The Blockchain Transformation of Accounting and Auditing 10

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Join your fellow CPAs for an evening of honoring those who have achieved major milestones and earned prestigious awards during the past year. Honorees will include: recent CPA exam passers, Impact Award winners, Women to Watch recipients, 35-year and 50-year members, MOCPA scholarship winners, MOCPA campaign contributors and 100% MOCPA Membership companies.

There will be two celebrations; attend whichever one is most convenient to you!

<table>
<thead>
<tr>
<th>Western Region Awards Celebration</th>
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<td><strong>WHEN:</strong> Thursday, November 2</td>
<td>Thursday, November 16</td>
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<td>5:30 -8:30 p.m.</td>
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<td><strong>WHERE:</strong> The Gallery</td>
<td>River City Casino</td>
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<tr>
<td>61 E. 14th St.</td>
<td>777 River City Casino Blvd.</td>
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<td>Kansas City, MO 64105</td>
<td>St. Louis, MO 63125</td>
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For complete details, visit mocpa.org/awards-celebrations.
With Net Operating Losses, One Size Does Not Fit All
Because the rules are often unclear and vary by state, it's essential to be proactive in your analysis and documentation to maximize opportunities and mitigate risks.
By Matt Arnold, CPA; Mo Bell-Jacobs; Nicole Rooney, CPA

IRS Provides Worker Classification Tax Relief
The IRS recently amended Publication 5416, Employment Tax Returns, which modifies provisions regarding payment compliance and worker classification. Find out how these updates may impact your company and clients.
By Ron Thiewes, CPA, JD, LLM

Recourse Versus Nonrecourse Commercial Real Estate Financing
Before determining the best financing structure for a real estate investment, it's important to understand the provisions and complexities of each option.
By Greg Fuesting

The Blockchain Transformation of Accounting and Auditing
Blockchain has been called the most significant technology to emerge since the internet itself. It's time to think about how you can help your organization and clients adapt and ultimately deliver more value.
By Jack Shaw

Does Computer Hardware Matter with the Cloud?
Using technology effectively is not cheap, but using technology ineffectively is often even more expensive. While embracing new cloud strategies, it remains important to understand fundamental hardware and other technologies that can increase your team's productivity.
By Randy Johnston, MCS
What Will Our Association Look Like Tomorrow?

John D. Gamble, CPA

Later this month, a group of our members will gather for our annual strategic planning meeting. Each year, we study the environment to determine how best to set our strategic priorities to address the matters of most importance to the accounting profession in both the short and long term. With the rate of change in technology and our profession, this strategic planning session continues to become increasingly important to the sustainability of our association with each passing year.

In reading Jack Shaw’s blockchain article (page 10), I remain fascinated by what lies ahead for our companies and clients. Originally designed for the digital currency bitcoin, blockchain technology is now being utilized in significant other ways, and its continued encroachment into business transactions in the future seems inevitable. This is just one example of the many changes we must understand and determine how and when to begin implementing in our individual organizations.

Technology will be interwoven into much of what we look at during our strategic planning meeting, including the evaluation of our CPE program. There are a number of important questions that we need to consider as part of this evaluation. We know that lifelong learning is a necessary component of professional development for all CPAs, but how do we make our offerings relevant in today’s world and into the future? How are we going to deliver content in a way that appeals to young professionals? In addition, how should CPE compliance be regulated by the Missouri State Board of Accountancy? Currently, the board spends a great deal of time auditing CPAs to ensure they have the correct number of hours. Would our profession be better served if actual competencies were measured instead of the number of hours you might have spent half-heartedly staring at the screen taking an online course in some cases? These are just a few of the relevant considerations surrounding CPE that we will attempt to tackle.

Our Educational Foundation continues to work closely with accounting schools to ensure we have top recruits ready to work in your firms and companies. But even this concept is no longer cut and dried. Currently, many large firm recruits aren’t even accounting majors, let alone CPA candidates. They’re coming from STEM degrees and are being taught audit skills in house. Those majoring in data analytics, cybersecurity, engineering and so forth have many of the skill sets needed to be successful in accounting firms. As the face of our member firms continues to evolve, so must our professional association in order to remain relevant to those we serve. As we’ve mentioned previously, there is a board-appointed task force looking at the viability of adding an associate membership category for other qualified professionals who are working next to you in your firms and companies, contributing in a major way to the success of those organizations. Once this notion has been thoroughly vetted by our task force and board, we’ll seek full member input. In the meantime, don’t hesitate to contact me or one of our staff members with your thoughts.

John Gamble is senior vice president and chief financial officer for Central Bancompany. He is chair of the MOCPA Board of Directors for 2017-2018. john.gamble@centralbank.net

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I’ve often said that you get more than you give by participating in MOCPA events, and that you’ll not only make lifelong business contacts but also lasting friendships. This was once again proven to be true after our Annual Members Convention this summer. Leading up to this event, our 1990-1991 Board Chair Jerry Meiners had been battling serious illness, but it was very important to him to muster his energy to attend our gathering at the Lake to see his MOCPA friends and colleagues.

When Jerry and his wife, Kaye, entered the room, he was smiling, and with contagion, smiles sprouted on everyone else’s faces as they noticed his presence. We knew Jerry was sick, and though it meant a lot to him to be at Convention, it meant even more to the rest of us who were given the opportunity to soak in his company and wisdom one last time. Just a few weeks later, on July 20, Jerry passed peacefully in his home surrounded by his family.

For those of you who didn’t have the honor of knowing Jerry, he chose a career in public accounting based on his father’s advice. At age 21, he was one of the youngest CPAs to receive both his CPA certificate and his license to practice. After graduating in 1959, Jerry completed service to his country in the U.S. Army and then began his 44-year CPA career as a partner in the firm of Donnelly Meiners Jordan in Kansas City. After retirement, Jerry assisted his sons and daughters in their family businesses. Jerry was a proud Eagle Scout, and active in the profession and his community, receiving numerous honors for his volunteerism and generosity.

“Jerry was a partner in the firm that hired me after college,” says Analee Lanio, 1999-2000 MOCPA chair. “By being active in several professional and community organizations while still very involved in his church and family and building a business, Jerry demonstrated that you could balance family and life effectively. He encouraged us all to get involved, and it was because of his support that I became active in MOCPA, as well as community organizations. He was a man of few words but great at getting his message across. His impact on our community and profession was more than apparent at his wake and funeral. I am thankful my husband and I were at the MOCPA Legacy Builders’ Dinner in June. Jerry hugged me that night and told me that it would be his last one. He was correct, and we had to say goodbye too soon. MOCPA was fortunate to have him as a member and a supporter.”

Roger Wayman, 1996-1997 board chair, shares Analee’s sentiments. “Our more than 30-year friendship can be summed up by saying that many of the good things that have happened to me personally and professionally during those years are because of Jerry’s counsel and advocacy. I miss him greatly.”

Charlie Larson, 1976-1977 board chair, reflects, “Jerry joined a small group of local CPAs to share thoughts and ideas when small firm CPAs didn’t do things like that. Those casual gatherings were the beginning of ‘MAP’ activities that would ultimately expand throughout the United States. Jerry was one whose attendance was always a given, and that was true through MOCPA’s Annual Members Convention this year. His quiet demeanor and persistent friendship will be missed.”

As Analee noted, the impact Jerry made on countless lives was beyond evident at his visitation. I’m grateful for the leadership he provided to this organization, but much more than that, I’m thankful for the lessons I learned by watching how he gave of his time to make others recognize their value. I challenge each of us to think about how we can embody the qualities Jerry espoused and commit to making our profession and our communities even better, and to help those around us realize their true worth.

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Need Even More Reasons to Build an Inclusive Culture?

Inclusion can play a major role in a professional's decision to choose an employer. Deloitte recently surveyed more than 1,300 full-time employees across the United States and found that an inclusive culture is key to both hiring and retaining talent.

80 percent say inclusion is an important factor in choosing an employer.

72 percent would leave or may consider leaving an organization for one that has more of the inclusive aspects they desire; and nearly 25 percent have already done just that. Among millennials, these figures are 53 percent and 30 percent respectively.

