihood. For example, using a five-point rating scale for impact and likelihood, where 5 is high impact and high likelihood, respectively; and 1 is the lowest possible score for both elements, an inherent risk score of 15 would be recorded for a risk deemed to be a 5 for impact and 3 for likelihood. Residual risk is calculated by multiplying the inherent risk by a determined assurance risk factor. Assurance risk rankings are inversely related to impact and likelihood rankings. Using the same five-point rating scale as an example, the assurance score for a risk with mature governing controls will be ranked closer to a 1 than a 5. In other words, unlike impact and likelihood, a positive assurance score will be assigned a lower ranking. The assurance risk factor applied to residual risk would be assurance risk ranking divided by the ranking scale, which in this example is 5. Inherent and residual risk scores for a risk with the rankings detailed below is as follows: With an impact of (5), a likelihood of (3), and an assurance (2), inherent risk is 15 (5 x 3) and residual risk is 6 (15 x 2/5).

Of course, a big logistical question remains: “Who should do all of this?” That depends on the type and structure of the business being reviewed. Finance and accounting leadership is a good place to start. Ideally, an individual with fiscal understanding should

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serve as the facilitator of the process because the measurement of risk impact typically has a bearing on financial materiality. Similarly, the definition and ranking of the assurance factor should be completed by an individual with a good understanding of internal controls. The likelihood of occurrence can be predicted based on prior experience and industry/economic factors.

To be most effective, parties that participate in the risk-ranking process must be well educated on the rating scale and the implications of each element therein. Quantitative metrics are undeniably the most objective – and the most impactful – measures to use for risk rankings. They make for a scalable and adaptable process.

Inclusion and awareness, with a great deal of intentionality ... are critical for taking risk libraries and assessments from mere paper documents to active practice.

With the seemingly easy part done, the more daunting challenge is how to weave the process into the organization’s fabric. Here are a few tried-and-true techniques:

• Periodically review the list of mitigating controls for completeness.
  - Account for and celebrate ongoing mitigation (day-to-day activities). This could include highlighting the dollar value of issues avoided by the employees’ diligent performance of day-to-day tasks. The organization’s finance function will be critical in making such estimates.
  - Periodically test controls for effectiveness. Establishing an internal audit (IA) function will be ideal for this step. Those charged with governance will ensure that the IA plan adequately addresses enterprise-wide risks. Testing frequency and methodology can be determined by the IA function.
  - Focus on outcomes by answering this question for each: What is this control designed to achieve? It is not enough to “check the box” during control testing. A thorough understanding of what the control exists to achieve is important. For instance, to verify that a stack of purchase orders were properly approved prior to ordering and processing a transaction, simply looking for a signature will not provide adequate assurance. An impactful next step would be an inquiry that reveals whether a thorough understanding and appreciation of the organization’s approval authority policy exists amongst management staff.
  - Assign executive-management sponsors and responsibilities to each risk. These individuals will see to the design and enhancement of internal controls that mitigate the impact or likelihood of each risk. Determining where executive ownership and responsibility for risks should be placed can be a fairly straightforward process. For example, the chief information officer is typically the sponsor for information-security-related risks. At a dedicated meeting of executive management, definitions of risk sponsorship responsibilities should be discussed and agreed upon. Topics such as how the executive sponsor will go about determining risk-mitigation progress, the process for establishing new controls, and the frequency of reporting to executive management should be discussed and aligned.

To keep the process from dissipating, organizations should deliberately explore risk awareness as a lifestyle. As with all important organizational objectives, fusing risk awareness into the company DNA starts with leadership: once members of leadership own it, they will influence business unit managers and staff at all levels to own their responsibility for risk awareness and management. Business plans and annual budgets, for instance, should reflect investments in internal controls. Information technology leadership should guide business units to complete technology-specific vulnerability assessments and analyze the business impact of technology vulnerabilities. Finance leadership could incorporate scenario planning into tactical and strategic business plans to forecast the effort and resources needed to adapt and thrive in any possible future. Operations leaders should also guide their teams to consider the snowball effect that results from multiple risk exposures.

The major themes discussed here are inclusion and awareness with a great deal of intentionality. Those ingredients are critical for taking risk libraries and assessments from mere paper documents to active practice.

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Professionals in nearly every industry will sometimes reach a point where they begin looking for deeper meaning in their work. For many, including CPAs, a transition to the not-for-profit sector, to a mission-focused organization, provides a sense of purpose and an opportunity to give back.

Opting for a career in the not-for-profit sector is a bold choice for those who have already worked in for-profit entities. The differences are considerable, and making the change means preparing for unfamiliar challenges that run the gamut from operating priorities to corporate culture. However, the sector has many interesting opportunities for those looking to find work with “greater purpose.”

This feature describes what to expect when transitioning from a for-profit company to a not-for-profit so that you can make an informed decision. It will explore some not-for-profit myths, review a series of financial topics specific to the sector, and provide steps to consider when making a move.

Myth Busting

Weighing the pros and cons of a move to the not-for-profit sector first requires the separation of myth from reality. There are many broadly accepted “facts” about the sector that are untrue.

**Myth: Not-for-profits are simple** – It is commonly held that for-profit businesses are far more complex and harder to manage than not-for-profit organizations. While some for-profits have to deal with Securities and Exchange Commission requirements or must strictly adhere to certain regulations, not-for-profit organizations also have regulatory and operational complications.

From an operations perspective, for-profits and not-for-profits have their share of complexity, but not-for-profits have the extra
burdens of fund-raising and often providing services in challenging or unsafe environments. Many not-for-profits also have dual management responsibilities over staff and volunteers.

Not-for-profits are not simple, so if you are looking to move to the sector to lighten your workload, you will be unpleasantly surprised.

**Myth: Most nonprofits have few or no employees** – While not-for-profits can have mostly volunteer workforces, once an organization reaches a certain size it transitions to a mix of staff and volunteers. Some have no volunteers, aside from board members, and some have paid board members similar to for-profit organizations.

The not-for-profit sector employs about 10% of the workforce in the United States. Some larger organizations can provide a long-term career path for finance professionals, but you must do your research since some have small finance functions.

**Myth: Not-for-profits should not make money** – Inside and outside of the sector, this is one of the most damaging myths about not-for-profit organizations. It is so widely accepted, and deeply ingrained in some not-for-profits and their funders, that it causes many systemic problems.

Not-for-profits are operating entities. To continue to deliver on their missions, they must have financial resources beyond current expenses. These organizations face the same challenges as for-profits in that they deal with business cycles, funding limitations, and economy-governed performance levels. Regarding the effects of the economy, not-for-profits may have it even tougher because the need for their services often increases as the economy slows down and as clients’ or funders’ ability to pay declines.

Not-for-profits need to make money to establish reserves; they must generate net positive margins on some portion of their services. Doing this enables them to proactively prepare for changes in their client communities and to weather tough times when they are needed most.

**Not-for-Profit Facts**

Before making any career move, you need to dig deep into what you can expect when it comes to working in a typical not-for-profit. To help, here are several topics you should prepare yourself to deal with as a CPA and financial leader within a not-for-profit.

**Limited budgets** – Not-for-profit organizations are notorious for spending as little as possible and budgeting to spend even less. As a CPA, you will be responsible for producing a budget with at least a zero or a slightly positive bottom line when the organization’s program budgets often are neutral or negative. Your job will be to help the organization understand its cost structure and identify a nominal or sustainable cost level to ensure that the organization will be able to deliver on its mission.

Your budget responsibilities will require that you gain a thorough understanding of the not-for-profit’s operations and capital requirements. In addition, you will need to understand its funding sources as well as its development costs and performance.

**Liquidity: The cash flow cliff** – Not-for-profits are dissimilar from most for-profit businesses because the service provided to the client is often partially or fully paid by someone else, such as a government agency, foundation, or donors. This disconnect between service provision and payment can result in cash flow issues. Services are required immediately, but funders pay slowly and sometimes unreliably. Consider this: a portion of funds for many not-for-profits comes from state government; if the state does not pass its budget on time, disbursements are delayed.

As a CPA working in the sector, your responsibilities will include learning about your organization’s liquidity situation and working with management to identify ways to back the not-for-profit away from the cash flow cliff.

In addition, you should be reading up on recent FASB changes regarding not-for-profit financial statement liquidity disclosures.

**Tempering soft hearts** – As a lead financial professional, a CPA working in the not-for-profit sector must encourage fiscal responsibility in organizations that focus on mission delivery above all else. This means finding ways to educate leaders and colleagues on the consequences of trying to do too much or overextending through projects that simply deplete resources.

The CPA must be part of the leadership structure – a respected and trusted resource for sound decision-making. The challenge is finding ways to say “yes” to marginal projects, and even the occasional negative margin program, if there is good reason. To do this, you will need to have a sound knowledge of the organization’s operations and funding sources, as well as a tight handle on the current budget so you can find trade-offs or opportunities to offset short-term negative impacts. Finding the path to “yes” won’t always be possible, but if you are someone who is willing to roll up your sleeves and work toward a solution you can be invaluable in the sector.

**Margins and reserves** – Building reserves or retained earnings in a not-for-profit is challenging, but necessary. There are ways to improve financial performance in both program and back-office costs. As a not-for-profit CPA, you must become an expert on cost efficiency and effectiveness:

- Encourage sound procurement practices and look for technological solutions or outsourcing for repetitive tasks.
- Gain an understanding of program finances and identify ways to ensure programs run efficiently.
- Develop multilevel margin and portfolio performance reporting that provides actionable information for program leaders, management, and the board.

With leadership, develop a tactical approach to managing margins and fund-raising to build reserves over time. This will not happen quickly, so they need to happen continually to produce results. For these changes to work, cost efficiency and effectiveness need to be ingrained in the organization’s culture, so you will need to craft and execute a plan to make that happen.

**Overhead cost limitations** – A large number of funders believe that “good” not-for-profits have low overhead or general and administrative costs. This is reinforced by some not-for-profits reporting on how many cents of every dollar is spent on programs versus how many are spent on general and administrative costs. This has driven many to severely underspend on administrative and support costs.

As a CPA in the not-for-profit sector, you need to educate organizations and funders on the damage that ignoring support infrastructure and operations will cause over time. Falling behind on systems, not being able to hire or retain the best people, and not supporting new or larger programs all result from under spending on administrative and support costs.

**The IRS is still a factor** – Federal-tax-exempt, not-for-profit organizations do not stop filing tax returns, and in some cases they actually do pay taxes. As a CPA in the sector, you must master…
tax considerations for your organization. From understanding the reporting requirements to being able to interpret activities within the organization that can cause tax liability, you will be called on to provide critical advice to management.

You will need to prepare or oversee the preparation of the company’s not-for-profit tax return (Form 990). This complex form includes financial data as well as information about the organization’s operating and management procedures, information about funding, and functional expenses. And it is a public document: the IRS provides Form 990s to data collectors. This means that your organization’s information may be scrutinized by regulators, the press, funders, or individuals. (See page 18 for more on Form 990.)

Part of preparing Form 990 is identifying income unrelated to the core mission that may be generated by the not-for-profit. This income is taxed via the Unrelated Business Income Tax. It is a complicated area of taxation. As a not-for-profit CPA, you should be able to identify potential tax issues for current and future business operations and opportunities.

Old tech (no tech) – Not-for-profit organizations often forego investments in technology due to tight budgets or program priorities. It is possible that you will find seriously outdated systems in the organization you may be considering. It is also common that small to midsize not-for-profits will have no internal IT resources, as some tend to outsource or depend on volunteer support. You may need to champion investments in financial and nonfinancial systems. To do this, you should educate yourself on software services that support the sector.

Bringing knowledge about technology and associated risks such as cybersecurity is a significant value-add that you can provide. Take the time to keep current on technological developments through webinars, demonstrations, and professional organizations.

Limited financial acumen on the board and among management – For-profit boards consist primarily of business leaders, such as CEOs, well-versed in financial fundamentals and concepts. Not-for-profit boards have a different makeup, tending to include community representatives, program experts, fund-raisers, and people who care deeply about the mission. As a result, not-for-profit boards often do not have a large proportion of members with financial backgrounds or exposure to financial matters gained from leading a business. Not-for-profit senior managers also tend to have little financial training aside from program-level performance metrics or budget oversight.

In many not-for-profit organizations, a CPA will be the most knowledgeable financial resource. You may need to assume the role of financial adviser to management and possibly the board. To build accountability for results, the CPA must also become the not-for-profit’s financial educator to help management and board members understand complex financial topics.

Making the Move
You have now learned more about some of the challenges you may face. You are more confident than ever that you have what it takes to transition to a mission-focused organization, and you are ready to tackle some of the issues reviewed here. Where do you go next?

Deciding your priority – There are more than 1.5 million not-for-profit charity or 501(c)3 organizations registered in the United States. They vary in size, focus, and sophistication; each has its own particular benefits, challenges, and culture. An important early step is determining your own set of priorities for the type of organization you want to work for. You may want to focus on the size of the organization to ensure that you will have an internal career path; perhaps you have a specific segment that you are most interested in, such as performing arts or education. Other considerations include geographic area, broad or narrow community focus, financial condition, and the level of controversy the organization tends to generate.

