CPA The Ohio Society of Certified Public Accountants
VOICE
March
April
2017

# OPPORTUNITY
## TRUMPS DISABILITY

## MAKING
## ETHICS REAL

## IRAs
## AND TAX-EFFICIENT CHARITABLE GIVING

THE OHIO SOCIETY OF CPAs
ADVANCING THE STATE OF BUSINESS

The Ohio State University accounting student Ian Burkhart

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## OSCPA news




CPA The Ohio Society of Certified Public Accountants VOICE March April 2017

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***CPA Voice*** (ISSN 0749-8284) is published six times per year by The Ohio Society of CPAs, 4249 Easton Way, Suite 150, Columbus OH 43219, 614.764.2727, or 800.686.2727, fax 614.764.5880. Subscription price for non-members: $39.95.





Periodicals postage paid at Columbus, OH and at additional mailing offices. POSTMASTER: Send address changes to: ***CPA Voice***, The Ohio Society of CPAs, 4249 Easton Way, Suite 150, Columbus OH 43219.

# a word from our CEO

## What 3 things will you do well this year?

For the past year, our staff has been engaged in measuring progress and reporting results at the macro and micro levels.

We've been applying a laser-focused view to our work across the organization—from how well we deliver value to you through specific programs, to progress made in meeting goals for internal operations, Society governance and risk management. We are 'focusing on focusing'…. a not-so-strategic term for being more selective with where and how we spend time and resources.

Why is focusing important? Early in my career, a new boss and mentor told me, "the smartest executives in the world can do five things well. So what three things are you going to do?"

His words were both an important reality check and a lesson I've carried with me over the years. The most successful organizations and people don't succeed by trying to do everything they possibly could. They set priorities and goals and stick to the plan.

We are going into our third year of an annual strategic planning process at the Society. Many of our goals carry forward from year to year because they are multi-phased initiatives approved by the Society's volunteer leaders. And we are fine tuning the metrics our team uses to show where and how much we're moving the needle on specific goals like growing the talent pipeline in Ohio, expanding our acumen around being more diverse and inclusive, and putting a comprehensive enterprise risk management framework in place that protects OSCPA from any number of potential harms. These could be a data breach, financial loss or a reputational risk that could hurt the credibility of the profession.

Everyone on staff is engaged in activities that are directly tied to specific goals. Each month, they are reporting progress and uncovering new ways to analyze the impact of our efforts so that we can shift our energy to leveraging opportunities that create more value for you.

For the new fiscal year which begins in May, we're focusing our priorities in four areas:

**Human Capital** — We will invest in premier talent (people and resources) to execute OSCPA's envisioned future.

**Emerging Business Model** — As the marketplace shifts, member feedback and innovation in core business lines is guiding how OSCPA delivers value. We clearly recognize our market includes individual members and the businesses that employ them. Our goal is to partner with and help employers of CPAs and related professionals advance their own businesses through exceptional learning and professional development, timely content and business solutions and by facilitating critical business connections for their people.

**Ensuring Tomorrow** — To ensure the profession's role as the trusted advisor to business, OSCPA must create value by increasing the diversity and pool of talented CPAs and accounting majors in the workforce pipeline.

**Premier Business Climate** — As a leader and influencer in the profession, OSCPA will continue to shape critical issues in an increasingly complex and competitive business environment. That includes advancing important legislative and regulatory changes and promoting and protecting the value of the CPA credential.

If you agree that focus is critical to moving your business and career forward, what three things will you do well this year?

# Making ethics real

*What does it mean to demonstrate a commitment to integrity and ethics?*

***By Laura Hay, CPA, CAE***

Establishing a culture of ethics is a commonly accepted best business practice, a core component of ERM, TQM and quality control systems. Multiple frameworks exist for how to implement an effective ethics culture and compliance program. Common elements include:

- Organizational values
- Tone from the top
- Policies and procedures
- Communication and training
- Enforcing accountability
- Incentives and rewards
- Risk management, monitoring and reporting
- Escalation, investigation and discipline
- Resolution management
- Continuous improvement processes

If a culture of ethics is so fundamental, and effective frameworks are designed, implemented and monitored in well-run organizations, then why do bad things still happen?

Many forces and factors influence people taking ethical shortcuts. Policies, procedures and sanctions are insufficient to align the actions of individuals with a desired business culture. Training can help people become more aware of "the rules," but without connecting to personal motivations, will not translate into behaviors.