28 percent (each) left a previous employer for not feeling comfortable speaking up and expressing opinions; not experiencing inclusive day-to-day interactions; and not being in an environment that provided a sense of purpose or impact.

47 percent rank “an environment that makes people feel comfortable being themselves” as one of their top three most important attributes of an inclusive workplace.

32 percent believe senior leadership has the biggest influence in building an inclusive culture, yet nearly the same amount say everyone has a role to play.

71 percent prefer an organization with leadership that consistently demonstrates inclusive behaviors over an organization that offers numerous initiatives.

If you’re willing to put yourself and your dreams on the line, at the very least you’ll discover an inner strength you may not have known existed.”

—Kurt Warner, Pro Football Hall of Fame Class of 2017

How to give good feedback at work

Feedback is not, in and of itself, just praise or criticism. Employees want feedback because it gives them reassurance or fresh direction by letting them know whether they’re doing the right thing and doing it correctly. This tells them how to work smarter. Feedback also motivates. It lets people know that their work is appreciated. Here are questions to ask yourself before giving feedback to an employee:

• Is the employee ready to hear about job performance?
• Have I given enough positive feedback recently? Will he or she be receptive to what I say now?
• What, exactly, would I like the employee to do differently?
• Can this feedback help the employee improve his or her performance, or is it just hurtful?
• Are there blaming labels that I need to avoid using when I give this feedback?
• Where should I give the feedback?
• When should I give the feedback? (Am I putting it off because I’m uncomfortable?)
• Am I prepared to answer all his or her questions in a constructive way?

—Business Management Daily
Understanding a target’s net operating losses (NOLs) is an important part of due diligence, but simply being aware of the state implications is not enough. An analysis of the limitation on federal NOLs without analysis of state attributes may result in misstatements of the value of deferred tax assets and state income tax exposure for the taxpayer.

Internal Revenue Code (IRC) section 382 limits a company’s ability to use NOLs after a corporation is deemed to have an ownership change. Similar to the federal NOL limitations, the majority of states also place limitations on the NOL usage that may be more or less stringent than the federal limitation. Many states do not conform to section 382, and instead rely on completely separate tests to determine if NOLs can be utilized after an ownership change. However, many businesses fail to analyze the impact of significant transactions on state NOLs. Businesses should consider which state NOLs are significant to the business and consider the potential loss or limitation of an NOL before mergers or acquisitions occur. Companies should strive to understand the state NOL profile before entering into acquisitions, reorganizations or other material transactions, and consider opportunities to modify proposed deal structures to maximize the value of state NOLs.

If a federal section 382 study has been conducted, taxpayers often oversimplify the state NOL limitation by taking the federal NOL multiplied by the state apportionment rate and booking the resulting figure. That analysis is technically correct in some, but not all states. Businesses that take the “one size fits all” approach can result in adjustments on audit, even for tax years otherwise outside the statute of limitations because some states allow the modification of NOLs utilized in open years. For example, consider a taxpayer who takes the federal section 382 limitation multiplied by the state apportionment percentage for a 2005 acquisition and applies that method to all states. In 2015, upon audit the state disallows the NOLs in the current years because the state does not conform to section 382. The NOLs are lost because the years where the company could have used the benefit are already closed under statute.

Before using an approach that may have NOLs expiring and financial statement valuation misstatements, there are some key questions that should be asked.

- Are the NOLs completely lost due to the change event?
- Is there a way to structure the deal that provides the best use of state NOLs?
- For states that do not conform to section 382, or may have additional rules on NOL utilization such as state specific separate return limitation year limitations, are those properly taken into account?
- In states where section 382 does apply, does the limitation apply on a pre- or post-apportionment basis?
- If the state applies a post-apportionment methodology, does section 382 apply based on the year of ownership change, or is the company required to recalculate each year?
- If the business is acquiring a consolidated group of companies, while federal section 382 limits might be calculated at the group level, will any of the states require computations on a company-by-company basis?
- Are there any state differences in how the section 382 is calculated based on state modifications?

While some states have defined how section 382 applies or have otherwise described NOL carryforward limitations by statute, in other states, companies must determine treatment based on case law. There is, however, a silver lining. Because of the disparity between federal and state treatment of NOLs, you may have increased or accelerated NOL utilization in some states that do not conform to section 382. It is important to be proactive when it comes to state NOLs and significant corporate transactions, and to properly document the positions to maximize opportunities and mitigate risks.

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Mo Bell-Jacobs is a manager in RSM’s Washington national tax practice.
Nicole Rooney is a manager in RSM’s state and local tax practice.
Within the stated mission of the Internal Revenue Service is to “provide America’s taxpayers top quality service by helping them understand and meet their tax responsibilities.” A method by which this mission is accomplished is the publication of many volumes of instruction and guidance for compliance with the nation’s tax laws.

The Service recently amended its Publication 5146 (Revised 3-2017), entitled Employment Tax Returns: Examinations and Appeal Rights. The scope of “employment taxes” encompasses the vast array of compensatory payments within the employer-employee relationship addressed by the Income and Unemployment Taxes, Medicare, Social Security, and Railroad Retirement laws. The newly revised publication describes the significant relief provisions.

**Payment Compliance**

The first form of relief arises when employees pay taxes due on wages received, notwithstanding that the employer failed to make deposits for amounts required to have been withheld. Absent this provision, the employer would be responsible for the amounts properly withheld, which would create a duplicate payment to the employee’s payment. This change does not, however, eliminate potential liability for imposition of penalties attributable to the failure to withhold and deposit.

The employer formally applies for this relief through Forms 4669 and 4670.

Forms 4669 are used to present each employee’s payments of taxes for each applicable taxable year, and Forms 4670 are used to formally request relief for each tax form and each tax year.

The second form of relief abates interest that arises from unpaid employment taxes that accrue from their due date until the date such taxes are paid. The availability of relief provision arises when the employer acquiesces to an adjustment increase in taxes, and the taxes are then paid before filing an amended return reflecting the increased taxes or before an agreement is entered into with the Service establishing the greater tax liability.

Exceptions to this second form of relief arise in four instances: when the underpayment duplicates an issue from a prior examination; the employer knowingly underreported; the employer has already received a determination of worker classification; or the employer received a payment demand on taxes already assessed.

**Worker Classification**

Because employment taxes arise when a worker is in an employer-employee relationship, there are temptations for an “employer” (or beneficiary of the work) to claim that the actual relationship is that of principal and independent party providing services.

For nearly 40 years, pursuant to Section 530 of the Revenue Act of 1978, employers have been allowed to classify workers as other than employees when a threefold test is met. First, the employer has a “reasonable basis” for treating the worker as other than an employee. Usual bases are industry standards, earlier understandings and court cases reasonably on point. Second, the treatment has been consistent regarding the worker, and tax filings appropriate for the claimed relationship (such as Form 1099) have been used. And finally, workers in similar positions are likewise treated by the employer as not being employees.

In the event an employer cannot be availed of the Section 530 relief, all is not lost, because the employer can voluntarily enter into a settlement program regarding worker classification. The gist of the program is that the employer prospectively classifies the workers as employees, and has for the past three years treated the workers as other than employees (including Forms 1099 compliance as applicable). The opportunity to enter into a voluntary agreement is open up to and through the administrative appeals process.

The tradeoff for the employer in the reclassification is to be availed of the tax rates in Section 3509 of the Internal Revenue Code, which are less than the amounts due had the arguably-correct employee classification previously been applied. The various reduced rates are found in Section 2 of Publication 15 (Circular E), entitled Employer’s Tax Guide. These preferential rates are not available, however, if there was intentional disregard to the rules on withholding taxes from employees, or if there was income tax withholding, but not for social security or Medicare taxes.

A taxpayer files Form 8952 to apply for entry into the program.

Bear in mind that IRS publications are not considered substantial authority, but the provisions within this publication could prove to be beneficial for your company or clients.

Ron Thiewes is the owner of Ronald C. Thiewes, P.C. in Kansas City and chairs the MOCPA Professional Ethics Committee.