Research and engage with the sector – Once you have a general idea of the type of not-for-profit that you want to work for, you will need to do your homework to focus your search. There are plenty of resources available to research organizations, from internet not-for-profit data accumulators such as GuideStar to local organizations such as the Chamber of Commerce. Most organizations have social media sites that provide detailed information about their mission and services. There are also a number of service organizations that support the nonprofit sector, such as the Society for Nonprofits and the La Salle Nonprofit Center, as well as publications such as The Chronicle of Philanthropy and Nonprofit Quarterly.

In addition to research, take the opportunity to get engaged in conversations about issues impacting the sector. Speak at conferences or contribute to comments on articles and blog posts to gain a deeper understanding of all sides on topics impacting the sector. Listen for themes and trends so you can continue to build your knowledge base and be prepared to add value to the organizations you choose.

Volunteer – If you are considering a transition to the not-for-profit sector, it is safe to assume that you have already done some
volunteering in the past. As you work toward taking on a role in the sector, you should use your volunteering as a tool for gathering cultural and operational insight about the organizations you are considering. Engage in projects that have a broader impact so you interact with staff members in various parts of the organization.

Even after you are working in the sector, continue to find organizations that interest you and volunteer. This will help keep your perspective broad, uncover some best practices that you can bring back to your organization, or lead to other career opportunities or board participation.

Networking – As with any transition into a new or unfamiliar industry, successfully building a network of contacts and colleagues within the sector will help you find and secure a position with the type of organization you desire. Transition networking is a long process, so begin as soon as you decide you might make a move. Expect to put a good amount of effort into helping others before you expect returns.

The first step in not-for-profit networking is exploring your existing network of contacts, colleagues, friends, and classmates. Look for contacts with experiences within the sector or who actively volunteer, especially in segments that are interesting to you.

Get the word out to your network that you are considering a move, and ask for their thoughts, suggestions, or guidance. Also, keep in mind that although people working in the sector are incredibly busy, they are also likely to want to help someone looking to join.

Building a Not-for-Profit Career Trajectory

Once you have established yourself in an organization and gotten past the initial challenges of any new position, you should turn your focus to building a career plan within the not-for-profit sector. Relatively few organizations are large enough to provide a long-term career path in the finance function. There are typically only a few layers between clerk and finance leader, so you may need to move to other organizations to take on progressively challenging roles.

Become a value accumulator – Within the finance function, there are four broad levels of activity associated with adding value:

• The lowest value-add is transaction processing. While these tasks need to be performed, they are typically automated or outsourced.
• The next level is analysis – taking data produced by transaction processing and interpreting it into information. The processing adds value (if done well) and allows for better decision-making at management levels.
• The third value-add level is advisory. This is taking the information from analysis, interpreting it further, and making recommendations for specific actions to be taken. This is the level that most CPAs reach.
• The final level of value-add is strategic planning and execution. This is moving from making recommendations to utilizing analysis, interpretation, and broad perspective to plan future actions and execute on those plans.

Moving from level one to level three requires expanding your education and experience. Making the jump to the fourth level requires broad perspective and leadership skills; in this case, that means gaining a real understanding of operations and other non-finance functions.

In the not-for-profit sector, limited staffing often results in mid- and senior-level leaders taking on responsibilities outside of the normal functional lanes. So, as you look to develop your career, take advantage of assignments or projects that broaden your experiences outside of finance. Develop your leadership style by looking for projects that engage all parts of the organization; bring your financial expertise, but be sure to listen and look for solutions regardless of functional area.

Find your voice – As your career develops, be the “can-do” resource that is willing to balance short-term needs with long-term thinking. Not-for-profits can rarely survive finance folks with a simplistic “no” attitude. As discussed earlier, these organizations think with their hearts; your value will diminish if the only option you present is what is best for the bottom line today. Your job is to ensure the financial stability of the organization, but sometimes that means doing something negative in the short term to open good opportunities in the long term. There are also times in a not-for-profit when a critical short-term need arises and must be addressed, so you need to find and walk the line. Don’t be a member of the budget police; be creative and look for solutions.

Don’t burn out – One serious concern is overworked staff. This can be common in the not-for-profit sector because there are often much bigger needs than resources, a situation that can continue for a considerable time. Since many of the staff are driven by the mission, they try to make up for the lack of resources by taking huge volumes of work onto themselves. Sometimes this continues until the person literally cannot work any longer. Here are a few tips to avoid job fatigue:

• Be mindful of your own limitations.
• Look for ways to avoid overwhelming workloads for yourself and your staff.
• Observe and interact with peers and colleagues to make sure they are not getting burned out.
• Intervene when necessary.

Bottom Line

If you are considering transitioning from the for-profit sector to the not-for-profit sector, kudos to you! The sector needs skilled financial professionals who are ready to roll up their sleeves and aid in the successful delivery of countless missions. Not-for-profits are not easy, but there is great personal satisfaction in working for the good of others.

Before you make your decision, get to know the sector, warts and all. When you do decide to make the move, you will be embarking on a career, not a short-term visit. And you will need to develop your new career by continuing to gain relevant education and experiences, broadening your perspectives, and growing your personal value-add.

The not-for-profit sector really is a two-way street. You will get back from it what you put into it, but the added bonus is that you are doing good for others along the way.

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Unexpectedly Displaced

Calculating Economic Losses for a Boss Is No Simple Task

By James A. Stavros, CPA, CFF, and Jessica Vrooman, CPA
When calculating income losses for individuals due to catastrophic loss, personal injury, wrongful death, or discrimination claim, a forensic accounting expert needs to consider numerous components, including the concept of earning capacity, applicable case law, worklife probabilities, and expert opinions, among others. Earning capacity is arguably the most important component for an income loss calculation, and it can be very challenging when it comes to business owners.

In cases involving business owners, earning capacity is trickier to determine because their income may include salary as well as business profits, but the profits may be impacted by more than just one individual’s work efforts. The application of the lost profits methodology – evaluating proximate cause (Is the injury or event the primary reason for a decrease in sales/profits/earnings?), foreseeability (Were the sales/profits/earnings foreseeable given the economic/business climate?), and reasonable certainty (Would it be reasonably certain that the business/individual would attain that level of income?) – combined with the concept of earning capacity (based on individual characteristics, work history, some theoretical components, and other factors) can be used. Knowing how to separate these concepts when evaluating a claim for an economic loss and projecting future earning capacity losses starts by understanding relevant Pennsylvania case law.

**Relevant Case Law**

There are several cases in Pennsylvania that discuss earning capacity related to business owners, including *Offensend v. Atlantic Ref. Co.* (322 Pa. 399) and *Sherin v. Dushac* (404 Pa. 496). According to the *Offensend* case, “The general rule is that profits derived from a business are not to be considered as earnings and cannot be admitted as a measure of loss of earning power, but where they are almost entirely the direct result of personal management and endeavor, they are an accurate measure of earning capacity and admissible.” The *Sherin* case reaffirmed *Offensend*: “The pertinent rules are that profits realized from a business with invested capital or which employs the labor and skill of several individuals may not be shown to establish loss of the owner’s earning power ... The reason, of course, is that profits are generally speculative, may come from sources other than the owner, and are usually dependent on other factors, such as the condition of the market, the value of labor, the availability of credit, and the like. In such cases, the measure of loss of earning power is the value of the owner’s services in the business.” These cases stress the importance of understanding the business owners’ income structure as well as the business structure.

As referenced in *Offensend* and *Sherin*, business profits are impacted by the owner’s work efforts, the efforts of employees, invested capital, the supply and demand conditions of the market, and competition, among other elements. An expert must consider all of these components when evaluating the earning capacity of a business owner as well as whether or not the individual incurred a loss of earnings. For example, assume an owner of an air-conditioning business with 10 employees gets injured and can no longer work. His reported annual income for the past few years totaled $150,000, comprised of $50,000 in W-2 wages and $100,000 in net profits. What is the owner’s earning capacity? Is it $50,000, which is limited to wages only? Or $150,000, which includes his wages and all the profits earned by him and others?

**Discovery Is Key**

In most cases involving lost earning capacity of an individual, the expert will request documents such as tax returns, employment records, deposition testimony, disability records, and expert reports (such as medical reports and vocational reports). This is sufficient information for a calculation most of the time. However, in cases involving the lost earning capacity of a business owner, the expert should request additional documents, including payroll records, business bank statements, calendars, contracts, sales reports, business tax returns, and other records designed to provide more information about what makes the business tick and how the owner is directly involved. The additional records will help better determine the individual’s earning capacity since a business owner’s reported earnings are influenced by their own work efforts, business factors, and industry factors. The greater the information gathered, the more light is shed on the following critical factors.

**Proximate cause (linking the event to the owner’s reduced income)** – How involved the business owner has been in developing sales, performing the work, and generating profits before and after the event is critical in determining a loss of earnings. For example, a small construction firm (one to three persons) whose owner was involved in every aspect of the business, from generating sales to performing the work, is lost due to an injury. The accounting and tax records show a related decline in revenues and profits, then it is more straightforward to link the injury to reduced sales or profits. But consider the previously referenced air-conditioning company with 10 employees: here, the owner is more of a manager/supervisor and is not primarily involved with performance of the company’s work. However, sales decreased during the period of loss, resulting in...
lower profits to the owner. Does the owner have a compensable loss? It depends.

First, you need to link the absence of the owner due to injury or other issue (relying on medical, vocational reports, testimony, and other documents) with the decline in sales or increases in expenses. To answer this question, the expert may need additional discovery documents from the business, such as timesheets, sales reports, calendars, contracts, and other related documents. Many experts fail to specifically address this issue, assuming that any decrease in the owner's income is directly related to the injury and failing to dig into the company records to see how the owner’s periodic absence in the business directly resulted in lower sales or profits. Sometimes there is little or no connection to a sales decrease; other times there may be a blended connection because a company's sales are dependent on several factors, including competition, pricing, contracts, supporting labor force, and the economy, all of which could move sales up or down in a given year. Each one of these elements should be analyzed to try to determine if the owner's injury was the primary cause of the decrease in profits or income to the owner.

Production records/business tax returns (determining the “life blood” of revenues) – Consider a medical doctor who was injured in a slip-and-fall and alleges that she can no longer operate as quickly on patients as a result of her injuries, resulting in reduced earnings. If only considering the doctor's actual reported earnings, it may appear that her loss of earnings occurred as a result of the incident. But the doctor was one of several physicians in the medical practice. If the expert requested tax returns of the practice and the production reports for each physician, showing the number of surgeries, office visits, and other services per month over several years, the documents would show that the number of patients treated by each physician, including the plaintiff, had decreased during the relevant period of time, and the decline of the plaintiff’s production was in line with her colleagues. These records would have shown that the physician performed fewer surgeries as claimed, but only for about two months; and during those two months, she performed more office visits, partially mitigating the claimed loss. Income for medical practices are also impacted by government/insurance reimbursement rates that need to be evaluated for changes. As you can see, the reported income of a physician may appear related to a slip-and-fall incident, but when considering other business factors the variation in income was not the result of the injury or absence.

Corroboration of records with asserted claims – Some people underreport business income on their personal or business tax returns in an effort to dodge paying taxes. Surprisingly, this lower level of reported income does not dissuade some plaintiffs from making a claim for what they truly believe they lost. These plaintiffs may talk about earning “$50,000 to $100,000” a year, but their personal or business tax returns show only a fraction of these amounts reported as income.

Business and personal bank statements can be critical documents when evaluating economic claims of business owners because they can corroborate information reported on the business's tax returns and the accuracy of reported revenues and expenses, as well as verify statements made in deposition. An expert should specifically request bank statements in instances where the business or business owner regularly reports losses or low levels of income, specifically levels that would be considered too low to pay for necessary living expenses. Consider a plaintiff who operates a daycare business and reports income of less than $20,000 annually on his Schedule C. In the deposition, he indicated that he took a salary; however, he reported no wages on his tax return, only the net profits of the business. A review of the business's bank statements indicate mortgage payments and personal expenses. A comparison of the bank statements with the tax returns indicate that these expenses should not have been reported as business expenses, which were used to reduce taxable income. After adding back all the nonbusiness-related expenses, the plaintiff earned close to $40,000 a year. No loss of earnings occurred due to the injury because he continued to draw the same compensation, and the gross revenues of the business decreased due to the loss of a contract that was unrelated to the temporary absence of the business owner.

Research and social media – In addition to documents provided by counsel or the client, an expert needs to perform research into publicly available resources too, including social media. This will help identify more about the business owner personally, as well as the business and its industry.

Say a hairdresser alleges she has been forced to close her salon and could no longer perform the physical labor of being a hairdresser as a result of an incident. Research of publicly available records and social media might reveal that the plaintiff’s daughter had opened a hair salon, despite not being a hairdresser herself. The plaintiff, as evidenced through pictures and videos on social media as well as business reviews referencing the plaintiff, was performing services for her daughter's business. This research would directly refute the plaintiff’s claims as well as assumptions made by the other experts.

In other cases, one might find through social media a plaintiff’s financial interest in other businesses separate from the business they were seeking a loss, changes in competition in the marketplace of the plaintiff that impacted their revenues, and the renewal of professional licenses that contradict claims of disability, among other influencing factors.