A few intangible factors might be among the most critical elements of an ethics and compliance program, and are scalable to all sizes and types of organizations:

## 1. Mission and values driven

Does your organization understand why it wants to be ethical? Ethics compliance might traditionally have been viewed as an element of risk protection, but is fundamentally about mission protection. Identifying what the organization believes in and why is an important first step in being able to communicate values clearly and connect them to individual motivations.

Values drive behavior. An initial goal in establishing a culture of ethics is to reach a high level of organizational agreement on what is valued. To accomplish that, the business needs to establish a clear set of organizational values that begins with emphasizing its commitment to legal and regulatory compliance, integrity and business ethics.

However, a purely business case for a set of values is insufficient. Addressing ethical dilemmas from the perspective of what provides the best concrete business benefit in the short-term might not result in doing "the right thing" to protect the organization's mission. Identifying the strongest case for being ethical in this organization, linked to mission and values, becomes the organization's story.

## 2. People focused

At heart, ethics is about human relationships – how we treat one another as persons and in groups, and about individual decision-making. How do you connect organizational values to shared goals and individual inspiration?

People's intrinsic values might differ. Ethical theories provide a framework for corporate codes, but individuals might approach a situation from different innate frameworks: religious, intentions-based, outcomes-based, or rule-based, as well as bringing differing cultural inclinations and unconscious biases. Making ethics real and accessible for everyone is a heightened challenge.

Corporate codes of conduct seek to translate these frameworks into guidelines that can be applied in day-to-day decision making. Given a diversity of base perspectives, it's important that the underlying company values are clearly understood and communicated as the reason behind the rules – why does this matter – so that employees understand both the why and the what.

Core values such as integrity, excellence and respect for people are communicated with examples of how to "do the right thing." For example, "We do not violate our integrity to retain business." "Respect for people drives our human resources practices." To inspire compliance, rather than sanctioning non-compliance, employees are treated as capable of exercising good judgment and training is focused on exercising judgment.

Recruitment for character, consistent messaging about values, integration of messaging in onboarding, alignment of recognition systems with desired values, focusing on not just results, but how results are achieved, and respectful separations are all critical components of human capital systems to reinforce a culture of ethics.

## 3. Learning oriented

It's important to recognize that the application of judgment is fundamental to implementing an effective culture of ethics, but teaching people how to do it on an ongoing basis is much more difficult. Stories that bring values to life are important to clearly connect values to actual requirements.

An organization's stories illustrate "good reasons" to be ethical, in addition to defining and explaining "how we do things here." Consistently telling stories in both written and spoken opportunities reinforces understanding of the organizations' reasons for being ethical.

Learn, validate and assess: ongoing assessments determine whether employees not only understand the organization's values, but believe in them, and trust that the leadership of the organization believes in them. Again, it's not enough that rules are being followed, but do employees perceive that they are

being followed for the right reasons.

How the organization lives out its values reinforces the perception of whether they are authentic. Ensuring a healthy "mood in the middle" with management's ability to consistently translate values into everyday behaviors is an important part of a learning system.

### Why is a culture of ethics important?

Something more than good business continues to drive this initiative to the top of priority lists. Culture brings great candidates to organizations. Culture tells you what to do when the boss isn't in the room. Culture stimulates enthusiasm and gets people working together on the same mission. The best people want to have a voice, and want to share in creating something that has meaning.

When we get it right, the pieces are able to be in alignment: self-actualization, corporate mission and values, fulfilling our public responsibility, and doing a shared "right thing." There are no guarantees, but realizing the importance of the intangibles: meaning, people, and continuous learning, and not just following a process will provide better odds of success.

*Laura Hay, CPA, CAE, is executive vice president of The Ohio Society of CPAs and staff liaison to the Accounting & Auditing Committee. She can be reached at **Lhay@ohiocpa.com** or 614.321.2241.*

## FAST FACTS

1. Establishing a culture of ethics is a commonly accepted best business practice, a core component of ERM, TQM and quality control systems.
2. The business needs to establish a clear set of organizational values that begins with emphasizing its commitment to legal and regulatory compliance, integrity and business ethics.
3. To inspire compliance, rather than sanctioning non-compliance, employees are treated as capable of exercising good judgment and training is focused on exercising judgment.
4. Learn, validate and assess: ongoing assessments determine whether employees not only understand the organization's values, but believe in them, and trust that the leadership of the organization believes in them.