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A Short Trip to the Near Future
As a professional technology futurist for the past 30 years, I’ve learned to heed the words of that great philosopher, Yogi Berra, who said, “Making predictions is very hard, especially about the future.”

Nevertheless, I’m going to go out on a limb and make a few predictions about the future of the accounting and auditing profession. To understand how the roles of accountants and auditors will change, you need to understand how the world you’ll be working in will change. So, please join me on a short trip to the near future.

In our first scene, a pre-teen needs orthodontic work. She and her parents don’t just see the nearest orthodontist, or one a friend or relative recommends. Instead, they post an online request for proposals that can only be seen by registered orthodontists with offices nearby, and they receive several such proposals. Each proposal states their qualifications and a suggested treatment plan with costs based on the family’s healthcare insurance plan.

After speaking to a couple of orthodontists by phone, the young lady and her parents select one to meet with in person.

Once they’ve reviewed the treatment plan and payment schedule with the orthodontist, they authorize it via digital signatures through their smartphones. The family’s insurance makes progress payments within 30 seconds of completion of each visit. The family makes co-payments using their airline frequent flyer miles. And no paperwork is ever required.

In our second scene, an aircraft is halfway across the Atlantic when it detects that a critical part must be replaced on arrival. The airline’s advanced procurement system scans the internet to identify FAA certified providers of the required part. The system negotiates pricing, terms and conditions, selects a provider, and incorporates the terms into a legally enforceable, online “smart contract.”

The part’s design is then downloaded to a 3-D printer at the airport, and the part is waiting when the aircraft arrives.
In our third scene, a young couple is buying a new home. They first solicit offers from qualified mortgage providers by authorizing them to securely review their online credit histories. Each mortgage provider responds with approval for a home mortgage within a specified purchase price range.

The couple then “visits” houses via virtual reality and selects one they’ll go to see in person. On their way, they request a title search, and ask each mortgage provider to propose a mortgage plan for this specific property. On arrival, they’re delighted that the house is just as nice as they had thought.

They agree on a purchase price with the seller and select a mortgage plan. Because the title search has been completed by this time, they close the deal on the spot—again via digital signatures on their smartphones. No paperwork, no brokers, no attorneys.

And, no keys are even exchanged as the house and all its systems are now controlled via their own biometrics, such as fingerprints, voiceprints and retinal scans. What will make these extraordinary examples of innovation possible? Well, certainly a number of technologies come into play—3-D printing, virtual reality, biometrics, and more.

But one other technology runs through all of these examples. Many have already recognized that this technology is the most significant to emerge since the internet itself. This technology doesn’t simply enable improvements in specific areas. It facilitates the digital transformation of entire business and social ecosystems. The potential applications of this exciting new technology extend across every industry—including accounting and auditing.

While this technology has been around for nearly a decade, most people have just heard of it in the past year or two. It’s called blockchain. No less reputable a publication than The Economist magazine said this technology is the most important advance in recordkeeping since the invention of double-entry bookkeeping in Florence, Italy in 1494—more than 500 years ago.

When keynoting the Global Blockchain Week Conference in London earlier this year, I pointed out that wherever people, processes, businesses, government, or the social good requires proof of identity, ownership, transactions, or of contractual commitments, blockchain technologies promise to meet those needs with a degree of trust and integrity never before possible.

What Blockchain Does
How do blockchain technologies do that? Well, they do four important things.

First, they create a permanent, immutable, signed, and time-stamped record of identity, ownership, transactions or contractual commitments.

Second, they allow two or more entities—people, businesses or other organizations—to share this information on the internet without having to rely on any one of the others or to pay a third-party service to be the master record keeper. This has huge implications for most industries because it eliminates the need for businesses that do nothing more than act as informational intermediaries.

Third, they provide complete transparency for all those so authorized to easily view or update that information.

And fourth, they provide essentially un-hackable security against those who are not authorized to change or even see that information.

Applications of Blockchain
The first use case for the blockchain was the digital currency, bitcoin. In fact, blockchain technology was originally developed to enable this first, functional, digital currency. For more than eight years now, the bitcoin blockchain has been working, and billions of dollars of transactions have taken place. Yet, despite the efforts of the world’s most cunning digital criminals, the bitcoin blockchain has never been hacked.

So, people quickly realized that if they can use blockchain for digital currency, they can also use it for other digital assets, such as: electronic medical records, 3-D printing design files, and real estate property deeds.

“Change does not necessarily assure progress, but progress implacably requires change.”
-Henry Steele Commager
One of the items that can be stored on a blockchain is a smart contract. This is more than just a permanent record of a traditional contract created in a word processor. It’s a dynamic contract that can enforce its own provisions. A smart contract is a computer program that runs on a blockchain and can control assets on that blockchain, track what has happened to date, and respond to incoming information or events. For example, a smart contract could respond to the information that an orthodontic visit was completed by automatically transferring funds for a progress payment into the orthodontist’s account from the healthcare payer.

Blockchain technology is already producing astonishing results. For example, last fall, I keynoted the Global Big Data Conference in Qingdao, a major port on the northeast coast of China. Coincidentally, the weekend before the conference, a ship arrived in Qingdao with a load of cotton being sold from a company in Houston to a buyer in China. Typically, in international trade today, processing the paperwork to transfer ownership and to pay the seller and the freight carrier takes approximately 10 days. In this case though, because the information was shared on the blockchain, ownership was transferred, and the seller and the freight carrier were paid in full in 10 minutes. And, I was able to tell my audience in Qingdao about it just three days later!

The examples cited above are just a few of the industries impacted by blockchain. There are dozens more. Many of these industries have already formed formal industry blockchain consortia. And those consortia, in turn, have identified hundreds of use cases for blockchain technology.

### Partial List of Industries Impacted by Blockchain

- Accounting/auditing
- Construction
- Energy
- Entertainment
- Financial services
- Government/NFP
- Healthcare/life sciences
- Insurance
- Law/legal services
- Logistics/transportation
- Manufacturing
- Media
- Real estate
- Retail
- Supply chain
- Technology

The examples cited above are just a few of the industries impacted by blockchain. There are dozens more. Many of these industries have already formed formal industry blockchain consortia. And those consortia, in turn, have identified hundreds of use cases for blockchain technology.

### What Blockchain Means for Accountants and Auditors

Clients are making significant investments in advanced technologies. They expect accounting and auditing to keep pace. With blockchain, all of the participants in any given ecosystem can have shared ledgers of the details of every transaction that gives rise to accounting entries. The shared ledgers can be a single source of truth for every player.

They can also provide read-only access to authorized external entities such as regulators and auditors who can instantly and automatically verify and validate those transactions for reporting or other regulatory purposes. As a result, audits will become much more analytical, at least semi-automated, and even continuous.

This will have a huge impact on the accounting and auditing professions—both for CPA firms and for internal accountants and auditors. We’re going to need to rethink how we manage the bookkeeping, accounting, and auditing processes in our organizations. When you integrate blockchain, analytics and artificial intelligence, you can uncover anomalies in real time. You won’t have to wait until the end of the month, quarter or year.

And, there will certainly be little need for people to paw through file cabinets or double check sample transactions to discover that there was a fraudulent transaction eight months ago. Material misstatements and financial irregularities could be uncovered and stopped as
they occur, and in many cases, could be prevented entirely. Long gone are the days of the traditional green-shaded accountant, sitting and patiently cross-footing debits and credits.

There will still be jobs for human auditors, but the nature of those jobs is going to be very different. People will apply business analytics not only to manage risks but also to identify opportunities. Accountants and auditors who understand, monitor, and improve analytical and cognitive systems and processes are the ones who are going to thrive.

So the role is going to shift away from after-the-fact scorekeeping, which is going to be very different. People will apply business analytics not only to manage risks but also to identify opportunities. Accountants and auditors who understand, monitor, and improve analytical and cognitive systems and processes are the ones who are going to thrive.

The really smart part of the work is going to become the most important part of the work. It’s not going to require as many people, but the people that it requires will need to be much more skilled in their use of analytical tools of various types.