Multiple Claims on Multiple Businesses

Linking the cause of action – or proximate cause of a person who has several businesses – to the decline of income derived from several businesses requires more detailed and thorough discovery. For example, suppose a business owner is part doctor, author, speaker, and television/radio personality – all with streams of income that are not foreseeable or certain. Individuals who generate income from publishing books, making television and radio appearances, and making speeches have a different income cycle than a typical wage earner. The expert cannot use one or two years of earnings, or average the two, and project it out for the next 25 years. Say this entrepreneur was injured in a car accident. She alleges that she had a reduction in earning capacity as a result of the accident, and reported business income losses. A detailed review of her daily calendar entries would show that she performed a greater amount of business activities after the motor vehicle accident than she had the year prior to the accident. Key documents should be requested for each of her business segments that generate revenues and where she spent time performing activities, such as publishing, medical practice, and media appearances. Each business has its own life cycle of revenues, and are temporary in nature. This individual worked on publishing another
Calculating business income losses for individuals can be challenging, but if an expert focuses on understanding the applicable case law and the details of the business, as well as the business owner’s income and efforts, then they will be able to determine reasonable estimates.

**Mitigation**

Many business owners who are injured for a period of time, or permanently, perform both management and labor activities for the business in varying degrees, depending on the size of the company. A plaintiff may cease performing labor activities after an accident and have to incur extra labor costs to replace his prior labor activities. The business may incur additional labor costs, but it may also generate additional revenues as a result of the owner reallocating working time and efforts to performing managerial activities for the business, such as providing estimates and scheduling future jobs. An expert must consider the overall value to a business of hiring additional workers that result in additional revenues, and must not look solely at the claimed extra costs or reduced salary to the owner. Often, business owners may earn greater compensation after an incident because they have reallocated their time within the business. If the owner is putting the same number of hours into the business after the accident as before the accident, there may be a limited basis to calculate economic loss.

**Conclusion**

Discovery is the key to obtaining the right type of documents to properly evaluate the key aspects of the plaintiff’s business and to understand and correlate the injury of the owner to the financial results of the business and, ultimately, changes in earnings to the owner, if any. Many factors affect business revenues, and the impact of the owner’s physical efforts is only one of several influences that need to be considered.

Calculating business income losses for individuals can be challenging, but if an expert focuses on understanding the applicable case law and the details of the business, as well as the business owner’s income and efforts, then they will be able to determine reasonable estimates.

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James A. Stavros, CPA, CFF, is a managing director at Forensic Resolutions Inc., headquartered in Westmont, N.J., with offices in Philadelphia. He is a member of the PICPA Forensic and Litigation Services Committee and the Pennsylvania CPA Journal Editorial Board. He can be reached at jstawros@forensicresolutions.com.

Jessica Vrooman, CPA, is a senior associate at Forensic Resolutions Inc. She can be reached at jvrooman@forensicresolutions.com.
LEADERSHIP REPORT

PICPA Officers
PICPA officers serve one-year terms expiring in 2020, except the president-elect, who will serve as the 2020-2021 PICPA president.

President
Martin C. Levin
Marty is managing partner at RLB Certified Public Accountants in Allentown, where he leads the firm’s audit and business valuation strategies. He is also an adjunct professor of accounting at Kutztown University in Kutztown. As PICPA president, he will focus on evaluating and improving PICPA’s value proposition, supporting the talent pipeline by inspiring students to pursue a CPA career, engaging corporate finance leaders to enhance industry representation in the PICPA, and strengthening advocacy efforts.

What is one of your favorite things about being in PICPA leadership?
PICPA leadership, at both the state and chapter level, has afforded me the opportunity to interact with truly dynamic business leaders and CPAs with whom, in many cases, I have been able to forge friendships to last a lifetime. The PICPA provides an opportunity to give something back to my profession, which is priceless.

What or who inspires you?
My grandparents and their families. They escaped persecution and gave up all their possessions that they couldn’t carry with them to come to America for a better life. They worked hard, left elementary school to help provide financially for their families, and became U.S. citizens. They never had an opportunity to go to high school, let alone college, and I believe that their sacrifice and hard work was meant to improve future generations.

As an adjunct professor, what’s one of the most interesting things you have learned from students?
The most noticeable change from the time when I was a student is the manner by which today’s young people learn. I realized early in my role as an educator that students today want to interact with technology and enjoy experiential, real-world learning.

(Read more from Martin Levin on page 56.)

President-Elect
Jill E. Gilbert
YL 2011
Jill is an audit partner with RKL in Lancaster, specializing in audits of governmental entities, nonprofit entities, and employee benefit plans. She is chair of PICPA’s Employee Benefits Plan Subcommittee and a member of the Local Government Accounting and Auditing Committee.

What number has the most significance to you and why?
1995. It is the year I graduated from Elizabethtown College and started in the CPA profession.

Vice President
Timothy J. Gooch
Tim is a partner with Baker Tilly Virchow Krause LLP in Wellsboro, specializing in small-business consulting services, tax planning, and compliance. He is past chair of PICPA’s Natural Resources Committee.

What do you love most about your job?
I appreciate the client relationships that have been developed over the years. I have seen so many businesses go from inception through growth to succession to the next generation or divestment. It is incredibly rewarding to be a part of their success.

Vice President
Aaron R. Risden
YL 2008
Aaron is chief financial officer and treasurer of VBA in Carnegie, specializing in corporate finance, insurance, and information systems. A past president of PICPA’s Pittsburgh Chapter, Risden continues to serve on a variety of chapter committees, including Community Involvement, Member Services, Members in Business and Industry, and Schools and Colleges.

Are you into any podcasts right now? NPR’s Hidden Brain.

Treasurer
Frances A. Aitken
Franki is senior vice president for finance and operations with Berks County Community Foundation in Reading. She serves on the PICPA Reading Chapter Cooperation with the Bar and Holiday Benefit Luncheon committees. She is also involved in several state-level committees, including serving as chair of the Budget and Finance Committee.

What is your favorite mobile app?
Snapchat. My two sisters, four nieces, and I have a closed group and send photos of what we are doing almost daily.
PICPA Board of Directors
New members of the Board of Directors, serving two-year terms expiring in 2021.

**Tara L. Bender**
Tara is a partner with Campbell Rappold & Yurasits LLP in Allentown, specializing in audit and attest work. She is immediate past president of the PICPA Lehigh Valley Chapter and serves on the statewide Audit Committee.

Being a CPA is like being …
A problem solver. There are constant challenges or puzzles to solve, and I like brainstorming and working to find solutions for my clients. Challenges keep life interesting.

**Thomas H. Flowers**
Tom is managing partner with Flowers & Flowers CPAs in Harrisburg, specializing in accounting, tax, and consulting for closely held companies and entrepreneurs. He is a past president of the PICPA South Central Chapter.

What do you love most about your job?
I love seeing the success of our clients and their businesses as they grow and feeling a sense of accomplishment in being a small part of that success.

**Elizabeth Krisher**
Betsy is president of Maher Duessel in Pittsburgh, specializing in government and not-for-profit audit, tax, and other services. She is a past president of PICPA's Pittsburgh Chapter.

Being a CPA is like being …
A responsible member of an explorer’s expedition that always has the map and an ability to avert disaster.

**Matthew D. Melinson**
Matt is a partner in the Philadelphia office of Grant Thornton LLP and leader of the Atlantic Coast region state and local tax practice. A past president of PICPA’s Greater Philadelphia Chapter, Melinson serves on the chapter’s Legislation & Local Taxation Committee and on the State Taxation and Multistate Tax Conference committees. He also serves on the Pennsylvania CPA Journal Editorial Board.

What is your favorite kind of coffee or tea?
I don’t drink coffee, so I’ll go with Lipton’s Brisk Iced Tea.

Nominations Committee
New members to the committee, serving three-year terms expiring in 2022.

**Ronna S. Colland**
Ronna is director of finance and risk management for the University of Pittsburgh Greensburg in Greensburg. She is secretary/treasurer of PICPA’s Southwestern Chapter.

What is your favorite kind of coffee or tea?
Starbucks raspberry cappuccino.

**John H. Jones**
John is with H. H. Knoebel Sons Inc. in Elysburg, specializing in tax and accounting. A past president of PICPA’s North Central Chapter, Jones is a member of the state-level Legislation Committee.

Explain a particular professional experience/area of expertise that will contribute to your role in PICPA’s success.
I have been involved in many committees and task forces of the PICPA since the mid-1990s ... and I am familiar with the commitment it takes to be a leader in the PICPA.

**Melissa M. Wolf**
Melissa is a senior manager with Baker Tilly Virchow Krause LLP in Wilkes-Barre, specializing in employee benefit plan audits and Form 5500. She serves on PICPA’s Professional Ethics Committee.

What is your favorite kind of coffee or tea?
Any flavored iced coffee or Earl Grey tea with honey.

Chapter Council Representatives
Members of Council, serving a one-year term expiring in 2020.

**Central**
- Gina N. Brawley
- Dwayne M. Ross

**Northwestern**
- Ross A. Lockwood
- Padraic D. McGrath

**Erie**
- Justin A. Buschman
- John M. Kuhn

**Pittsburgh**
- Jeffrey W. Kent
- Joseph C. Zovko

**Greater Philadelphia**
- Luigi Corrado Jr.
- Kathleen O. Rue

**Reading**
- Tracey L. Etchberger
- Roxanne McMurtry

**Lehigh Valley**
- Christopher J. Huber
- William K. Velekei

**South Central**
- Jeremy M. Allen
- D. Hunter Mink

**North Central**
- Heather M. Demshock
- Mark Rice

**Southwestern**
- Thomas S. Rennie
- Jeffrey J. Sottile

**Northeastern**
- Nicole T. Buckman
- David J. Marsiglio

**York**
- Matthew D. Melinson
- YL 2008
PICPA Council Members
New members of Council, serving two-year terms expiring in 2021.

**Patrick J. Bearjar**
Pat is chief operations officer for Wessel & Company in Johnstown, specializing in audits, corporate taxes, manufacturing, and government contracting. In addition to his volunteer leadership with the PICPA, Bearjar is president of Greater Johnstown United Neighborhoods.

Being a CPA is like being ...
In a marathon: difficult but rewarding.

**Stephanie E. Kane** [YL 2013]
Steph is a tax manager and Form 990 practice leader with RKL in Wyomissing. She is immediate past president of PICPA’s Reading Chapter.

What number has the most significance to you and why?
24. Growing up, my late sister and I would always play 24 Game. Now, anytime my family has a significant event there is a link to the number 24, which reminds me of my sister.

**John J. Kaschak** [YL 2012]
John is the executive deputy secretary for the Pennsylvania Department of Revenue in Harrisburg. He serves on PICPA’s Local Government Accounting and Auditing Committee.

What do you love most about your job?
The ability to drive change in our organization, from a technical, operational, and policy perspective.

**Christopher S. Kunkle** [YL 2018]
Chris is a senior manager with Herbein + Company Inc. in Reading, specializing in accounting and auditing services. He is chair of the PICPA Reading Chapter Accounting and Auditing Procedures Committee.

Explain a particular professional experience/area of expertise that will contribute to your role in PICPA’s success.
My experiences with the Leadership Berks program have shown me the importance of serving my community and my profession to the best of my abilities.

**Jared E. Miller** [YL 2011]
Jared is a lecturer of accounting at Elizabethtown College in Elizabethtown. He is past president of PICPA’s South Central Chapter.

If you could be on the cover of any magazine, what magazine would it be and what would the headline be?
*Adventure Outdoors*: “Thrill-seeking CPA reaching new heights.”

Professional Ethics Committee
New members to the committee, serving three-year terms expiring in 2022.

**Janet L. Feick** [YL 2011]
Janet is a senior manager with Maher Duessel in Pittsburgh, specializing in employee benefit plans. She serves on PICPA’s Employee Benefits Plan Committee.

What is your favorite mobile app?
Amazon, especially at Christmastime.

**Rosemary Lamaestra**
Rose is a manager with RLB Certified Public Accountants in Allentown, specializing in business, individual, and not-for-profit tax returns, as well as fraud and forensic engagements. A past president of PICPA’s Lehigh Valley Chapter, Lamaestra is chair of the chapter’s Member Services Committee.

What excites you about your new role at the PICPA?
Working with fellow CPAs across the state to maintain professional ethics in a fair and equitable fashion.

**Barry M. Pelagatti**
Barry is managing partner of the Exton office of RKL, and is RKL’s financial services industry group leader. He serves on PICPA’s Financial Institutions Committee.

If you could be on the cover of any magazine, what magazine would it be and what would the headline be?
*ESPN The Magazine*: “Pelagatti signs largest contract in MLB history!”

**Donna M. Pironti**
Donna is the owner of Tax and Forensic Accounting Solutions LLC in Wayne, specializing in marital litigation support, accounting, and taxes. She serves on the Forensic and Litigation Services Subcommittee.

What excites you about your new role at the PICPA?
For many, the CPA designation equates to integrity, honesty, and accounting knowledge. I want to be part of making sure that the CPA profession continues to be seen as the ethical profession it should be.