# IRAs and tax-efficient charitable giving: What you need to know

*By David Randolph, CPA, (inactive)*

A review of strategies to maximize the tax benefits from charitable giving should be a fundamental part of year-end tax planning for taxpayers and their advisors. For wealthier taxpayers, this might mean complex strategies that work in tandem with estate planning. For others, it might simply mean accelerating deductions to the current year if tax rates are constant or decreasing, but possibly deferring deductions if tax rates are increasing. In either case, there are additional factors for taxpayers who have Individual Retirement Accounts (IRA) to consider now that uncertainty over the use of IRAs for charitable giving has been eliminated following passage of the Protecting Americans from Tax Hikes Act of 2015 (PATH Act).

### IRA qualified charitable distrubutions

The PATH Act made permanent the provision allowing qualified charitable distributions (QCDs) from IRAs (IRC Section 408(d)(8)). A QCD allows taxpayers who have reached age 70½ to annually exclude from gross income up to $100,000 of distributions made directly from the taxpayer's IRA to a public operating charity. This provides taxpayers who own IRAs the opportunity to reduce Adjusted Gross Income (AGI), effectively realizing the tax benefit of a charitable contribution deduction without concern over annual AGI limitations. QCDs can also be used to satisfy the required minimum distribution (RMD) rules for the year made and thus might be particularly appealing to taxpayers who do not need the RMD for living expenses.

For taxpayers who have IRAs, using QCDs to lower AGI could fulfill a taxpayer's charitable giving goals while also achieving tax-planning objectives such as:

- Minimizing the income tax on Social Security benefits.
- Avoiding the 3.8% net investment income tax.
- Maximizing overall tax deductions for taxpayers who take the standard deduction (and, to a lesser extent, taxpayers who itemize, but who would not do so if charitable contributions were made via QCDs).
- Mitigating the AGI-based reduction of certain itemized deductions and the phase-out of personal exemptions.
- Preserving tax credits (such as the Child Tax Credit or American Opportunity Credit for dependent children or grandchildren) and special deductions (such as the "small landlord" exception for deducting net losses from rental real estate).

While not an exhaustive list of how AGI can affect a taxpayer's federal effective tax rate, these examples illustrate that QCDs can be an effective tax-planning tool across a broad range of income levels. By reducing AGI, QCDs might also create state or local income tax savings (the State of Ohio, for example, calculates taxable income using federal AGI, but does not allow a deduction for charitable contributions). In addition to taxes, reduced AGI might yield savings related to other government programs (such as avoiding required additional Medicare premiums for higher-income taxpayers).

### Donating capital gain property vs. IRA qualified charitable distributions

Taxpayers who own property that would have produced a long-term capital gain if it had been sold at fair market value on the date of the contribution (i.e., capital gain property) might donate the property and enjoy the dual benefits of deducting the fair market value of the assets (subject to AGI limitations) while also avoiding tax on the gain. This well-known strategy is generally an optimal course of action.

However, taxpayers who have both capital gain property (e.g., stock) and an IRA should weigh the pros and cons of the two alternative methods of giving. On the one hand, donating the stock might be preferred because it offers greater flexibility (QCDs are generally restricted to public charities and cannot be used to fund private foundations, donor-advised funds or charitable trusts) and because it effectively converts the stock to cash, which might alleviate concerns about the stock's price volatility. On the other hand, a QCD might be preferred for one or more of the reasons mentioned above, or because it can reduce the total amount of income that a taxpayer and the taxpayer's heirs must ultimately recognize because capital gain

property can escape income taxation via step-up in basis at death, whereas IRA income will ultimately be taxable.

### Making the contribution

For taxpayers desiring to use an IRA to fund charitable giving, it is important to note that the donations need to be made in a specific manner after the taxpayer has attained age 70½ (see IRC Section 408(d)(8)). Taxpayers will need to:

1. Contact the IRA administrator and have the distribution be made directly to the qualifying charity.
2. Obtain from the charity the contemporaneous written acknowledgment necessary to claim a charitable contribution deduction.
3. Ensure that the entire amount of the contribution would otherwise have been deductible, ignoring the percentage of AGI limitations under IRC Section 170(b) (so, taxpayers must therefore be careful to not receive any benefit as a result of the contribution).

*David Randolph, CPA, (inactive) is an associate professor of accountancy at Xavier University.*

## FAST FACTS

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- Ghandi

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FEATURE

# A PROFESSION OPEN TO DISABILITIES

*By Jessica Salerno, OSCPA content manager*

Ian Burkhart, freshman at The Ohio State University, studies for class

As accounting continues to implement the tenets of diversity and inclusion into the profession, it's important to remember those principles do not just apply to race or gender, but also those with differing physical and mental abilities.