The impact on accountants and auditors will be very positive. Blockchain will enable changes that will improve auditor productivity and allow them to spend more time exercising their professional judgment. This will provide greater insights into trends in customer behavior, operations, and other key business factors—all of which will likely make the job much more rewarding.

**What Blockchain Means for CPA Firms**

CPA firms, specifically, will need to ask themselves two key questions:

- How do we stay a step ahead of our clients and help them adapt to inevitable changes?
- How do we leverage emerging technologies to deliver more value more productively?

The answer in both cases starts with education about blockchain and its impact on accounting and auditing. Of course, you’ll need a handful of experts, but that is not enough. Everyone will have to understand the basics.

In addition, you’ll have to educate your clients. This is not just about advising your clients’ financial organizations on changes to accounting and auditing processes. You’ll also be expected to provide thought leadership to help their other C-level executives and senior managers understand the strategic implications of blockchain and related emerging technologies for their business.

If you think we’ve seen a lot of changes in our world in the 10 years since the first smartphones were introduced, you ain’t seen nothin’ yet! Driven by a host of emerging technologies, most importantly blockchain, we’ll see more change in the next 10 years than there’s been in the past 50.

To keep up, you’re going to have to change. You’ll have to change your mindset. You’ll have to change your organizational culture. You’ll have to change your business processes. You’ll have to change your business models. You’ll have to change your business ecosystems. That’s a lot of change!

But, as the famed historian Henry Steele Commager said more than a century ago, “Change does not necessarily assure progress, but progress implacably requires change.”

Now is the time to embrace blockchain as a powerful new tool to help change your business, change the accounting and auditing profession, and change the world.
Recourse Versus Nonrecourse Commercial Real Estate Financing

By Greg Fuesting

Generally, all income-producing properties, excluding unimproved land, are considered commercial real estate (CRE). The two financing options for CRE are recourse and nonrecourse loans. There are often many questions surrounding the two, their complexities, and which type is right for the borrower. It’s important for borrowers to stay informed because the essential difference is what assets the lender could acquire should the borrower fail to repay the loan, and this decision will have a meaningful impact on how a credit agreement will be structured upfront in terms of leverage, pricing, term, financial covenants, and default provisions.

Recourse Versus Nonrecourse Loans

With recourse loans, the lender has the ability to collect the difference between the sale price of the property and the amount owed on the note. In the case of a deficiency, the lender could go after the guarantor’s other assets.

A nonrecourse loan, however, generally limits the lender’s repayment source only to the sale of the commercial property or underlying collateral. Given the basic differences, you may ask why a borrower would choose a recourse loan? The answer is that it just depends on the characteristics of each specific transaction and the lender’s underwriting criteria.

Types of CRE Lenders

Typically, CRE is financed by: commercial mortgage backed securities lenders (CMBS), government sponsored entities (GSEs, such as Fannie Mae and Freddie Mac), life insurance companies, and commercial banks. Because they have different funding sources, there are intricacies in their lending methods. Commercial banks are typically the only ones to include a recourse guaranty in their portfolio loan terms.

In the case of CMBS and GSE lenders, CRE loans are not entirely held on their books. Funded loans are combined together and securitized into bonds, and then sold on the open market. Because the bondholders purchase these securities with anticipation of earning interest over the bond’s duration, these lenders must be rigid with their loan structuring to match their funding source. Typically, a borrower in consideration to obtain a competitive fixed rate over a long term, will agree to “make whole” provisions for interest, impounds for taxes and property insurance, and “reserves” for future CAPEX. The potential negative attribute of the CMBS/GSE loan can rest with the servicer. Often, the servicer does not originate the loan, so they lack the relationship. Also, the servicer is bound by a strict agreement protecting the bondholders. This makes managing the commercial property difficult as the servicer has little incentive to “work out” issues with the borrower.

Life insurance companies generally offer flexibility because they hold CRE loans as revenue sources for future claims. In exchange for a competitive rate, the life insurance company ideally takes collateral on low leverage, high-asset quality properties with no deferred maintenance. So, a property with a speculative component will likely find limited interest from a life insurance company. Like the CMBS/GSE loan, the life insurance company loan also includes certain provisions called the “bad boy” carve-out guaranty. Violation of “bad boy” provisions allows the lender to seek recourse against the borrower’s owners. Following the Great Recession, such provisions have, in some cases, expanded to include minimum debt service coverage ratios that expose owners to claw backs on distributions from their CRE. This new version of nonrecourse can look a lot like recourse, so it’s crucial for borrowers to understand all carve-out terms.

Last but not least, is the commercial bank which, similar to the life insurance company, typically holds its loans. However, in many cases, banks strive to maintain a long-term business relationship with the borrower and therefore may provide more flexibility within the overall borrower-lender relationship. There are additional options borrowers can consider to mitigate or limit their guarantees, which may include additional financial covenants, credit enhancements, or lower-leverage levels.

As always, speak with your company’s or client’s banking representative or other trusted adviser to determine the best manner to structure financing for their investment.

Greg Fuesting is a senior group manager in Commercial Real Estate and Senior Housing/Healthcare Banking Groups for First Bank.
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Technology releases go in cycles. Some years are hardware years, and some are software years. With cloud strategies, including both hosting and SaaS, does local hardware matter? The short answer is yes, although some would debate that response. Like many technology answers, “it depends.” Several factors come into play, for example: Do you work locally? Do you have reliable internet access? How fast is your internet speed? Are your applications available in the cloud? How secure does your data need to be? Cloud will probably not be cheaper, but it is more likely to be accessible anywhere, anytime, on any device. The following table outlines some of the components that you need to consider in a typical computer deployment.

Note that the items listed below the “cloud” line are things that you should manage in-house if you implement a private cloud OR that you pay for separately if you use public cloud or a hosted provider service. All the components including firewall, gigabit switch, cabling, workstation (desktop or portable), monitor and storage still need to be managed, patched and replaced whether you are in the cloud or run a premises-based private cloud. Occasionally, your hosted vendor will specify and require a particular firewall or switch and, even less frequently, the workstations will be managed by your hosted provider. Budget for replacements on a three- to five-year cycle to keep your team members’ productivity high.

### Computers
Computers are still sold at the rate of approximately 300 million per year with slightly declining volume. Tablet volume is less and declining more rapidly. Some users are trying to do the majority of their work from a mobile phone, but accounting and productivity workers rarely find a mobile-only solution viable. What should you look for in a current computer?

Acceptable specifications include:
- **Processors (pick 6th-8th generation Intel i5/i7/Xeon processors)**
  - Possibly consider new AMD Ryzen.
  - Avoid i3, Atom, Celeron.
  - If mobile, look for 2-in-1 or 3-in-1 designs, so the laptop can also be used as a tablet. Touch screen is suggested to improve productivity.
- **Other Specifications**
  - Solid State Drive (256 GB+) - M.2 NVMe is recommended.
  - Look for 8-16 GB RAM.
  - Stick with business-grade/workstation-grade hardware.
- **Monitors**
  - Use larger models (27-34”) that have been manufactured in 2017 or later to get newer quantum dot or nanoparticle technology; this results in higher resolution.
  - Consider two monitors that are larger instead of three or four monitors.
- **Cabling/Wireless**
  - The current international standard is CAT8.
  - Minimum cable specification is CAT6A.

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<th>Component</th>
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<td>Cabling</td>
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– You may want to consider recabling if your system is more than 12 years old, and you are using CAT5, CAT5e or CAT6. This will likely cost $250 per cable drop.

– Use 802.11ac Mesh wireless—set up, at least, a private wireless and public wireless if you are making wireless available in your office.

Besides the fundamental hardware listed above, there are a few other technologies that have come of age, and you should consider implementing now if you have not done so already. These technologies include disk encryption, multi-factor authentication, mobile device management (MDM), and may generate additional monthly charges. If you are a Windows user, Windows 10 and Office 365 has made it easier to implement these technologies.