**Royce L. Reichel** [YL 2014]
Royce is a partner with McGill Power Bell & Associates in Meadville, specializing in tax and employee benefit plan auditing. She serves on PICPA’s Employee Benefits Plan Committee.

What is your favorite mobile app?
Pandora. Music brightens up my day.
Pennsylvania CPA Foundation Board
Newly elected members to the board, serving two-year terms expiring in 2021. The Pennsylvania CPA Foundation board is elected by the PICPA board of directors.

Reese C. Blair
Reese is an audit and assurance partner with Deloitte in Philadelphia. He is a member of PICPA’s Diversity & Inclusion Board.

Are you into any podcasts right now? I’ve absolutely become a bit of a podcast junkie in recent years. Some of my favorites are Deloitte’s User Friendly, We Study Billionaires: The Investors Podcast, Planet Money, and Stuff You Should Know.

Jon M. Gascoine
Jon is a partner with Clay & Gascoine LLC in Indiana. He is a past president of PICPA’s Southwestern Chapter.

Julius C. Green
Julius is a retired partner with Baker Tilly Virchow Krause LLP in Philadelphia. He is a past president of the PICPA and a member of the Diversity & Inclusion Board. This is Julius’s second term as a board member.

Being a CPA is like being … Master of your own destiny!

Jerry J. Maginnis
Jerry is executive in residence at Rowan University in Glassboro and a retired Philadelphia office managing partner for KPMG LLP. He is the newly elected chair of the Pennsylvania CPA Foundation Board.

Being a CPA is like being …
The work I am doing at Rowan University enables me to spend a lot of time with students majoring in accounting and hoping to pursue a career in the profession.

James G. McGrory
Jim is a shareholder with Drucker & Scaccetti in Philadelphia, specializing in services for high-net-worth individuals and private client services. He is an active member of PICPA’s CPA Voice.

Being a CPA is like being …
A part of an elite corps of highly regarded and well-trusted financial service professionals.

Carlo J. Silvesti
Carlo is an associate professor of accounting at Gwynedd Mercy University in Gwynedd Valley, specializing in taxes and business planning. A past president of PICPA’s Greater Philadelphia Chapter, Silvesti chairs the chapter’s Accounting and Auditing Committee and serves on the chapter’s Schools and Colleges Committee and state-level Relations with Schools and Colleges Committee.

What is your favorite kind of coffee or tea? Wawa dark roast coffee.

Valerie Trott Williams
Val is an assistant professor of practice, accounting, at Duquesne University in Pittsburgh, specializing in fraud and forensics. She serves on PICPA’s Pittsburgh Chapter Schools and Colleges Committee.

What do you love most about your job? The combination of being a CPA and a professor is the best! I am able to inspire accounting majors to enter the CPA profession. It also requires me to be at the top of my game with a solid understanding of all the accounting and auditing changes to ensure that the graduating students are ready to use their learned skills.

Chapter Presidents
PICPA chapter presidents were elected at their respective chapter annual meetings and serve one-year terms expiring in 2020.

Central
Gina N. Brawley
Gina is the chief financial officer for Crown American Associates in Johnstown. Brawley also is a member of PICPA’s Central Chapter Schools and Colleges Committee.

What is your favorite kind of coffee or tea? No coffee for me. I’m strictly a Galliker’s lemon iced tea fan!

Erie
Justin A. Buschman YL 2016
Justin is chief financial officer for F3 Metalworx in North East. He has been a member of the Erie Chapter Executive Committee.

What excites you about your new role at the PICPA? I’m most excited to meet and work with some really smart and talented people, both within Council and outside. I really enjoy getting to learn from other people that have different experiences and expertise.

(PICPA chapter presidents continue on page 36)
Greater Philadelphia

Luigi Corrado Jr. [YL 2013]

Luigi is a director with G-Squared Partners LLC in Fort Washington and is an adjunct professor of accounting at Temple University in Philadelphia. He serves on the Greater Philadelphia Chapter Schools and Colleges Committee.

What do you love most about your job?
I enjoy assisting our clients in accelerating their success. At G-Squared Partners, we provide financial and accounting expertise that allows them to focus on running and growing their businesses. Our clients view us as an integral part of their management team, and we forge relationships that last several years.

Lehigh Valley

Christopher J. Huber [YL 2015]

Chris is a manager with Buckno Lisicky & Company in Allentown. In addition to his involvement with the PICPA, Chris is former president and former vice president of BNI Bethlehem II Networking Group and is also a member of Allentown Public Theatre’s finance committee.

What number has the most significance to you and why?
2002. This is the year my son was born and I graduated from Kutztown University.

North Central

Heather M. Demshock [YL 2016]

Heather is an associate professor of accounting at Lycoming College in Williamsport. She is a member of the Pennsylvania CPA Journal Editorial Board.

What is your favorite kind of coffee or tea?
Peet’s Coffee Big Bang blend.

Northeastern

Nicole T. Buckman [YL 2018]

Nicole is a senior tax accountant at Kohanski & Company PC in Moosic, specializing in bookkeeping, taxation, and forensic accounting. She is an active member of CPA Voice.

Are you into any podcasts right now?
CPA Conversations and Editor’s Picks from The Economist.

Northwestern

Ross A. Lockwood [YL 2016]

Ross is controller for Wesbury in Meadville. He has been a member of the Northwestern Chapter Executive Committee.

What is your favorite kind of coffee or tea?
Mostly any type of Hawaiian coffee.

Pittsburgh

Joseph C. Zovko

Joe is a partner with Louis Plung & Company in Pittsburgh, where he works in audit and assurance, specializing in not-for-profit, employee benefit plans, and real estate. He has served on the Pittsburgh Chapter Cooperation with the Bar and Executive committees.

Being a CPA is like being …
On the TV show CSI. When auditing a client, you are always trying to determine if what they are telling you makes sense.

Reading

Roxanne McMurtry [YL 2013]

Roxanne is a senior manager in the accounting and auditing department of Herbein + Company Inc. in Reading. She is cochair of the PICPA Reading Chapter Community Engagement Committee and serves on the chapter’s Emerging CPAs and Nominations committees.

What do you love most about your job?
I love going to and working with different clients all of the time instead of just being in one location. Every week brings new clients, new settings, new stories, and new challenges, all of which keep it interesting.

South Central

D. Hunter Mink [YL 2017]

Hunter is an audit partner with RKL in York. He has been a member of the South Central Chapter Executive Committee.

Explain a particular professional experience/area of expertise that will contribute to your role in PICPA’s success.
The needs of those that rely on audited financial statements continue to change and evolve, just like the needs of members of the PICPA. Being adaptive and embracing these changes, along with being able to question the approach and procedures being performed, go hand-in-hand with the evolution of the PICPA as a member-driven organization.

Southwestern

Thomas E. Barnes [YL 2016]

Tom is the assistant controller of Chemstream in Homer City. He is cochair of PICPA’s Southwestern Chapter Emerging CPAs Committee.

What is your favorite kind of coffee or tea?
Maxwell House Colombian.
Thank You for Your Commitment to Your Employees and the PICPA

2019-2020 Firm-Sponsored Membership

These firms support the growth and achievements of their staff with an annual investment in PICPA’s firm-sponsored membership.

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Visit [www.picpa.org/firmsponsors](http://www.picpa.org/firmsponsors) to learn more about the benefits of PICPA’s firm-sponsored membership and to enroll your firm.
PICPA Young Leader Awards

Through the Young Leader Awards, the PICPA annually recognizes its members under the age of 40 who demonstrate a commitment to the accounting profession through active PICPA or community volunteer activities. Keep your eye on this group. They are the future of the accounting profession and the PICPA. In addition to climbing the ranks quickly at their organizations, past winners have gone on to serve as chapter presidents, committee chairs, and respected speakers at conferences (see the Young Leader indicators in the Leadership Report starting on page 32). Those who were nominated, and eventually chosen, were born on or after Jan. 1, 1979.

Zeeshan Ali
Wilmington, Del.
Zeeshan is a semi senior auditor with Barbacane Thornton & Company LLP in Wilmington, Del. He has been a member of the Greater Philadelphia Chapter Emerging CPAs and Accounting and Auditing committees.

What’s at the top of your bucket list?
I would love to drive on the scenic Alaska Highway one day.

Ashley N. Blessing
Reading Chapter
Ashley is a supervisor with Herbein + Company Inc. in Reading. She is cochair of the Reading Chapter Emerging CPAs Committee, and also serves on the chapter’s Community Engagement Committee and is an active CPA Voice volunteer.

Who’s your hero, and why?
My grandmother. She’s a mother of five and the glue of our family. She’s always there for anyone who needs her, and I would want to be the same for my kids and grandkids as well someday.

Andrew B. Bemis
Erie Chapter
Andrew is a tax supervisor with Schaffner Knight Minnaugh & Co. PC in Erie. He is chair of the Erie Chapter Emerging CPAs Committee and a member of the Erie Chapter Executive Committee.

What would you request for your last meal?
Pizza logs and Honey SoCo flavored wings from the French Creek Tavern.

Emily Bomberger
South Central Chapter
Emily is a consultant with RKL in Lancaster. She is chair of the South Central Chapter Schools and Colleges Committee and serves on the chapter’s Emerging CPAs/Member Services Committee. Emily also serves on the statewide CPA Exam Scholarship Judges Committee.

Who’s your hero, and why?
My husband Michael, who is incredibly supportive, a great dad to our daughter Abby, and always rescues my forlorn DIY projects.

Stephanie L. Chandler
Reading Chapter
Steph is a supervisor with Herbein + Company Inc. in Reading. She is cochair of the Reading Chapter Emerging CPAs Committee, and serves on the chapter’s Executive and Community Engagement committees.

Do you have a hidden or surprising talent?
I am really good at Sudoku.

Ashley with her husband, Josh, and children Lincoln (l) and Bailey in Cape May, N.J.

Steph with her husband, Nick, at the Specialty Equipment Market Association Show in Las Vegas.
Carolyn Chupko  
Northeastern Chapter  
Carolyn is the business/CIS division chair and an accounting faculty member at Lackawanna College in Scranton. She serves on Northeastern Chapter’s Schools and Colleges Committee, as well as the statewide High School Scholarship and Relations with Schools and Colleges committees.  
**Do you have a hidden or surprising talent?**  
I have been practicing Shinko-ryu karate for many years. I was recently promoted to second-degree black belt.

Carolyn with her husband, Bill, and children Angelina (c), William, and Juliana.

Nicole K. Cradic  
South Central Chapter  
Nicole is a partner with Trout Ebersole & Groff LLP in Lancaster. She is an active member of the Accounting and Auditing Procedures Committee and the Accounting and Auditing Conference Planning Committee.  
**What would you request for your last meal?**  
Hirschbraten mit Rohen Kloessen und Blaukraut.

Nicole with her husband, George, son Oliver, and daughter Sonja outside of Boston.

Diana L. Davis  
Northeastern Chapter  
Diana is a partner with Eckersley and Ostrowski LLP in Scranton. She is treasurer of the Northeastern Chapter and serves on the Northeastern Chapter Emerging CPAs Committee.  
**Do you have a hidden or surprising talent?**  
Prior to studying accounting, I went to college for music. That’s surprising to a lot of people, but a high degree of analysis is required for both fields.

Diana with her daughter Rosie.

Kristy Ferraro  
Reading Chapter  
Kristy is a manager with Baker Tilly Virchow Krause LLP in Wyoming. She is an active member of the Reading Chapter Emerging CPAs Committee.  
**If you had a theme song, what would it be?**  
“Vacation” by Dirty Heads.

Kristy with her husband, Chris, visiting Longwood Gardens.

Maggie M. Donato  
Northeastern Chapter  
Maggie is controller of Penn East Federal Credit Union in Scranton. She is secretary of the Northeastern Chapter, and serves on the Northeastern Chapter Emerging CPAs and Corporate Finance Roundtable committees.  
**If you had a theme song, what would it be?**  
“Dancing Queen” by ABBA.

Maggie with her husband, Randy, in front of the Mona Lisa in Paris.

Cory A. Cuffley  
South Central Chapter  
Cory is a financial adviser with Stonebridge Financial Group in Wormleysburg. He is an active member of the South Central Chapter Executive Committee.  
**What’s at the top of your bucket list?**  
I would love to visit all 50 states. While most people love to go to the beach, I think my ideal vacation would be driving around the country.

Cory with his daughter Claire at his parents’ house.

Troy Fine  
Pittsburgh Chapter  
Troy is a manager, risk advisory services, with Schneider Downs & Co. Inc. in Pittsburgh. He is a member of the Pennsylvania CPA Journal Editorial Board.  
**Who’s your hero, and why?**  
My three-year-old son, Noah. He always picks himself up and tries again, no matter how many times he falls down.

Troy with his wife, Jessica, and son Noah.
John M. Guerrieri
Greater Philadelphia Chapter

John is with the investment industry group of Kreischer Miller in Horsham, and is treasurer of Achieve Now, an organization that helps children in underperforming communities reach grade-level reading. He is an active member of the Greater Philadelphia Chapter Careers and Lifestyles Committee.

Do you have a hidden or surprising talent?
I play the piano.