The Americans with Disabilities Act (ADA) defines someone with a disability as "a person who has a physical or mental impairment that substantially limits one or more major life activity." According to the Office of Disability Employment Policy, their January 2017 Disability Employment Statistics report stated that those with disabilities ages 16 years and older are 19.5% of labor force participation.

"People with disabilities choose accounting for the same reasons why people with typical abilities chose accounting," said Lori Golden, abilities strategy leader at Ernst & Young LLP. "It's a good career path with good longevity, income potential, ability to grow and the flexibility to do different things."

Golden began working on a project at EY about 10 years ago to see whether people with disabilities might be an underleveraged talent pool. What she quickly discovered, however, was that many people with diverse abilities were already working in all of EY's various service lines. She then realized that, although recruiting remained important, the project perspective needed to shift to one that promoted an inclusive environment and ensured those with disabilities received the support they needed to do their best work.

"It was a realization that we had been hiring talented people with disabilities all along," Golden said. "But where we could do better was working to help them be as productive as possible."

What originally started as a project has now turned into a key area of focus.

### Promoting an inclusive environment

Although today firms and industries everywhere are working toward embracing these practices, diversity and inclusion hasn't always been a priority for businesses. Nobby Lewandowksi, CPA, was fired from his first office job in 1965 because of his stutter, his manager citing Lewandowski's inability to communicate as the main reason.

> **"He was confusing an ability to speak fluently with the ability to communicate."** Nobby Lewandowksi, CPA

Lewandowski had already worked tirelessly on his speech, but he said the firing gave him a new perspective on embracing the power of positive thinking. He later went on to open his own accounting firm with a partner, and years later sold it as the 18th largest firm in Northeastern Ohio. He was also named one of the most influential CPAs of Ohio in 2008 by The Ohio Society of CPAs.

"Disabilities are disguised challenges," Lewandowski said. "People should realize you are on earth once, so make the best of what you have and get on with your life."

> **"The word disability really is not in my vocabulary. Everybody has a challenge. There isn't anybody who is going to be instantly successful."**
> Nobby Lewandowksi, CPA

Anticipating hurdles and making accommodations are crucial steps in creating that inclusive environment. Golden shared a story of how EY captioned with subtitles a series of programs held around the country to be considerate of those with hearing difficulties.

"We are captioning as a way to make it seamless for anybody who might have a need and also to demonstrate to our people this is a really important priority for us," Golden said. "And making it easy for everybody to participate is so important that we don't need to ask who needs this, we're doing it proactively."

After the presentation someone with hearing difficulties approached one of the organizers to thank them for the captioning.

"It was one of the few events where he felt he could comfortably, seamlessly get every bit of information without straining," Golden said. "He appreciated that he didn't have to raise his hand and ask for anything special; it was already available to him."

"In the workforce there can be this pervasive idea that hiring people with disabilities is going to slow down efficiency or take a lot of resources," said Jasmine Mickey, manager of diversity and inclusion at The Ohio Society of CPAs. "That's a misconception."

Mickey encourages organizations to become inclusive from the outset, considering resources like screen readers, an accessible floor plan and how the leave plan is structured for those with emotional and mental disabilities.

"Just already having it, so if that issue comes up they're not scrambling figuring out how to accommodate that person; they already have the infrastructure in place," Mickey said. "I think if we can move to accommodations being more inclusive from the outset, we can open up our field a lot more."

### Establishing accessibility

Emily Pennington majored in accounting at Xavier University and was drawn to the profession as a foundation for her plan to become a tax lawyer.

"Being blind made me think a lot harder about what I wanted to do. I had to find something that I enjoyed, but which would be realistic and that would be accessible enough," Pennington said. "Technology has gotten a lot better, but there's still a lot of work to be done in that area. So, I wanted the accounting background, but I figured that law with the accounting degree and MBA would be something I enjoyed, something that I could reasonably find work with, and something that would have fewer accessibility limitations.

"It is always harder to find a job as a person with a disability, so I have to make sure my resume and grades look stellar and I can do what the job requires."

Pennington, a current CPA exam candidate, who has had difficulties getting the proper accommodations to take the exam, said she hopes for further improvement in accessibility in the coming years for the profession, and thinks that accounting is becoming more accommodating. She said although she hasn't done a ton of research, she has heard reports of the software companies' use becoming more accessible.