The building blocks above are a good starting place, but note they do not include any of the software solutions needed to run a business or use in your home, with the exception of Office 365. You can select productivity software in the form of Office 365, Zoho Office, or GSuite, all of which include email service. You can select SaaS-based accounting software such as Sage One, Sage Live, Intuit QuickBooks Online, Zoho Books, Microsoft Dynamics 365, or Acumatica. You can add document management, specialty applications, such as time and expense reporting or bill payment, and many more. It doesn’t matter what you choose; processing power will be needed on the servers, and some processing power will be needed locally. If you don’t focus on the local device, whether it is a phone, tablet or computer, user productivity often suffers.

Now that you understand the current building blocks needed, how much is this going to cost? Most software vendors are converting to subscription models, which means that they are trying to get us to pay a monthly fee. Tools that either do or will require a subscription include Windows ($10/month), antivirus ($5-10/month), spam control ($5-10/month), Office ($12-35/month), Adobe DC ($15-25/month), accounting software ($9-$250/month) and more. If you add these up, you can easily incur $56-$340/month or more per user. A reasonable budget amount may be $3,000-5,000 per user per year for hardware, software and training. Using technology effectively is not cheap, but using technology ineffectively is often even more expensive. Do you ask yourself if there is an easier, faster way to accomplish a task?

If you have not invested in the hardware, software and training on the items listed above, you may have part of your answer to why things are taking so long to get done effectively. Invest in technology and yourself to drive up productivity.

Randy Johnston is a shareholder in K2 Enterprises, LLC, a leading provider of CPE to state CPA societies. He also owns Network Management Group, Inc., a managed services provider that provides support 24/7 from Boston to Honolulu.

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When a CPA Becomes a MOM or DAD

By Stephanie Richter, CPA

Arranging for childcare. 
Find a pediatrician. 
Set up a nursery. 
When it comes to preparing for your first child, this is just the start of the many tasks to complete before that bundle of joy makes his or her arrival. But with all of this planning for the health and physical environment of the child, where are the tasks to be completed for the financial well-being of the baby and the new parents? As two certified public accountants, my husband and I can’t help but consider the financial implications that unfold when becoming parents.

Start a financial affairs binder
Thinking about getting one’s financial affairs in order might seem like a depressing topic when this is supposed to be a joyous time. Consider this part of the “nesting” process—getting your physical household cleaned and organized and doing the same for your financial household. The lists I have found of what to include in a financial affairs binder contain upwards of 25 items, but the following five are a great start to the process:

- List of financial accounts including savings, checking, CDs, IRAs, 401(k)s and pensions;
- List of username and passwords for all accounts above;
- Wills, trust agreements, and durable powers of attorney;
- Life insurance policies; and
- Most recent tax returns.

While gathering this information, use this as an opportunity to evaluate each of the items you add to the binder. If the list of financial accounts is very long, consider condensing accounts to fewer financial institutions. Now that your family is expanding, determine if you have enough life insurance. Look into the new tax credits and deductions that dependents can bring. There are baby onesies proclaiming “World’s Cutest Tax Deduction” for a reason!

Discuss your financial values
Have a discussion with your partner about what financial values you want to teach your child. Consider your own upbringing and what traditions you would like to continue. Did you earn an allowance for completing chores? At what age did you start your first job? Did your family pay for everything or only true necessities?

For ideas on how to teach your child about financial values, consider volunteering with a financial literacy program such as Junior Achievement. This program invites professionals from the community into classrooms to teach lessons suited for each grade level. I have had the pleasure of volunteering the last two years with other members from MOCPA’s St. Louis Chapter. In a kindergarten classroom, I taught a lesson on the difference between needs and wants, and in a fifth grade class, one lesson discussed different occupations and their salaries. It is important to have this discussion prior to your child’s arrival, especially if you and your partner have very different financial values.

Start saving for higher education
Nearly every financial advice column will tell you to focus on saving for retirement before your child’s education because you can’t take out loans for retirement. Personally, my husband and I have already begun saving for retirement through accounts at our employers as well as on our own. In fact, I am extremely grateful to my parents for instilling the importance of savings at a young age by helping me open a Roth IRA when I was 10 years old, using the earnings from my paper route. Retirement funding is critical and should not be neglected, but it is also very important to get a jump on education savings.

A recent article from Business Insider stated that the average cost per year to attend an in-state public college, including tuition, room, board and fees, is currently $20,900. If saving begins when their child is first born, it will take about $374 a month for 22 years versus waiting until the child is 10 years old would require approximately $1,000 a month. If your child will attend a private college, where annual tuition is around $45,370 today, one would have to contribute $844 a month for 22 years. Waiting until the child is 10 years old increases that amount to $2,250 per month.

One approach to saving for higher education is using a 529 college savings plan. The name “529” comes from Section 529 of the Internal Revenue Code, which specifies the tax advantages of these savings plans. There are several benefits to investing in a 529 plan. First, the earnings in the account are federally tax-deferred. Second, qualified withdrawals are tax-free. Tuition, books, supplies, fees, computers and room and board (with limitations) are
considered qualified education expenses. Finally, some states, including Missouri, have additional tax benefits. In Missouri, the state allows a subtraction from federal adjusted gross income for the amount of annual contributions made to any qualified 529 plan. The maximum annual exempt contribution is $8,000 for single individuals or $16,000 for married couples filing a combined return. Contributions of up to $14,000 per year ($28,000 if married filing jointly) can be made without triggering the federal gift tax.

Many professions in our country do not require a college education, and in fact are facing labor shortages. Fortunately, some 529 plans allow you to change the beneficiary to another direct relative should the original beneficiary not pursue higher education.

Even though the list of assignments to complete before a baby arrives seems never-ending, remember to focus on how building a strong financial foundation will benefit your family for years to come. Find ways to take the financial skills and values we use every day in our profession and utilize them at home. What better way to fill the pipeline of future CPAs than with our own dependents!

Stephanie Richter is a senior tax associate for Brown Smith Wallace, LLP in St. Louis. She is a member of MOCPA’s Young Professionals Committee and the chair-elect of the MOCPA St. Louis Chapter.

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Know Who Your Firm Serves Best
By Tim FitzGerald, CPA

Do you have a good handle on what types of clients buy from you? Do you provide a range of services to those clients? Do you have specific criteria for accepting clients? Are your clients buying a commodity? Do you know what your profitability is by product line, by client and by season? Do you like your clients? Do you groan when some clients call your office? Do you provide outstanding service in all of your service areas?

During high school and college, I worked in an Italian restaurant. It was a small local chain with good food but great pizza. Celebrities came to the restaurant when they were in town. On certain days like New Year’s Eve, the kitchen got completely overloaded. Those were the only times that the owner would come down from his office to help in the kitchen. However, it didn’t matter where the biggest backlog was; he would only help on the pizza line. That was what he cared about. He knew that his business was tied to keeping the customers who loved his pizza happy. The rest of the kitchen was important, but the pizza line was critical.

The restaurant owner understood his customers. Like him, CPA firms need to know their core customer. Too often, client selection criteria consists of whether they can pay, or if their business is needed to keep staff busy. Every time I took on a client who I knew wasn’t a perfect fit, I regretted it later. I finally started to identify what I wanted in a client and began to eliminate services that didn’t fit my vision for the business. This allowed me to zero in on who my core customer is and what they want. I’ve found my pizza line.

The most valuable part of this process is that it shifts us from identifying ourselves by what we do to whom we serve. When you start having an outward focus, it changes your business in ways that are hard to imagine and harder to imagine ever losing. My firm and our clients have mutually benefited from this increased focus. The last two years have been among my best financially, and I have worked less.

Here are a few suggestions on where to start:

- List the characteristics of your best 10 clients;
- Look for common denominators;
- Put together a profile of your best clients;
- List your service offerings, noting which ones are used by your top 10 clients;
- Analyze the profitability of your service offerings; and
- Make a list of services, systems or individual clients where you have had struggles.