Shane with his daughters Mackenzie (newborn) and Hailey.

Shane R. Fisher
South Central Chapter

Shane is vice president of finance for TriCorner Homes in Harrisburg. He is an active member of PICPA’s CPA Image Enhancement Committee, CPA Voice, and the South Central Chapter Taxation and Annual Tax Meeting Committee.

Do you have a hidden or surprising talent?
I am able to solve jigsaw puzzles much quicker than most people.

Shane with his daughters Mackenzie (newborn) and Hailey.

John with his wife, Colleen, at Currituck Sound in The Outer Banks, N.C.

Jordan A. Hileman
South Central Chapter

Jordan is a senior associate with Boyer & Ritter Certified Public Accountants & Consultants in Camp Hill. She is a member of the South Central Chapter Executive and Emerging CPAs/Member Services committees.

What’s at the top of your bucket list?
I’m a huge Duke University men’s basketball fan, so I’d say seeing a Duke vs. North Carolina game at Cameron Indoor Stadium would be an item high on my bucket list.

Jordan (front left) with her coworkers and teammates after winning her volleyball league championship.

Brandon W. Harlan
Northwestern Chapter

Brandon is a partner, health care services, with Arnett Carbis Toothman in New Castle. He is a member of PICPA’s Health Care Committee.

If you had a theme song, what would it be?
“It’s a Great Day to be Alive” by Travis Tritt.

Brandon with his wife, Susan, and three children (l to r), Luke, Jack, and Lizzy, at Neshannock Creek in New Castle, Pa.

Rachel A. Horst
South Central Chapter

Rachel is a supervisor, small business services, with RKL in Lancaster. She is a member of the South Central Chapter Executive Committee.

Do you have a hidden or surprising talent?
I enjoy baking cakes for my family and friends’ birthdays, weddings, and special celebrations.

Rachel and her niece, Marie, celebrating Marie’s fourth birthday.
Trudie E. Kozar  
Southwestern Chapter

Trudie is vice president and audit manager II with S&T Bank in Indiana. She is an active member of the statewide IT Assurance Committee.

Who’s your hero, and why?
My hero is my grandfather, who we called “Poppa.” No matter what life threw at him, he remained calm, collected, and level-headed.

Brittany C. Jovenall  
Pittsburgh Chapter

Brittany is an accountant with Fred Rogers Productions in Pittsburgh. She is a member of the Pittsburgh Chapter Women in Accounting Committee.

What’s at the top of your bucket list?
Traveling abroad. Italy currently tops my list, and I’m starting to learn Italian through Duolingo, which is based in Pittsburgh!

Brittany with her husband, Jason, at his company’s “Rock Away Child Abuse” fund-raisers.

Kamna Kanesh  
North Central Chapter

Kamna is a staff accountant with Baker Tilly Virchow Krause LLP in Williamsport. She is a member of the North Central Chapter Schools and Colleges Committee.

What’s at the top of your bucket list?
Travel to at least three countries on each continent with my husband and kids. We have had the opportunity to visit many countries already, but have many more to go.

Kamna with her husband, Kanesh, and daughters Ritika (l) and Somya at Longwood Gardens during the holiday season.

Christopher M. Kassay  
Greater Philadelphia Chapter

Chris is a senior audit manager with Baker Tilly Virchow Krause LLP in Philadelphia. He has served on the statewide Employee Benefits Plan Committee.

Who’s your hero, and why?
My mother. She taught me how to be positive and relentless when she faced a serious illness with courage.

Chris with his son, Leo.

Stanley A. Kleja  
Pittsburgh Chapter

Stan is vice president of Bernice A. Schweiss LLC in McMurray. He is a member of the Pittsburgh Chapter Emerging CPAs and Western Pennsylvania Tax Conference committees.

If you had a theme song, what would it be?
“Hoppípolla” by Sigur Rós.

Stan with his wife, Mary, on their wedding day.

Trudie with her husband, Matt, their son Luke, and her cousin Isabella.
Allyse W. Nehoda  
Greater Philadelphia Chapter  
Allyse is a data analysis supervisor, internal audit, with UGI Corporation in King of Prussia. She is a member of the Greater Philadelphia Chapter Women in Accounting Committee.  
**What would you request for your last meal?**  
I would request an entire meal of warm chocolate chip cookies.  

Illona Matsko  
Pittsburgh Chapter  
Illona is a tax supervisor with Deluzio & Company LLP in Pittsburgh. She is on the Pittsburgh Chapter Women in Accounting Committee.  
**What’s at the top of your bucket list?**  
I would love to retire and live in Kenya, supporting a local orphanage I’ve worked with.  

April J. Maschke  
South Central Chapter  
April is a tax manager with Baker Tilly Virchow Krause LLP in York. She is a member of the Pennsylvania CPA Foundation Scholarship Awards Committee.  
**What’s at the top of your bucket list?**  
No. 1 on the bucket list is to take a cruise on an ice-breaker ship to Antarctica. I’ve always found tales of polar exploration to be fascinating, and would love to see the vast cold continent for myself.  

Benjamin A. Paulding  
Northwestern Chapter  
Ben is a senior accountant with McKonly & Asbury in Camp Hill. He is a member of the PICPA Construction Industry Committee.  
**Do you have a hidden or surprising talent?**  
I can play four musical instruments: the piano, bells, saxophone, and trumpet.  

Matthew R. Reidenbach  
Greater Philadelphia Chapter  
Matt is an assistant professor of accounting at James Madison University in Harrisonburg, Va. He is a member of the Greater Philadelphia Chapter Schools and Colleges Committee.  
**Who’s your hero, and why?**  
Dietrich Bonhoeffer for his bravery in fleeing to safety and then returning to Germany in 1939 in service to a higher cause.  

Shea S. Saman  
South Central Chapter  
Shea is director of finance and accounting for Central Pennsylvania Food Bank in Harrisburg. He is involved with PICPA’s Corporate Finance Cabinet and the South Central Chapter Corporate Finance Roundtable Committee.  
**Do you have a hidden or surprising talent?**  
I can sing and play drums at the same time.  

April at King’s Cross Station in London.  
Ashley with her nephew, Jonah, visiting an animal park, one of their favorite activities to do together.  

Illona (r) with Joy, whom she met on her first visit to Kenya.  

Ben enjoying first-class bike trails on M Hill in Rapid City, S.D.  

Ashley with her wife, Emily, and daughters Robyn (l) and Nina.  

Illona Matsko  
Pittsburgh Chapter  
Illona is a tax supervisor with Deluzio & Company LLP in Pittsburgh. She is on the Pittsburgh Chapter Women in Accounting Committee.  
**What’s at the top of your bucket list?**  
I would love to retire and live in Kenya, supporting a local orphanage I’ve worked with.  

Matt with his wife, Rachel, and children (l to r) Kaleb, Liesel, and Jeremiah, enjoying an outdoor Christmas light display.  

Ashley N. Mocker  
Northwestern Chapter  
Ashley is a supervisor with McGill Power Bell & Associates in Grove City. She is secretary and treasurer of the Northwestern Chapter.  
**Do you have a hidden or surprising talent?**  
I can sing and play drums at the same time.  

April at King’s Cross Station in London.  

April J. Maschke  
South Central Chapter  
April is a tax manager with Baker Tilly Virchow Krause LLP in York. She is a member of the Pennsylvania CPA Foundation Scholarship Awards Committee.  
**What’s at the top of your bucket list?**  
No. 1 on the bucket list is to take a cruise on an ice-breaker ship to Antarctica. I’ve always found tales of polar exploration to be fascinating, and would love to see the vast cold continent for myself.  

Benjamin A. Paulding  
Northwestern Chapter  
Ben is a senior accountant with McKonly & Asbury in Camp Hill. He is a member of the PICPA Construction Industry Committee.  
**What’s at the top of your bucket list?**  
Backpacking and mountain climbing in Estes Park in Colorado.  

Matthew R. Reidenbach  
Greater Philadelphia Chapter  
Matt is an assistant professor of accounting at James Madison University in Harrisonburg, Va. He is a member of the Greater Philadelphia Chapter Schools and Colleges Committee.  
**Who’s your hero, and why?**  
Dietrich Bonhoeffer for his bravery in fleeing to safety and then returning to Germany in 1939 in service to a higher cause.  

Shea S. Saman  
South Central Chapter  
Shea is director of finance and accounting for Central Pennsylvania Food Bank in Harrisburg. He is involved with PICPA’s Corporate Finance Cabinet and the South Central Chapter Corporate Finance Roundtable Committee.  
**Do you have a hidden or surprising talent?**  
I can sing and play drums at the same time.  

Shea with his wife, Emily, and daughters Robyn (l) and Nina.
Lisa Tennis
Pittsburgh Chapter
Lisa is a supervisor with Maher Duesel in Pittsburgh. She is cochair of the Pittsburgh Chapter Emerging CPAs Committee.
**What would you request for your last meal?**
Chick-fil-A chicken nuggets with a milkshake.

Lisa with her fiancé, John, visiting the Hawaiian island of Kauai.

PHILIP SIROLLI
Greater Philadelphia Chapter
Phil is a wealth transfer adviser with Valley Forge Financial Group in King of Prussia. He is a member of PICPA’s Personal Financial Planning Committee.
**Who’s your hero, and why?**
My parents are my heroes. They raised four children on a shoestring budget and had strong values and a relentless work ethic.

Phil with his wife, Heather, sons Luke (l) and John, and daughter Emma.

DANIEL P. STARCESKI
Pittsburgh Chapter
Dan is a senior accountant/auditor with Cypher & Cypher in Canonsburg. He is a member of the Pittsburgh Chapter Executive and Local Taxation and Government committees.
**What would you request for your last meal?**
I would request a spicy pork meatball grinder with Bolognese sauce and provolone cheese from Sienna Mercato Emporio in downtown Pittsburgh.

Daniel with his wife, Kara, and children (l to r) Olivia, Teddy, and Lucy at Teddy’s first birthday photo shoot.

KYLE P. STUCKEY
South Central Chapter
Kyle is lead adviser of JFS Wealth Advisors in Camp Hill. He is a member of PICPA’s Personal Financial Planning Committee.
**What’s at the top of your bucket list?**
I’d love to go heli-skiing one day with my brothers.

Kyle with his children (l to r) Hazel, Eli, and Aiden.

BRIAN J. WELDIN
Lehigh Valley Chapter
Brian is an audit manager with Macias Gini & O’Connell LLP in New York, N.Y. He is a member of PICPA’s Employee Benefits Plan Committee.
**If you had a theme song, what would it be?**
“I’d Do Anything for Love (But I Won’t Do That)” by Meatloaf.

Brian with his wife, Andrea, son Samuel, and daughter Hannah.

WENDY W. L. YIP
Greater Philadelphia Chapter
Wendy is a supervising senior accountant with FMC Corporation in Philadelphia. She is a member of the Greater Philadelphia Chapter Executive and Community Involvement committees.
**What would you request for your last meal?**
Authentic Hong Kong dim sum, like cha siu bao, har gow, shumai, and 1,000 year egg congee, etc.

Wendy in the Great Smoky Mountains.
The Pennsylvania CPA Foundation Awards $157,000 in Scholarships to Aspiring CPAs

Congratulations to the 2019 recipients!

Academic Merit Scholarships
Awards range from $2,000 to $5,000

Tylyn S. Bramble
Robert Morris University

Who is your hero? My parents. They were small-business owners who showed me how to follow your dreams, no matter what stands in your way.

Fun fact: I was a competitive dancer prior to college. I also had the opportunity to dance in Walt Disney World. These experiences played a huge role in me becoming the person I am today.

Emily Burden-Butts
The University of Scranton

Who is your hero? My grandpa. He was a CPA and had his own practice. He had an amazing childhood, overcoming the odds and putting himself through school to support not only his wife, but his kids and now his grandkids. He was an incredible man and would be so incredibly proud that I won this.

Fun fact: I’ve worked at the Montdale Farm Dairy for seven years and love it. I hope I can be an accountant and an ice cream dipper!

Sarah Crownover
Indiana University of Pennsylvania

Who is your hero? My grandmother. He worked hard from a young age and always found a way to smile through all parts of life, even when losing a leg from an infection at a young age.

Personal theme song: The Friends theme song.

Kenneth Fenster
University of Pittsburgh

Where do you see yourself five years from now? When I think about my future in accounting, I can’t help but dream big. My aspirations in the accounting industry push me to work harder everyday. I think Eleanor Roosevelt put it best when she said, “The future belongs to those who believe in the beauty of their dreams.”

Margo Gamble
Robert Morris University

Fun fact: My first time traveling outside of the U.S. was to Ibi, Oman, to study Arabic.

Thank you: I am extremely grateful for being recognized by the PICPA and being given the opportunity to lessen the financial burden that going to college brings on me and my family.

Dante Grenci
Clarion University of Pennsylvania

Who is your hero? My grandmother. Despite having over 50 grandchildren, she makes time for all of us.

Fun fact: I play collegiate rugby.

Brittany Jackson
Thiel College

Studies in action: I completed my senior thesis to help farmers improve their financial positions with accounting and other business strategies. I am now putting that thesis to action by working with numerous farm clients at a small accounting firm in rural Pennsylvania.