Ian Burkhart, a freshman at The Ohio State University, chose accounting after he got into an accident in the summer of 2010 that left him with paralysis. He had been interested in video production.

"I always had that interest in business, but it wasn't necessarily something I wanted to pursue originally," he said. "But it's something that, once I understood the depth of my injury and what my abilities are now, I couldn't really go and do video production and be as employable as I can be as an accountant. Because I can still use a computer really well, so it's something that I can still do completely on my own."

What some might stereotype as a "desk job" can prove to be a liberating career path for those with disabilities. The flexibility, earning potential and sheer number of industries and jobs accounting offers is hard to beat.

After he took an interest in accounting, Burkhart helped a family friend who's an accountant with some of her tax work to get a better sense of the responsibilities. Afterward, he knew that accounting was the path he wanted to take.

And just as importantly, he said he's passionate about helping and serving others, and accounting allows him to do that.

"I really was drawn to it because it's something where it's very analytical, but at the same time it's a really personal job where you're working with people," he said.

The accounting profession's countless job opportunities make it an excellent career for any individual who is interested in deciding their own future.

"Look at it as a challenge. Say to yourself, 'I'm going to be ethical, I'm going to be honest, I'm going to be hard working and pass the CPA exam,'" Lewandowksi said. "And I'm going to really have a burning passion to be the best that I'm able to be."

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# Your clients trust you with their money, but do they trust you with their personal information?

*By Jason Guyler*

You work hard your entire life to build a business and career with a loyal client base. One of the key traits in building that client base is a relationship based on trust. Convincing someone to trust you to provide a service for them, such as manage their money or to have access to their financial information to prepare their taxes, takes a lot of continued effort.

You must build trust by respecting the information you receive and being disciplined in how the information is used and with whom it is shared. Clients assume you are putting every effort into protecting their data as a part of the service you provide. You must treat your client's information with care and implement appropriate controls. This care starts with internal controls; due diligence must also be extended to vendor oversight; from your janitorial service to your IT service company.

Image this scenario: What if you learned your landlord let someone into your office space when you were away? And that person photocopied many of the files from your file cabinet. The situation is nearly the same if your company is breached through a cyber-attack. Information must be kept confidential at all costs. Your company's reputation is at risk if the information you have been trusted to protect is leaked. Without an appropriate plan in place to protect your assets, your clients' trust and your business are all at risk.

The Financial Planning Association's Research and Practice Institute recently stated only 4 in 10 financial advisors understand the issues and risks associated with cyber security; but 81% of them stated that it is a major concern. This reflects a significant disconnect between the importance companies put on protecting data and the implementation of a program to protect the data.

The same report states only 53% of companies have completed a 'Governance and Risk Assessment,' the first step toward compliance and understanding your businesses' overall risk profile. With your business at risk, can you afford not to explore your company's cyber risk preparedness? How would you know if you are not sufficiently protected?

Maintaining client trust and business reputation are not all an organization should be concerned about when it comes to cyber risks; regulatory compliance is another significant issue. Financial institutions, including tax preparers, are required to follow the Gramm-Leach-Bliley Act (GLBA) and the FTC Safeguards Rule. GLBA, was enacted in 1999 for the purpose of implementing adequate security controls and processes to protect the privacy of consumer's Personally Identifiable Financial Information.

Although financial institutions and tax preparers need to follow these governances; many are unaware they exist, much less understand how to comply. The penalties for lack of compliance are high and include fines up to **$100,000 for each violation**, with a maximum fine being $1.5M. Also, **officers and directors can be fined up to $10,000 for each violation and could include imprisonment for up to five years!**

Information security has traditionally been delegated to the technical IT staff with little executive management oversight or involvement, however this approach is no longer considered adequate by cyber security professionals to provide an effective cyber risk management process for CPAs.

Executive management needs to build a risk averse culture where all employees are aware of threat vectors and policies and practices are in place to be compliant. An effective risk management process requires much more than technical solutions. As cyber criminals evolve and use new tricks like ransomware (up 300% this year) and phishing to extract money and information from companies, a new framework needs to be implemented to protect a company's assets.


So now the need for an effective risk management program has been established, how is such a program implemented? Guidelines for compliance with FTC's GLBA safeguards include establishing an effective risk management program based on the following **core** components:

- Conduct an annual risk assessment
- Prepare an annual security risk management work plan
- Assign responsibility for risk management functions
- Develop a written information security policy
- Create a security incident response plan
- Implement security awareness training
- Build a vendor oversight management program

*Performing an annual risk analysis based on National Institute of Standards and Technology guidelines is the cornerstone of an effective risk management program!*

Implementing an effective risk management program can be a lot of work; however, can you really afford to ignore risks? A Gartner study shows 94% of companies do not survive two years after a major loss of company records. The reasons for

the demise of these companies are varied but come down to one key thing, client trust. If a client does not trust you with their personal information, they will not trust you with their business.