Once you have gathered the above information, brainstorm ideas for improvement with your team. You might consider hiring an outside facilitator to lead the discussion, or exchange ideas with other practitioners. MOCPA offers several options for peer discussion, including the Firm Leadership Committee meeting on Sept. 29 (mocpa.org/committees), and the upcoming Public Practice Strategic Roundtable on Nov. 3 (mocpa.org/roundtables). The brainstorming process gives you a chance to step outside the day-to-day client work and assess where your firm is, and where you want it to be. As a result, your business will likely improve, and as a side benefit, so will the relationships with your team.

To quote David Maister, professional service firms consultant and author: “What you do with your billable time determines your current income, but what you do with your non-billable time determines your future.” Is your future worth a few hours of your time?

Tim FitzGerald is the managing partner of FitzGerald & FitzGerald, P.C. in Ellisville, Mo. He is a member of MOCPA’s Firm Leadership Committee.
Building something big takes strong partnerships and a solid plan.

Let’s think outside the box.

At First Bank, we understand the challenges and complexity of commercial real estate. Our experienced local commercial real estate team is dedicated to provide comprehensive financial solutions for our growing market. We know that to build something great, you have to start with a strong foundation. And we’re here to help.
Can You Be a Socially Responsible Investor and Still Make Money?

By Sandi Weaver, CPA, CFP, CFA

Some of us are card-carrying Sierra Club members concerned about climate change, and others may be committed to social justice causes. But when it comes to our money, not all of us invest our values—although we’d like to. My firm has a few clients who have chosen to invest their hard-earned savings in a socially responsible manner. They’re willing to earn a lower rate of return if need be. They’re willing to incur a higher risk level if need be. They’re willing to save more, work longer, and spend less if need be.

What’s the sacrifice, if any? This article focuses on three clients to unearth their motives, how they invested their money, and their results.

What are the basics?

According to Wikipedia, “socially responsible investing (SRI), also known as sustainable, socially conscious, ‘green’ or ethical investing, is any investment strategy which seeks to consider both financial return and social good to bring about a social change.”

John and Jill (names changed for confidentiality) used socially responsible investing (SRI) for Jill’s portion of their investment portfolio from the first day they hired us in 2003. John, a lawyer with his own practice, is approximately 10 years older than Jill, is recently retired, and for many years funded his own SEP retirement plan. Jill is a nurse practitioner and has insisted that her investments be socially responsible whenever possible. She has adamantly explained, “Why would I want to support corporations that kill people when I’m spending my life trying to save them?” Jill’s definition of SRI is very restrictive, compared to some.

Their portfolio is 50 percent SRI mutual funds and ETFs. When few SRI choices are available, John is willing to balance the portfolio with non-SRI investments to achieve diversification. There are far more SRI choices now than there were 14 years ago when their portfolio was first configured. Funds and ETFs are now available from the Amana, Calvert, Neuberger Berman, Parnassus, Pax, and PIMCO mutual fund families, but in the past, clients used funds from the Ariel and Aquinas fund families.

Do you lose money?

What’s the result? In 2005, we measured the rate of return on the non-SRI investments, 8.3 percent, against that of the SRI funds, 5.5 percent. That relationship has probably narrowed significantly since.

Now let’s compare John and Jill’s portfolio, with its 50 percent SRI funds, to that of Dana (name changed), who invested entirely in non-SRI funds. The 10-year average annual performance comes within .3 of 1 percent, so there’s little sacrifice of long-term return. Of course, asset allocation matters. Both John and Jill maintained a moderate asset allocation throughout most of the last 10 years with approximately 60 percent invested in higher risk investments such as stocks and nontraditional investments. Dana’s portfolio was also configured similarly, but in recent years, her portfolio has remained moderate while John and Jill have downshifted to a less aggressive 50 percent high risk allocation. That downshifting sacrifices some return for lower risk, except in bear markets.

Is it riskier?

If you compare the pattern of annual returns between the two portfolios during this decade, it differs only during volatile, outlier years such as the Great Recession year of 2008, and the bounce back years of 2009 and 2010. Hard-running bull markets in 2012 and 2013 also revealed variations, but many years had comparable returns.
Differences manifested during 2008, the Great Recession. Both portfolios swooned of course, but the SRI portfolio held ground better, dipping 17 percent less. In 2005, when we measured the rate of return on the non-SRI investments against that of the SRI funds, we also calculated the weighted risk, an inexact measure. For that single bull market year, weighted risk was 9.5 percent on the non-SRI investments and a safer 8.1 percent on the SRI funds, showing the same trend.

**What options are available?**

Another client, Sally (name changed), now lives in the middle of Missouri, has a history in social work, and currently works in the university system assisting minorities. She’s married, but her finances are managed separately. Sally doesn’t want large-scale agriculture, companies with human rights violations, or any major environmental polluters. Sally will approve the use of companies in the military, nuclear, tobacco, and alcohol arenas. Morningstar’s professional adviser research provides this information, though much of this data is also accessible elsewhere by the do-it-yourself investor.

Her portfolio consists of funds and ETFs from Calvert and Vanguard, paired with funds in other asset classes where good SRI alternatives are not easily available. Her portfolio is 34 percent SRI.

Some mutual fund families, such as Amana or Calvert, have a full array of mutual funds that are SRI. Some fund families, such as American Funds or PIMCO, will extend a popular mutual fund. For example, PIMCO has modified its core bond fund, adding a special class holding only bonds from companies meeting the SRI definition.

Index SRI funds employing passive management are now available, and we’re using them in some asset classes; they typically have lower internal expenses. One of Vanguard’s socially responsible indexes of U.S. stocks charges us .22 of 1 percent for operating expenses; that’s cheap for retail shares. In our regular portfolios, without SRI funds, we use a U.S. stock index where we pay .13 of 1 percent, factoring in the discount provided by the institutional classes of various funds.

**Is it easy to do?**

A third client, Lisa and Miles (names changed), spent their successful careers in journalism and non-profit work. They visited Cuba when no one else did, and protested crowded urban development before it was cool to do so. A few years ago, they asked to invest in an alternative energy fund, rather than the commodity fund with oil and gas stocks typically used at the time.

Looking at the research data, the annualized returns on two alternative funds from Calvert and PowerShares fared worse than the commodity fund over the last five years, but that trend reversed over the following three years. The alternative funds were recent startups and unfortunately did not have a 10-year record.

Our recommendation to stick with the broad-scoped commodity fund was predicated on the risk level. Commodity and energy funds are volatile creatures and best suited for only small amounts of money. Over the last five years, the downside capture ratios in those two alternative energy funds made the commodity fund look like your grandmother’s CDs! This statistic indicated that the alternative funds were shooting 47 percent more to the downside than the commodity fund, in a bear market. Because of this risk level, we advised Lisa and Miles to pass on alternative energy at the time.

**Is it possible to “do good” and make money?**

Yes. Over a long-term horizon, with some work, the rate of return on your SRI portfolio can be quite respectable. However, it’s essential to invest smart. Use research data to ferret out high quality investments and avoid dangerous risk levels. Be willing to be out-of-step with your neighbors. You may not have a winning, outstanding year in the market when they do. Monitor those investments to ensure they remain solid fundamentally, and be willing to nimbly shift into a better SRI fund when needed.
Mingle with Business Professionals at CPA Connect

Spark new leads and meet like-minded CPAs, attorneys, bankers, financial advisers, CFOs, controllers and other area business professionals at this unique event. Bring plenty of business cards and your best elevator pitch! The evening kicks off with a brief keynote presentation on local business, and then caps off with free-flowing conversation and cocktails.

Thursday, Nov. 30
Vue 17, St. Louis
5:30 - 8 p.m.
$35 Registration includes drink tickets, heavy hors d’oeuvres, parking, and color-coded name badges by industry.
Sign up today at mocpa.org!

Support the Future of the CPA Profession

Do you visit Amazon for your shopping needs? If so, please consider using AmazonSmile, and 0.5 percent of the price of your eligible purchases will go to MOCPA’s Educational Foundation, which provides scholarships for accounting students. There is no added fee to you! From now on, when you visit Amazon, simply access the site by using this unique link: https://smile.amazon.com/ch/23-7028488.