Wendy Sue Jones
California University of Pennsylvania

Favorite childhood book: The Magician’s Nephew by C. S. Lewis.

Fun fact: I homeschooled five children over 28 years with all five attending college before I even began my college education!

Vincent J. Maimone
La Salle University

Where do you see yourself five years from now? I hope to hold a senior position at a firm, continuing to learn and gather as much experience as I can. I will carry my work ethic, dedication, and efficiency so that I may better position myself for any future opportunities.

Jenna E. Herman
Point Park University


Thank you: Thank you so much for this wonderful gift and prestigious honor. This is so incredibly helpful and alleviates some of the financial burden associated with higher education.

Tarquin McGurrin
The University of Scranton

Personal theme song: “Born to Run” by Bruce Springsteen.

Fun fact: I am ambidextrous.
Cecelia Minnick
*The Pennsylvania State University*

Personal theme song: “Cecilia” by Simon & Garfunkel because when I introduce myself to most people they either mention or sing that song.

Thank you: Thank you so much for your generosity that helps so many students, including me. Because of you, we will be one step ahead when it comes to being successful in our post-graduation lives.

Gail Podlesny
*Saint Joseph’s University*

Favorite childhood book: *Miss Rumphius* by Barbara Cooney

Personal theme song: “Dancing in the Dark” by Bruce Springsteen.

Evelyn A. Torres
*Lycoming College*

Who is your hero? My mom. She has shown me to always remain positive, and that there is always a solution. She has guided and challenged me to become the person that I am today. Most importantly, my mom has taught me to never forget where I came from and to give back to my community no matter how small the gesture.

Daniel Trout
*Saint Joseph’s University*

Favorite childhood book: *Daniel and the Lion’s Den*. This book was a guide for me on how to become hardworking, kind, and honest. Daniel was known as a problem solver and among all else had a strong faith.

Fun fact: I have played water polo since fifth grade and have continued at the collegiate level.

Katherine Winter
*Carlow University*

Where do you see yourself in five years? Life has a crazy, wonderful way of throwing wrenches into plans. I do not think that I would want to know, even if I could, exactly where I will be in five years. This past year, I have been grateful to learn from every twist that life brought and react in ways that significantly affected my future. I think knowing in advance would ruin all that excitement.

Minority Scholarships
Awards range from $2,000 to $5,000

Nichele B. Cruz
*Moravian College*

Who is your hero? My mom is my hero because she works hard every day for me and my two younger siblings.

Personal theme song: “Hey Look Ma, I Made It” by Panic! at the Disco.

Pratikshya Gaihre
*Wilson College*

Favorite childhood book: *Winnie-the-Pooh*. I had the whole collection of stickers and posters … my bedroom walls were covered with those stickers.


Fabio Moreno DeSouza
*Keystone College*

Fun fact: When I was in fourth grade, I went to talk to the city mayor in Santana de Parnaiba, São Paolo, Brazil, and I asked him to give my classmates and I a bus to go to the waterpark. I organized a raffle for everyone in my classroom and we all signed up. My whole class and I raised the money for the tickets, and the mayor gave us the bus for free.

Jessica T. Gonzalez
*Alvernia University*

Favorite childhood book: *Don Quixote* by Miguel de Cervantes.

Who is your hero? My mother. She made significant sacrifices to create a better future for my sisters and me. My mother remained strong after getting divorced from my father. She is the one who I look to for advice when I feel like quitting. Every time I see her, she reminds me that anything is possible if you really want it.

Marlene Hamad
*King’s College*

Where do you see yourself five years from now? I see myself working in an accounting firm or having a career in the accounting field. I will be living my life the way I have always dreamed, which consists of having an amazing job, being able to provide for my family, and being happy.

Natasha Iloff
*Villanova University*

Personal theme song: “Hit Me with Your Best Shot” by Pat Benatar.

Fun fact: I love to read, so every year I read 50 or more books.

*Minority Scholarships continue on page 46*
Minority Scholarships (continued)

Mark Novales
University of Pittsburgh

Favorite childhood book: The Lightning Thief by Rick Riordan. It was the book that caused me to fall in love with reading.

Fun fact: I am an avid superhero fan. I have been a fan since my childhood, and the recent popularity of superhero movies has made all my childhood dreams come true.

Sungwook Park
The Pennsylvania State University

Why accounting? Accounting is essential to evaluating companies and consulting. I originally planned to choose my major in finance; instead, I chose accounting. The reason is that accounting knowledge helps me to evaluate companies and to know the trends well.

DeShawn J. Scurry
West Chester University

Who is your hero? My mother. She is the reason I am the person I am today and made it past the negative influences around me growing up. I was actually told before by one of my teachers that I wouldn’t be anything. Granted, it was the gym teacher, but still … having made it to the point I’m at now is amazing, and thanks to my mother.

Personal theme song: “Started from the Bottom” by Drake.

Girishwaree Ramphul
Lycoming College

Where do you see yourself five years from now? I will be developing my passion for forensic accounting as well as working alongside rising CPAs on the best approaches to handle accounting issues in the state of Pennsylvania. I have a strong desire to give back to the community that always supported me.

Anthony C. Volz
Temple University

Where do you see yourself five years from now? Having a CPA license and working in this field would help me promote the values associated with being a CPA and better serve clients and the company itself. In this way, everyone and every company is connected to each other, hopefully influencing each other for the better.

Sourou Mariette
Carolle Zounon
West Chester University


Fun Fact: I love gardening, so I volunteer in my community to help maintain our free library’s garden.
Judith M. Croteau  
Reading Area Community College

Where do you see yourself five years from now? I see myself standing in front of classrooms filled with business and accounting students. I know I will be an example of the possibilities that each person there can take advantage of.

Kelly J. Day  
Penn Highlands Community College

Who is your hero? My mom. She was a single mother, working two and three jobs at a time to make sure we had food and clothing. I lived in the local projects until I was 13, and never once felt like I was missing out on anything or needed anything. I didn’t even know where I lived was considered “the projects” until someone referred to them as that after we had moved. She has been through a lot in her life and is the strongest person I know. She has always told me, “Don’t worry so much, things will always work out.” When things aren’t going right, I remember that and keep going.

Daniel J. Gauntlett  
Montgomery County Community College

Where do you see yourself five years from now? I see myself at a large accounting firm, working toward a promotion or planning to open my own local practice where I can aid local businesses and individuals with their financial and accounting needs.

AnneMarie Hendrick  
Harrisburg Area Community College

Where do you see yourself five years from now? I see myself working in the accounting field. I am working toward this by learning as much as I can in my current job.

Alec Khmelnitsky  
Montgomery County Community College

What are your immediate goals? Working hard toward my future career.

I would like to transfer to the Fox School of Business at Temple University in order to get a bachelor’s degree in accounting. I also plan to study for the CPA Exam. Eventually, I want to have a successful career in accounting.

Kelly Kuzma  
Lackawanna College

Favorite childhood book: The Magic Tree House books. The different adventures that they took inspired me to take my own adventures.

Who is your hero? My mother. She has always been by my side and she is always positively encouraging me to do the best that I can.

Kylee S. Walker  
Penn Highlands Community College

Where do you see yourself five years from now? Helping people in any way I possibly can means alot to me. On top of having a full-time job and obtaining a leadership position, I see myself volunteering at a local nonprofit organization. Staying positive is an attribute I believe is contagious, and I take much pride in knowing that I have what it takes to help brighten someone’s day!

Christina A. Zayas  
Harrisburg Area Community College

Personal theme song: “Get the Party Started” by Pink.

Fun fact: I used to decorate cakes as a hobby.

Support the profession with your donation • www.picpa.org/donate

The Pennsylvania CPA Foundation was established in 2017 to address talent pipeline issues and create more opportunities for future CPAs.

In total, we received more than 750 scholarship applicants in 2019.

Over 1,000 PICPA members have supported the Pennsylvania CPA Foundation. Thank you to all of our donors!
High School Scholarships
Awards range from $750 to $1,500

Meg Anderson
Franklin Regional Senior High School

Why accounting? I have many passions and interests, and I know an accounting degree would provide me with the versatility to pursue multiple passions and not pigeonhole me into one job for the rest of my life.

Cade Bleashka
Mahanoy Area Jr./Sr. High School

Favorite childhood book: James and the Giant Peach.

Thank you: This scholarship will allow me to pursue my ambitions to a height I would have never imagined. Thank you for your belief in me.

Colin Boyd
Big Spring High School

Personal theme song: “High Hopes” by Panic! at the Disco

Who is your hero? My father. He’s shown me how to handle great times graciously and how to get through harder times. He has also taught me the importance of education in my life. Without him, I wouldn’t have been able to do as well in school or socially in life.

Xaire Givens-Fennell
Wissahickon High School

Favorite childhood book: One Fish, Two Fish, Red Fish, Blue Fish by Dr. Seuss.

Why accounting? By taking on this career path, I am confident that my future will be stable, my family will be taken care of, and I would get to do what I love and what I am best at.

Joanna Gorrell
Perkiomen Valley High School

Why accounting? I have always known that I wanted to pursue a business-related career. This year, I chose accounting as an elective and have been surprised by how much it interests me. I have always had a math phobia, but I soon realized that accounting is much more than just adding and subtracting numbers.

Anna Hoang
North Hills High School

Why accounting? Financial stability is an important status to maintain, and I want to be able to help more people achieve that. My family struggled, and is still struggling, with this aspect of life. I could help them manage and possibly build their money to prepare themselves for the present and future.

Spencer A. Hood
Everett Area High School

Why accounting? I had always planned on attending college, but I could never commit to any major. Although I do well in school in all types of areas, I never found the subject that connected with me. That all changed when I walked into my accounting class on the first day of school this year.

Marc Pelkington
Moon Area High School


Fun fact: I won best dressed my senior year in high school.

Daniel J. Rogers III
Montoursville Area High School


Who is your hero? My father, a CPA, has taught me by example the qualities of a successful business leader. He has taught me hard work, dedication, effective speaking, and overall passion for all areas in the business field.

Alexis Sentz
Littlestown High School

Why accounting? Accounting was not always my No. 1 choice of field growing up. After going through financial struggles in my own life, I realized that with an accounting degree I had the potential to never go through that turmoil again. I could also prevent people from going down the same path my family and I did.

Chase Slenker
East Pennsboro Area High School

Fun fact: I work as a counselor and area director at a Boy Scout camp over the summer, teaching citizenship and fitness.

Thank you: The gift of an education is something very valuable to the development of an individual’s career success and future. It is with great thanks that this scholarship will help me achieve my accounting degree and move forward into the business world with a little less weight on my shoulders.

Mattie Slenker
Mount Pleasant High School

Why accounting? My idea of my major has changed so many times, which is completely normal. However, when I walked into the accounting class that I finally had a chance to take my senior year, I knew I wanted to pursue a business-related career.

Stephanie Streb
Mars Area High School

Fun fact: I attended the Pennsylvania Future Business Leaders of America state conference in Hershey in April, competing in economics. I took first place in my high school’s region in the preliminaries and ninth place in the state!

Erica Weaver
Mifflin County High School

Why accounting? I find the behind the scenes of business management to be very interesting. I see myself enjoying an office setting with balance sheets, income statements, worksheets, tax forms, and more. My overall goal is to become a CPA and work with small businesses or work for the government.

Pennsylvania CPA Journal | Fall 2019 | www.picpa.org
CPA Exam Scholarships

CPA Exam Scholarship winners are college graduates who have been approved to sit for the CPA Exam. All awards are in the amount of $1,000.

Elizabeth Bishop
Greater Philadelphia Chapter
“In studying for this exam, I have already gained a deeper and more robust understanding of the work that I do everyday. This knowledge has given me the ability to develop my professional skills and better serve my clients.”

Melanie Escobar
Central Chapter
“A CPA designation gives you instant credibility in the business world, as CPAs are viewed as trustworthy, honest, and ethical. A CPA license will allow me to use my advanced knowledge and skills to better help others and myself reach our goals.”

Donminika L. Brown
Pittsburgh Chapter
“Becoming a CPA is important to me because it adds the cherry to the top of the sundae. It completes my reputation as an accountant and, most importantly, it is a personal goal that I have long sought to achieve.”

Gabrielle Brown
Greater Philadelphia Chapter
“For the past five years, I have been determined to become a CPA. It is my ultimate end goal and would be the greatest satisfaction to all my hard work and dedication both during college and since graduation.”

Johan I. Concepcion Rivera
Northeastern Chapter
“I have something bigger than my desire and dream to become a CPA. I have clients whose financial stability will depend on my ability to help them and represent them.”

Shannon M. Dzurinko
Greater Philadelphia Chapter
“I feel as though having the three letters at the end of your name is a right of passage in the accounting world. It states that you put the time and effort into passing these exams and showing your commitment to your field.”

Amy L. Harron
South Central Chapter
“Being successful at the exam, as well as being successful at returning to college as an adult, demonstrates that I am serious in my commitment to becoming a successful accountant.”

David Hollinger
Greater Philadelphia Chapter
“I truly believe that CPAs are the unsung heroes of society because they provide a service so critical to how this country operates.”