Gifts can also be made easily online at mocpa.org/contribute. Contributions are tax deductible, and all funds go directly to providing scholarships. No amount is too small. Thank you for your support of aspiring CPAs in Missouri!

“I am honored that you have bestowed the MOCPA scholarship to me. I am from a small town, where going away to college seemed nearly impossible for me based on my family’s financial situation. However, it is generous people like you that make it possible for students like me to achieve and follow my dreams. I look forward to being able to give back to the community once I begin my career. Thank you for your confidence. I will make you very proud of your decision to award this scholarship to me.”

—Monica Wickenhauser, 2016-2017 MOCPA scholarship recipient

MOCPA Expands Health Plan Options

As most group health plans come up for renewal in the fall, now is the time to re-evaluate your options and ensure your coverage is cost-effective and meets your company’s needs.

MOCPA continues to offer fully-insured packages, but now also provides self-funded health plans through HealthLink’s national network. These plans are ACA compliant, and offer one predictable monthly payment; protection with stop-loss insurance, should your group’s claims be higher than expected; and day-to-day plan management.

It can be difficult to navigate options on your own. MOCPA can help guide you through the process. For more information or to get started, please contact MOCPA Benefits Consultant Pete Shea at pshea@mocpa.org or (800) 264-7966, ext. 121.
Expand Your Network at Fall Committee Day

New date and location!

Do you want to exchange ideas, learn best practices, and become more active in your profession? Come to Fall Committee Day, and if you aren’t already on a MOCPA committee, join one today!

MOCPA committees provide an opportunity for you to collaborate with peers in your area of interest; expand your professional network; receive up-to-date information on your profession; and help shape the direction of the society.

Fall Committee Day
Friday, Sept. 29
Holiday Inn Executive Center, Columbia
2 hours of CPE
Complimentary to attend (boxed lunch provided)
Visit mocpa.org/committees for more details or to register.
If you have any questions, please contact Lou Simpson at (800) 264-7966, ext. 125, or lsimpson@mocpa.org.

Attend CPA Day 2018
MOCPA’s Legislation and Government Advocacy Committee will host the annual CPA Day in Jefferson City on Jan. 17 at the State Capitol Building. Highlights of the day include a legislative issues update, keynote speakers, recognition in chambers, luncheon, and delivery of the Legislator’s Tax Guide to legislators.
This complimentary event provides you with important information that could impact the profession, your business or your clients.
Register today at mocpa.org/cpaday!

Keep Up with Current Tax Developments
MOCPA has partnered with Ed Zollars, CPA, with Loscalzo Institute, to offer a weekly video series discussing the latest federal tax developments. Recent topics have included:
• Tax Court looks at what it means to be in the business of lending money;
• Sale of farmland can make a farmer not a farmer for conservation easement purposes;
• IRS announces it will not acquiesce in a decision on a reverse 1031 exchange; and
• Minority shareholder has to turn over dividends to IRS even though unaware of fraudulent conveyance.
Check out the latest video on MOCPA’s home page at mocpa.org.

Join the Conversation at MOCPA’s Strategic Roundtables
Gather with peers in your niche area to assess critical challenges and exchange ideas in a discussion-based forum.
Leave with enhanced knowledge and an enriched network.

CFO Roundtables
Gather with other CFOs and explore topics such as managing and supporting internal finance, control, strategy, forecasting and analysis.
Kansas City: Oct. 19; Dec. 7
St. Louis: Oct. 18; Dec. 14

Public Practice Strategic Roundtables
Share and discuss key firm management issues among a group of firm leaders, and glean practical solutions you can implement at your firm.
St. Louis: Nov. 3

Firm Administrator Roundtables
Stay up to speed on current trends, network with other firm administrators, and navigate today’s complex business world.
Kansas City: Nov. 1
St. Louis: Oct. 25; Nov. 17; Dec. 15
Register today at mocpa.org/roundtables.

Need Part-Time Tax Assistance? Looking for Seasonal Work?
If your firm needs part-time help during the upcoming busy season, place your opportunities for FREE on MOCPA’s Career Center! Your postings will be promoted to MOCPA’s 8,000 members throughout Missouri. Interested applicants will then apply directly to your postings online. To post your complimentary ad today, visit mocpa.org/careers. Likewise, if you are seeking seasonal employment, be sure to check out these and other great opportunities.
Welcome!
The MOCPA network continues to grow!

The following members joined the society in May and June. Please take time to welcome them and invite them to participate in events and programs with you.

**New Members**

### Fellow Members

- **Carissa Albers, CPA**
  - Commerce Bank

- **Lauren Andrews, CPA**
  - Shelter Insurance Companies

- **Patricia Baldes, CPA**
  - Charter Communications, Inc.

- **Kimberly Barnhart, CPA**
  - Charter Communications, Inc.

- **Emilie Baugh, CPA**
  - Charter Communications, Inc.

- **Jay Baumohl, CPA**

- **Benjamin Beussink, CPA**
  - Mueller Prost LC

- **Katherine Bonuchi, CPA**
  - Miller Bales & Cunningham PC

- **Katherine Brauss, CPA**
  - Mueller Prost LC

- **Christi Bullard, CPA**
  - Fullerton & Company, LLC

- **JoAnn Bunten, CPA**

- **Jeffrey Cassell, CPA**
  - Charter Communications, Inc.

- **Kelsey Chausse, CPA**
  - BKD, LLP

- **Deborah Daniel, CPA**

- **Heather Dempsey, CPA**
  - Williams-Keepers LLC

- **Ross DePaul, CPA**

- **Kristen Edwards, CPA**
  - Southwest Baptist University

- **Marsha Etzkorn, CPA**
  - PricewaterhouseCoopers LLP

- **Peter Ferrara, CPA**
  - Natco Pregra, Inc.

- **Eric Pallozzi, CPA**
  - Jeffrey S. Long, PC

- **Zhen Pan, CPA**

- **Batsheva Perlman, CPA**
  - RubinBrown LLP

- **Sara Piland, CPA**
  - Botz, Deal & Company, P.C.

- **Lisa Richmond, CPA**
  - CliftonLarsonAllen LLP

- **Pamela Root, CPA**

- **Angel Rowe, CPA**
  - CliftonLarsonAllen LLP

- **Timothy Runge, CPA**
  - Charter Communications, Inc.

- **Craig Ruppel, CPA**
  - Charter Communications, Inc.

- **Scott Sanders, CPA**
  - BKD, LLP

- **Michael Scanlon Jr., CPA**
  - Charter Communications, Inc.

- **Jessica Schopp, CPA**
  - Thousand CPA Services LLC

- **Brian Severns, CPA**
  - Tax Strategies, LLC

- **Nandini Sharma, CPA**
  - Kiefer Bonanti & Co. LLP

- **Jeremy Siebert, CPA**
  - CliftonLarsonAllen LLP

- **Jennifer Snyder, CPA**
  - Eck, Schafer & Punke

- **Naomi Starr, CPA**
  - Shelter Insurance Companies

- **Andrew Toews, CPA**
  - Jack Cooper Transport Co.

- **Christopher Webb, CPA**
  - BKD, LLP

- **Craig Ruppel, CPA**
  - CliftonLarsonAllen LLP

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  - Eck, Schafer & Punke

- **Naomi Starr, CPA**
  - Shelter Insurance Companies

- **Andrew Toews, CPA**
  - Jack Cooper Transport Co.

- **Christopher Webb, CPA**
  - BKD, LLP

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**To view the full list of new members, including Auxiliary, please visit mocpa.org/new-members.**

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Nurses for Newborns
May 12 | St. Louis
MOCPA members collected basic baby necessities and volunteered with sorting donations at Nurses for Newborns. The organization provides in-home nursing visits for at-risk families, in order to promote healthcare, education, and positive parenting skills.

Chapter Kickoff Meetings
July | Statewide
MOCPA chapters kicked off the society’s new year with gatherings to introduce new leadership, discuss opportunities for involvement, and meet other local CPAs.