Amanda C. Johns
Pittsburgh Chapter
“As a CPA, I would have the credentials to educate business owners in financial performance, tax advisory, investing options, and assessing risk management.”

Alana Joseph
Greater Philadelphia Chapter
“The financial assistance from this scholarship will enable me to focus on studying for the CPA Exam, rather than on the finances associated with it.”

Tyler Hamilton
Pittsburgh Chapter
“This would allow me to reach the goal that I had set out for myself before my freshman year of college.”

Joshua Langenbacher
Central Chapter
“Becoming a CPA, on a personal level, is something that I feel would be a long-lasting tribute to my dad’s legacy, to say nothing of the immense professional benefits it would provide.”

Vincenzo LoStracco
Greater Philadelphia Chapter
“I have been dreaming about the day I would receive my CPA license, and every day that goes by my dream gets closer to being fulfilled.”

Sean M. Moran
Greater Philadelphia Chapter
“The personal fulfillment I have enjoyed since beginning this journey has been an added bonus. The CPA designation will be an honor unto itself.”

Mary Tang
Greater Philadelphia Chapter
“Becoming a CPA signifies an individual’s ability to understand the language of business at a level that others do not necessarily have, while also adhering to high ethical standards that the business world often lacks.”

Morgan A. Nagy
Greater Philadelphia Chapter
“I see (the CPA license) as an opportunity to gain employment in my hometown of Philadelphia and hopefully become a mentor for other young women, who, like myself, might have struggled through challenging younger years.”

Julie Nicolov
Reading Chapter
“Becoming a CPA will increase my knowledge, ability, and reliability as an accountant, and will allow me to be more fully engaged at my current workplace.”

Gabriela N. Smith
Lehigh Valley Chapter
“In the era of technology automating processes, a CPA license will provide job security. As an accountant with a CPA license, I will have the knowledge and the competence to advise individuals and businesses in calculated risks and to understand the tax implications of financial decisions.”

Thank you to RKL for their generous support of the Pennsylvania CPA Foundation.
Learn more about becoming a corporate sponsor or make an individual donation now at www.picpa.org/donate.
Deeper than an Audit

CPAs know – even if many in the public do not – the limitations of what an audit engagement addresses. When clients or employers want more, CPAs know to recommend forensic accounting. Here, several PICPA members share with the public the value of investigative accounting work.


In Lehigh Valley Business, John M. Nonnemacher, Northeastern Chapter, was quoted in “Seminar Puts Spotlight on Fraud at Nonprofits.”

Credit Backers Hope for Compromise,” Matthew B. Searles and William K. Velekei, both of Lehigh Valley Chapter, were quoted in “Experts Offer Advice on Buying into a Turnaround.” Velekei was also quoted in “Financial Wellness Programs Emerge as Key Benefit.”

Brian J. Weldin, Lehigh Valley Chapter, authored “In Mergers, Keep One Eye on Benefit Plans.”


Philadelphia Business Journal: Ibolya Balog, Lehigh Valley Chapter, authored “CFOs Map the Way to Success with Budgets.”

(Continued on page 52)
Member Recognitions

**Community Service**

Arnett Carbis Toothman, several chapters, volunteered at 32 nonprofit organizations for its inaugural ACT Impact Day.

Buckno Lisicky & Company, Lehigh Valley Chapter, raised money through its dress-down charity fund-raiser to support Alayna’s Angels – The Alayna Velez Foundation, as well as the Allen-town Rescue Mission.

ESSA Bank & Trust, Northeastern Chapter, raised money through its monthly dress-down fund-raiser to benefit Meals on Wheels of Northeastern PA.

Jonestown Bank & Trust Co., South Central Chapter, donated money to nonprofit organizations through its Make Change Count for Your Community program.

KPMG LLP, South Central Chapter, had book readings and led activities for 450 kindergarten through 5th grade students at Carter and McRae Elementary School as part of its Family for Literacy initiative.

Maillie LLP, Greater Philadelphia Chapter, assisted the Chester County Food Bank in preparing crops and garden beds at Springton Manor Farm.

Mid Penn Bank, South Central Chapter, provided monetary donations to the Tommy Foundation through Pennsylvania’s Earned Income Tax Credit program.

York Traditions Bank, South Central Chapter, gave monetary awards to 2019 graduates through its Her Traditions Scholarship Program.

The following Greater Philadelphia Chapter members helped pack 150,000 meals for Bucks Knocks Out Hunger:

- Deborah M. Berger
- Martin J. Brill
- Adam A. Greene
- Cheryl A. Hernandez
- Maria T. Mecleary
- Sandra A. Molas
- Teressa M. Presta
- Kathleen O. Rue

**Financial Literacy**

Christopher R. Cicaless, Cherry Hill, N.J., fielded tax-related calls from consumers during a live News 12 New Jersey broadcast.

Patrick J. Dugan, Greater Philadelphia Chapter, presented a program on first-time homebuyer tips and improving your credit score for state Rep. David M. Dellosso’s constituents.

The following members gave financial literacy presentations to Girl Scouts troops: Marissa S. Lieb and Lori Pietzsch-Clark, both of Greater Philadelphia Chapter, and Vivian M. Spratt, Pittsburgh Chapter.

The members below presented Junior Achievement financial literacy programs to elementary, middle, and high school students in May:

- Greater Philadelphia Chapter members (unless otherwise noted) at Add B. Anderson School
- Thomas N. Alvaré
- John V. Braun Jr.
- LaVon D. Chancy, Williamstown, N.J.
- Shekeria Chisolm
- Pukhama Demosthenes
- Jesse LaGrossa
- David A. LaRosa
- Andrew Lee
- Marissa S. Lieb
- Thomas J. Malinowski
- Erin M. McConnell
- Rajesh Misra
- Daniel T. S. Ohlemiller
- Yuliya Ostapenko
- Lori Pietzsch-Clark
- Kathleen O. Rue
- Renako S. Wells
- Nicholas Zagacki

Pittsburgh Chapter members at West Mifflin Area Middle School

- Morgan R. Reisz
- Lisa Tennis

Reading Chapter members at 13th and Union Elementary School

- Myriam M. Joseph
- Melanie G. Serrano
- Megan N. Thompson

Reading Chapter members at Aman-da E. Stout Elementary School

- Stephanie L. Chandler
- Bryanna L. Fredericks

Reading Chapter members at Governor Mifflin Middle School

- John Kostrab
- Ryan Krall
- Roxanne McMurtry

South Central Chapter members at Annville-Cleona Secondary School

- Joseph P. Cunningham
- Shane R. Fisher
- Jonathan D. Garber
- Cameron Ingram
- Amanda Moats
- Hoang Nguyen
- Darshan Patel
- Rebecca A. Price
- Kathleen Steele

The following Greater Philadelphia Chapter members presented a budgeting session to interns of the Philadelphia Youth Network:

- Dennis M. Campbell
- Shekeria Chisolm
- Lindsay D. Cook
- Brandon A. Gaul
- Arpeeneh A. Griffin
- Timothy C. Hilbert
- Allison Hutz
- Michele Klach
- Marissa S. Lieb
- Tyrree T. Nobles Jr.
- N. Akua Ofosu-Donkoh
- Christina M. Olear
- Sonia K. Pal
- Kristin M. Seeger
- Mary Seng
- Michael C. Troped
- Joseph G. Tropiano II
- Renako S. Wells
- Stephanie Wright
- Wendy W. L. Yip
Richard L. Ward, Pittsburgh Chapter, was awarded AICPA’s 2019 P. Thomas Austin Personal Financial Planning Scholarship.

The following Greater Philadelphia Chapter (unless otherwise noted) members were named winners of Philadelphia Business Journal’s 2019 20 Under 40:

Promotions

Baker Tilly Virchow Krause LLP: Fred L. Massanovka, Greater Philadelphia Chapter, was promoted to managing partner of the Philadelphia office. Jeremy G. Chapman, Greater Philadelphia Chapter, Patrick M. Heavens, Greater Philadelphia Chapter, Zachary A. Keenan, Lehigh Valley Chapter, and John M. Romano, Greater Philadelphia Chapter, were named partners. Kerri N. Bogda, South Central Chapter, and Susan E. Maloney, Pittsburgh Chapter, moved up to firm directors.

Brown Schultz Sheridan & Fritz: Megan Grin and Scott A. Henry, both of South Central Chapter, rose to managers.

Duane Morris LLP: Luke J. Bartlinski and Michael R. Bartosik, both of Greater Philadelphia Chapter, were elevated to senior managers. Gregory G. Smith, Greater Philadelphia Chapter, moved up to supervisor.

Harrisburg University of Science and Technology: Duane F. Maun, South Central Chapter, was promoted to chief operating officer.

Herbein + Company Inc.: Joseph J. Witkowski Jr., Reading Chapter, was named chief financial officer, effective Oct. 1, 2019.

KPMG LLP: Mark A. Twerdok, Pittsburgh Chapter, rose to managing partner in the downtown Pittsburgh office.

Larson Design Group: Adanma C. Akujieze, North Central Chapter, moved up to chief financial officer. Maher Duessel: Jennifer L. CruverKibi, South Central Chapter, was promoted to principal. Jonathan M. Mentzer, South Central Chapter, moved up to senior manager. Kristen E. Moss, Pittsburgh Chapter, was promoted to manager. Justin L. Arnt and Kurtis Laird, both of South Central Chapter, and Sara Reed, Violet Shriver, and Lisa Tennis, all three of Pittsburgh Chapter, were named supervisors.

Cole Bocheff, Pittsburgh Chapter, Sooyoung Jung, Pittsburgh Chapter, Hannah Kappel, Pittsburgh Chapter, Chelsea Kaufman, Pittsburgh Chapter, Gabrielle H. Schwind, South Central Chapter, and Casey J. Trout, Pittsburgh Chapter, were promoted to senior auditors.

Rotz and Stonesifer PC: Dennis J. Shindle Jr., South Central Chapter, was named senior manager.

SEK: John Stoner, South Central Chapter, was promoted to senior associate.

Sisterson & Co. LLP: Melissa Pugne, Pittsburgh Chapter, was elevated to tax director.

St. Clair CPA Solutions: Michael E. Mostochuk, Greater Philadelphia Chapter, moved up to shareholder.

Awards & Designations

Douglas M. Boyle, Northeastern Chapter, was named among the 2019 “Professors to Know in Business Programs Based in the Northeast” by Bschools.org.

Christopher R. Cicalese, Cherry Hill, N.J., was selected as one of South Jersey Biz’s 2019 20 Under 40.

Robyn M. Dougherty, Elizabeth A. Harriger, and Wendy M. Lakatosh, all of South Central Chapter, were named winners of the Central Penn Business Journal’s 2019 Women of Influence Award.

Wayne O. Gehris, Reading Chapter, was named Best Turn Around Specialist as part of Lehigh Valley Business’s 2019 CFO of the Year Awards.

Robert A. Oster, Lehigh Valley Chapter, was selected to receive the Philanthropy in the Arts Linny Award by the ArtsQuest Foundation.

Anthony C. Plakis Jr., Moorestown, N.J., was honored with the Impact Award as part of the New Jersey Society of Certified Public Accountants’ 2019 Ovation Awards.

Public Speakers

Andrew P. Kahn and Thomas M. Riddle, both of Lehigh Valley Chapter, gave a presentation on succession planning to local company leaders at Lehigh Valley Business’s Business Growth Symposium.
CFO of the Year Award:
- Arthur M. Ayres Jr.
- Kenneth R. Bull
- Edward A. Camarota
- James J. Caruso
- Gina M. Cotton, Mount Laurel, N.J.
- Jennifer S. Kappen
- Denise Lindsay
- Lawrence E. McAlee Jr.
- Drew A. Moyer
- Suzann Torpey

Member Recognitions

New Hires

Baker Tilly Virchow Krause LLP:
Immanuel John K., Greater Philadelphia Chapter, was admitted as a partner. Jennifer S. Schwalm, South Central Chapter, joined as a partner and senior services sector leader.

Boyer & Ritter Certified Public Accountants & Consultants: Patrick T. Charvat, South Central Chapter, came on as a tax associate.

Brown Schultz Sheridan & Fritz: Gabriella J. Licata, South Central Chapter, was hired as an audit staff accountant.

Buckno Lisicky & Company: Brian D. Palmer, Lehigh Valley Chapter, joined as a senior manager.

Maher Duessel: Peggy J. Revay, Southwestern Chapter, was hired as a senior manager.

Shawn M. Strauss, South Central Chapter, joined as a manager.

One Financial Services: Robert C. Schubert, Lehigh Valley Chapter, came aboard as a financial adviser.

Pottstown Area Health & Wellness Foundation: Michael V. Jamgochian, Reading Chapter, was hired as controller.

Rotz and Stonesifer PC: Ryan M. Coccagna, South Central Chapter, was named a senior associate.

Appointments & Elections

David G. Bluemling, Pittsburgh Chapter, was appointed chair of the board of directors for the YMCA of Greater Pittsburgh.

Robert J. Ciarruffoli Jr., Greater Philadelphia Chapter, was named to the board of directors for FSD Pharma Inc.

Ann M. Donley, Lehigh Valley Chapter, was elected vice chair of the board for the Girl Scouts of Eastern Pennsylvania.

Philip E. Fague, South Central Chapter, joined the board of directors for WellSpan Health.

Judith L. Hoar, South Central Chapter, was elected secretary and treasurer of Lancaster Chamber.

Bonnie L. Johnson, Greater Philadelphia Chapter, was appointed to the board of directors for the Pennsylvania Association of Nonprofit Organizations.

Brenton K. Musselman, Lehigh Valley Chapter, was named to the board of directors for Type One Parent Project.

Elliott A. Roth, Greater Philadelphia Chapter, accepted a four-year term on the board of trustees for Arcadia University. He was also named chair of the audit committee.

Amanda D. Ruhlman, South Central Chapter, joined the board of directors for New Hope Ministries.

Brian R. Schobel, Reading Chapter, was named to the board of directors for The Camel Project LLC.

Kyle M. Sell, Parsippany, N.J., was elected president of the New Jersey Society of Certified Public Accountants.

Crystal A. Skotedis, South Central Chapter, was appointed to the Bloomsburg University Zeigler College of Business advisory board.

Firms & Businesses

BioProcess Technology Consultants merged into BDO USA LLP, several chapters.

Customers Bank, Reading Chapter

Lackawanna College is proud to congratulate on receiving a 2019 Young Leader Award from the Pennsylvania Institute of Certified Public Accountants www.lackawanna.edu
Member Recognitions

DELLOITTE, Pittsburgh Chapter, was honored with a 2019 FedEx Pittsburgh Corporate Challenge Award by the Pittsburgh Business Times.

Mid Penn Bank, South Central Chapter, was given the Community Banking Hometown Champion Award by the Pennsylvania Association of Community Bankers.

RLH CPAs & Business Advisors, South Central Chapter, merged into Brown Schultz Sheridan & Fritz, South Central Chapter.

The following South Central Chapter firms and businesses were recipients of the 2019 Reader Rankings Awards by Central Penn Business Journal:

- Brown Schultz Sheridan & Fritz, Best Forensic Accounting Firm
- McKonly & Asbury, Best Consulting Firm
- PNC Financial Services Group Inc., Best Bank for Business
- RKL, Best Accounting Firm, Best Consulting Firm, Best Forensic Accounting Firm, Best M&A Advisor, Best Private Equity Firm, and Most Innovative Workplace
- SEK, Best Accounting Firm
- Trout Ebersole & Groff LLP, Best Consulting Firm, Best Forensic Accounting Firm, and Best M&A Advisor
- York Traditions Bank, Best Bank for Business, Best Bank for Personal

PICPA Members Serving on 2019-2020 AICPA Committees

The PICPA recognizes its members who contribute their time to represent Pennsylvania CPAs on a national level.

PICPA Member | AICPA Committee(s)
--- | ---
Dennis M. Bell | Assurance Services Executive Committee, Trust Information Integrity Task Force
Barry M. Berkowitz | Board of Examiners
Daniel J. Bligh | Regulation Subcommittee
Matthew E. Bogusch | Service Organization Control Reporting Task Force
Jeffrey M. Buchakjian | Certified in Financial Forensics Credential Committee
Thomas Bunting | International Federation of Accountants Convergence/Monitoring Task Force – Standing Task Force of the Professional Ethics Executive Committee
Jeremy G. Chapman | Joint Trial Board
Stephen W. Christian | Council – Elected Member
Charles R. Curran | Assurance Services Executive Committee, Trust Information Integrity Task Force
David M. Duffus | Forensic and Litigation Services Committee
Diane E. Edelstein | Practice Monitoring Task Force – Government and Compliance Audits Subgroup
Jeffrey L. Ferro | Council – Member-at-Large
Troy Fine | Certified Information Technology Professional Credential Program; Certified Information Technology Professional Credential Committee; Service Organization Control Reporting Task Force
Jeffrey A. Ford | Council – Elected Member
Cheri H. Freeh | Tax Practice & Procedures Committee
Edward R. Friel | Joint Trial Board
Daniel K. Goff | National Peer Review Committee
Kenneth N. Hugendubler | AICPA/National Association of Insurance Commissioners Task Force
Edward R. Jenkins Jr. | Council – Elected Member; Tax Reform Resource Task Force
John J. Kaschak | Government Performance and Accountability Committee
Paul J. Kelly III | Auditing & Attestation Subcommittee
Jeffrey M. Krull | Information Management and Technology Assurance Cybersecurity Task Force; Information Management and Technology Assurance Executive Committee; Service Organization Control Reporting Task Force
Martin C. Levin | Designated Council Representative for One Year; Professional Ethics Executive Committee
Mitchell K. McKenney | Council – Elected Member
Kathleen M. McLaughlin | Employee Benefit Plans Expert Panel
Sean P. McVey | Uniform Accountancy Act Committee
Mark G. Metzler | Joint Trial Board
Lisa A. Myers | Council – Elected Member
James J. Newhard | Professional Ethics Executive Committee
Roland J. O'Brien | Employee Benefit Plans Expert Panel
Gary Roland | AICPA Business Combinations Task Force
Michael P. Rollage | State Board Committee
Joseph E. Seibert | Council – Elected Member
Heather I. Trouver | Technical Reviewers Advisory Task Force
Richard L. Ward | Financial Literacy Commission
A. Dale Weaver | Content Committee; Regulation Subcommittee
Torpey J. White | Certified Information Technology Professional Champion Program; Information Management and Technology Assurance Cybersecurity Task Force; Information Management and Technology Assurance Executive Committee; Service Organization Control Reporting Task Force
Richard E. Wortmann | Peer Review Board


Tara M. Loghing, PICPA peer review administration manager, professional and technical services, serves on the Administrators Advisory Task Force.
The following firms and businesses were recognized by *Philadelphia Business Journal* among its 2019 Healthiest Employers:

- **Accenture**, Greater Philadelphia Chapter
- **CBIZ Inc.**, Greater Philadelphia Chapter
- **Customers Bank**, Reading Chapter
- **FS Investments**, Greater Philadelphia Chapter
- **Global Tax Management Inc.**, Greater Philadelphia Chapter

**Miscellaneous**

Raymond W. Buehler Jr., Pittsburgh Chapter, authored “Domestic Violence and Sexual Assault Often Go Unseen” for *Pittsburgh Business Times*.


**Obituaries**

Ronald P. Feldman, Greater Philadelphia Chapter, died June 25. He was an Upper Dublin Township commissioner. He joined the PICPA in 1995.

Ralph W. Wire Jr., South Central Chapter, died May 8. He was owner of R. Wm. Wire Associates PC. He joined the PICPA in 1981.

**Did You Know?**

PICPA membership provides a range of services to help CPAs succeed at every stage of their careers. Watch this section in each issue of the *Pennsylvania CPA Journal* for highlights of your PICPA benefits.

- PICPA’s Mentor Match program is ideal for up-and-coming CPAs looking for a guiding star, as well as for established CPAs who want to support the success of the next generation. Find it in our Career Center at www.picpa.org/careercenter.
- The PICPA offers a free subscription-based weekly email that delivers access to our most recent blogs and podcasts directly to your inbox. Subscribe at www.picpa.org/subscribe.
- To elevate the profession’s profile, PICPA members field more than 300 online Ask a CPA questions each year. Members can enhance their personal brand and support the profession by joining CPA Voice at www.picpa.org/cpavoice.

**Classifieds**

**Mergers & Acquisitions**

Local Pittsburgh CPA firm is looking to acquire or merge with area firm with revenues not exceeding $1 million. Reply to file #840.

Suburban Pittsburgh CPA firm with $1.2 million gross looking to merge with area firm to facilitate eventual retirement of older partner and new opportunities for younger partner and staff. Reply to file #890.

**Practices for Sale** – Gross revenues shown: Franklin County CPA $585K; Delaware County tax $366K; Chester County CPA $198K; Allegheny County CPA $135K; Lehigh County CPA $335K. Call (888) 847-1040 or email holmes@aps.net for more info. 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.

**Accounting Biz Brokers** – Current listings: Pittsburgh gross $113K – sold; St. Thomas, V.I., gross $75K. Contact us today to start the sales process. Kathy Brents, CPA, CBI; office (866) 260-2793; cell (501) 514-4928; kathy@accountingbizbrokers.com; www.accountingbizbrokers.com.

Growth Solutionz, America’s Small Business Advisors, now awarding franchises. With our proven practice development methods, have a $1 million accounting practice in 4 years. Investment from $60,000, will finance. Contact CalvinBrown@GrowthSolutionz.com, or visit www.GrowthSolutionz.com/accounting-franchise.

**Office Space**

Montgomery County CPA – Office space for rent, furnished or unfurnished, internet and utilities included. Possible sharing of other resources. Ideal for sole practitioner. (215) 822-7110.

The *Pennsylvania CPA Journal* accepts classified ads for Mergers & Acquisitions and Office Space. Search for jobs, post a résumé, or place job-related ads online at our Career Center. Check it out at www.picpa.org/careers.
Taking the helm of the PICPA for the 2019-2020 year is a tremendous honor. But the role also carries the substantial responsibility of maintaining our organization’s relevancy well into the future. At the core of this duty is communicating the value of PICPA membership to our 22,000 members.

To understand our members’ needs, we must first consider the current state of our profession. Future CPAs will use skills far different from those deemed necessary in the past. Many of today’s tasks are being radically transformed through the use of artificial intelligence, blockchain, and robotics. We are seeing firm hiring trends that are more technology-focused than accounting-focused.

An area of great concern is the national trend that shows declining numbers of CPA Exam candidates each year. The reasons vary. Some experts cite the cost of taking and studying for the exam, work/life balance and tax season workload compression, and the extra year of education now required to obtain licensure. We must address the narrowing pipeline in our profession before it is too late.

To confront these challenges and to provide ever more valuable services to our membership, the PICPA recently commissioned a membership survey. Nearly 1,600 PICPA members responded. Here are a few of the widely expressed opinions that it revealed:

- Experienced CPAs cite that keeping up with developments in technology can be a challenge while they are also staying current with regulatory and accounting changes.
- Young CPAs find it increasingly difficult to learn leadership skills while keeping up to date with accounting and regulatory changes.
- Members rely upon the PICPA for professional news, appreciate the networking opportunities, and believe that membership adds to their professional credibility.
- Members appreciate PICPA’s advocacy efforts.
- Professional education remains the most important aspect to members, including free CPE offerings and our ever-increasing online programs.

My goals for the coming year are derived from the results of this survey and address the breathtaking changes occurring in our profession.

**Improving the PICPA value proposition** — The PICPA continues to enhance its technology to offer new services to members, including new forms of CPE delivery and enhanced electronic communication, such as podcasts and webinars. It is imperative that we embrace the trend toward competency-based learning. The profession is recognizing that the adoption of new skills and refining existing skills can be best measured without reference to hours spent on the endeavor. The PICPA team must increase awareness of the vast array of programs and benefits available to all our members.

**Driving students to careers in accounting** — Our Pennsylvania CPA Foundation provides more than $150,000 in annual scholarships to accounting students. We must continue to grow this fund so we can increase scholarships and continue our diversity initiative to include underserved communities. Continuation of our long-standing efforts to engage with college students through a variety of programs is essential, but we also need to consider those who make career choices while in high school. We need to broaden our efforts to include high school students and faculty advisers.

**Engaging corporate finance leaders** — Identifying and responding to our members serving in corporate finance functions will continue to be a priority. We recognize that their needs differ from those in public practice, and we will develop more services directed toward these valuable members.

**Advancing our advocacy efforts** — Our profession is well respected at both the national and state level due to the efforts of our CPA advocates. We need to protect the CPA brand and work for a regulatory environment that makes professional compliance more understandable and yet protects the public. PICPA’s advocacy efforts also work on behalf of taxpayers, so we must continue to ensure fairness and ease of compliance.

CPAs are among the most highly regarded and trusted professionals. Every action we take today will determine the future viability of our organization. The PICPA is relevant today and it must be an essential part of the future of our profession in Pennsylvania. Your continued membership plays a critical part in all of this. The PICPA promises to continue to find innovative ways of providing value to each and every one of you.
Congratulations to our Risk Advisory Services Manager Troy Fine on receiving the 2019 PICPA Young Leader Award. Troy’s big thinking and personal focus help us provide our clients with valuable insight and innovative ideas for their organizations. His dedication to work, community and the PICPA is to be admired.

Way to go, Troy!
Accountants Professional Liability (APL) Insurance

CPAs need Professional Liability (malpractice) insurance to cover damages in the event of an error or omission committed on part of the firm when providing professional services, and to protect the assets of the firm from the financial consequences of a claim. Designed specifically with CPAs in mind, we offer Professional Liability Insurance which addresses the scope of services provided by CPAs, no matter the firm size.

Cyber Liability Insurance

Protecting your client’s privacy is critical in protecting your firm. If your firm experiences a major breach, who would you call? How would you organize an immediate response? Coverage solutions include Privacy Liability, Privacy Notification Expense, Regulatory Liability, Media Content Liability, Network Security Liability, Crisis Management, Credit Monitoring Expense and E-Extortion Threat.

Special pricing for members:

• Annual premiums start at $299
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