Pictured:
- Kansas City Chapter—The Levee Bar & Grill
- Northwest Chapter—Ground Round Bar & Grill
- Southwest Chapter—Big Whiskey’s
- St. Louis Chapter—MOCPA Learning Center

Where Do You Read The ASSET?
August 8 | Chesterfield
Life member Tom Heithaus was spied browsing The ASSET over lunch at First Watch. Email a photo to dhull@mocpa.org of you or your colleagues catching up on MOCPA and profession news!
HELP WANTED

Seeking Tax Manager
Kansas City office of The Whitlock Company seeks a motivated tax professional with 7+ years of recent public accounting tax experience to plan, supervise, and complete complex individual and corporate tax engagements. A career with The Whitlock Company offers you the opportunity to learn from some of the most respected professionals in the area, develop your skills and discover your interests. We are proud to offer a competitive salary and a comprehensive benefits package. A partnership path is a possibility for interested candidates. Get full details and how to apply at www.whitlockco.com/we-are-hiring-tax-manager/.

Seeking Compliance Consultant
Kansas City office of The Whitlock Company seeks an individual with 3-5 years of banking and/or regulatory environment or equivalent experience to ensure compliance with bank regulations. Tax or similar professionals will be considered and could be eligible for training. Position requires a bachelor’s degree in accounting or related field along with proven understanding of consumer banking and compliance functions. Strong communication, client service, decision making, organizational, analytical and PC skills with the ability to interact professionally with all levels of banking professionals are a must. The Whitlock Company offers a competitive salary and a comprehensive benefits package, generous paid time off and more. Get full details and how to apply at www.whitlockco.com/hiring-compliance-consultant/.

Seeking Audit Professional
Emerick & Company, P.C., a Kansas City based audit firm, offers a family-friendly environment and competitive compensation for career focused individuals. We are currently seeking an experienced auditor to join our growing audit practice. This is an exceptional opportunity for someone with 2-3 years of 401(k)/Benefit Plan audit experience. 2-3 years financial statement audit experience in public accounting. A-133 auditing experience is a bonus, but not required, CPA licensure preferred, but not required. Successful candidate will receive a competitive wage commensurate with their experience. Flex hours, medical and dental, 401(k), and vacation. No travel required. Please email micah@emerickcpa.com.

Seeking Tax Manager
Springfield, Mo. office of Miller & Associates CPAs and Advisors is announcing an exciting opportunity for a full- or part-time, licensed CPA. Candidates for this position should have 5+ years of public accounting experience in individual/corporate tax preparation. We are looking for an accountant who has excellent analytical skills, problem-solving skills, and the ability to look at the overall client situation while not overlooking important details. Ability to work independently and effectively is critical. Supervision and review experience is required. Our firm offers competitive and innovative compensation packages, including flexible work arrangements promoting work-life balance. Please send your résumé and cover letter to Julie Miller at julie@millercpaadvisors.com.

MERGER/ACQUISITION

Accounting Biz Brokers
Current Listings: New: KC, MO Gross $450k; St Charles Gross $125k; Johnson County, MO Gross $293k; Springfield Area Gross $316k-Sale Pending; Johnson County, KS Gross $425k-Sale Pending; Central MO Gross $380k; Central MO Gross $1.1M-Sale Pending; Central MO Gross $300k; Central MO $425k; E Jackson County Gross $630k-Sold; New: NE, OK Tulsa Area Gross $2.4M; St. Thomas VI Gross $75k. Contact us today to receive additional information.

Selling or Buying a Practice?
Let Accounting Practice Sales, the largest marketer of CPA practice in the United States, assist you. Confidential. Experienced. For free valuation of your practice, contact us: Wade@APS.net or (888) 847-1040 x 2. For more listings than anyone, visit www.APS.net.

Seeking CPA Firm Sellers
Selling your firm is complex. Working together, we can simplify the process and help you get the best results! ACCOUNTING BIZ BROKERS offers you more than 12 years of experience in selling CPA firms. Our process is confidential, and we work hard to bring you the “win-win” deal you are looking for! Our brokers are all Certified Business Intermediaries (CBI) specializing in the sale of CPA firms. Knowing what your firm is worth is the first step, so CONTACT US TODAY to receive a free market analysis or to start the confidential sales process!

Partner/Merger/Sale Wanted
A CPA firm located in a central Missouri town of 20,000+ residents is looking for a partner/merger/sale of the practice. Practice is currently 90 percent tax and 10 percent accounting services. Annual revenue is approximately $250,000. Great potential for growth in accounting services. (We receive many requests.) Perfect situation for individual wanting to build the firm’s accounting practice or for a firm to expand to a new market. Current owners will remain as partners for 2-5 years to ensure smooth transition. Please respond in confidence to MOCPA, Box 815, 540 Maryville Centre Dr, Ste. 200, St. Louis, MO 63141.

Practice or Book of Business Wanted
Growing CPA practice in St. Louis area is looking to acquire a practice or book of business to include tax/accounting services for businesses and individuals (no audits/review), revenues up to $200k, immediately or over 1-3 years. Please respond to MOCPA, Box 510, 540 Maryville Centre Dr., Ste. 200, St. Louis, MO 63141.
We Are Expanding Our St. Louis Tax Practice
We are ready to move to the “next level.” Two-partner St. Louis tax practice (individual, corporate, trusts, and estates) looking for experienced CPA tax professional to join our team. Prefer individual who brings a book of tax and accounting business to the existing practice, billing $50k-$200k. We intend to maintain quality service and expertise across the clients we jointly serve. Please reply in confidence to MOCPA, Box 621, 540 Maryville Centre Dr., Ste. 200, St. Louis, MO 63141.

Merger/Sale
Long-established Chesterfield CPA firm is interested in a merger or sale of its accounting practice. Gross revenues for 2017 are projected to be $300,000. Practice is approximately 20 percent tax; 8 percent after-fact payroll tax preparation; 72 percent accounting services; no audits or reviews. Please reply in confidence to MOCPA, Box 810, 540 Maryville Centre Dr., Ste. 200, St. Louis, MO 63141.

TAX CREDITS
The Children’s Center of SW Missouri is a Missouri 2017 NAP 50 percent Tax Credit Recipient
Children’s Center works in partnership with Missouri Children’s Division and local law enforcement providing a safe, child-friendly setting for the investigation of child abuse. The tax credits, awarded through a competitive process, are for a new facility renovation in Joplin, Mo. A cash or stock donation to this project returns a 50 percent tax credit to the eligible donor. Credits are available to any person, firm or corporation with business income in the State of Missouri. For additional information on the credits, contact Vicki Dudley, Children’s Center executive director, at (417) 623-2292 or vdudley@childrens-center.org.
Get Ready for Tax Season

To ensure you and your team are well prepared for busy season, MOCPA offers more than 500 tax courses in live, online and self study formats. For the complete line up, visit mocpa.org/cpe!

Take advantage of the opportunity to learn firsthand from two nationally renowned tax experts—Larry Gray and Vern Hoven. You’ll discuss the latest rulings, developments and issues in a wide range of areas, including individual, business, employment, partnerships, the IRS, identity theft, beneficiaries and estates, and much more!

Fall Tax Institute featuring Larry Gray, CPA, CGMA

MOCPA’s Fall Tax Institute has been the society’s most-highly attended event for more than 30 years. If you are a regular attendee, you understand why. If you haven’t experienced Fall Tax Institute yet, come and discover what keeps 1,000+ attendees returning every year!

**MOCPA Fall Tax Institute**

- Nov. 2-3, Cape Girardeau
- Nov. 8-9, Columbia
- Nov. 20-21, St. Louis
- Dec. 5-6, Kansas City
- Dec. 12-13, Springfield

Vern Hoven’s Federal Tax Update

These high energy sessions feature cutting-edge tax planning strategies and real-life experiences to make complicated tax topics easily understandable. This event is offered in both one- and two-day formats to best meet your needs.

**Vern Hoven's Federal Tax Update**

- Nov. 8, St. Louis
- Dec. 18-19, Kansas City
- Dec. 20-21, St. Louis

For full course details and to register today, visit mocpa.org/conferences!