Clients and potential clients are becoming more and more savvy about who they trust with their information. People are tired of being victims of cyber-crime and are demanding their information be kept safe. Implementing appropriate safeguards are mandated by government regulations and assurances requested by your customers.

More and more clients are asking questions about what safeguards are in place to protect their information and when they leave a business, they are asking about the destruction of their information both physically and electronically. As clients, they want to know where their data is being stored, who has access to it and how is it being protected? These are important questions you should be asking businesses as a customer, but it is also imperative you know your company's own risk profile as well as any gaps in your cyber risk management controls.

*Jason Guyler is a business development partner at CyberRisk Management.*

## FAST FACTS

1. You must treat your client's information with care and implement appropriate controls. This care starts with internal controls; due diligence must also be extended to vendor oversight.
2. Financial institutions, including tax preparers, are required to follow the Gramm-Leach-Bliley Act (GLBA) and the FTC Safeguards Rule.
3. Executive management needs to build a risk averse culture where all employees are aware of threat vectors and policies and practices are in place to be compliant.
4. An effective risk management process must be established. It's imperative you know your company's own risk profile as well as any gaps in your cyber risk management controls.



# STRIVE program guides students through CPA pipeline

*By Jennifer Rieman, CAE, manager, public relations*

You can't be what you can't see. It's one of Jasmine Mickey's, OSCPA diversity and inclusion manager, favorite sayings and it gets to the heart of The Ohio CPA Foundation's new STRIVE initiative. STRIVE, or Success Through Retention Inclusion Visibility and Engagement, is focused on building a community to advance diverse students through the CPA pipeline.

"When these students look at the profession, they're not seeing people that look like them or came where they came from," Mickey said. "So it's important to have mentors that can say, 'Hey I was there, I know how hard it is.'"

STRIVE aims to introduce students to accounting through existing programs such as ACAP-Ohio and the Accounting Careers Leadership Academy (ACLA), as well as several new programs currently in development. The idea is to guide students through every step of the CPA journey, from learning about accounting in high school, to choosing the major in college and sitting for the exam.

The hope is that alumnus of these programs will go on to mentor younger students, creating a cycle that continues to nurture the pipeline of future CPAs.

"Students from underrepresented backgrounds have additional challenges," Mickey said. "Even if they enroll in accounting, keeping them in accounting is challenging. We want to make sure that we're engaging these students from the high school level all the way through sitting for the CPA exam."

Candice Hayes-McInnis, CPA, tax associate, Clark Schaefer Hackett, is exactly the kind of mentor STRIVE hopes to develop. She participated in ACAP-Ohio as a high school senior and credits the program with her decision to pursue her CPA.

"Every time I told someone I wanted to do accounting before ACAP-Ohio, they would say, 'Why? You're just going to sit at a desk,' Hayes-McInnis said. "ACAP-Ohio showed me the vast opportunities that accounting offered. I really attribute it to my choice of the accounting profession."

Attending ACLA as an accounting graduate student further solidified her choice. The two-day leadership conference for accounting majors of color gives students exposure to diverse professionals from public accounting and industry, and prepares them for professional success after graduation.

"It was kind of intimidating to try and go into a career where not a lot of people look like you," Hayes-McInnis said. "So when you have programs like ACAP-Ohio and ACLA, you get to see other people doing things that you want to do, so it makes it more attainable."

Research from the AICPA shows that students, especially students of color, are increasingly selecting their major in high school, furthering the need for programs that reach younger students. A large component of STRIVE includes expanding programming aimed at younger students.

Selling accounting can be challenging when other fields, particularly STEM, have been ahead of the game in developing compelling messages that appeal to high school students. Mentors that can demonstrate the opportunities accounting offers are particularly important during this crucial decision-making time.

"It's so vital for people that have gone through these programs [ACAP-Ohio and ACLA] and are now professionals in the field to come back and pay it forward for the next generation of students in the pipeline," Mickey said. "Many students can benefit from that guidance. It's important for someone to let them know that accounting is for them."

*For more information about the STRIVE initiative or any of the Foundation's student-outreach programs, visit **www.ohiocpafoundation.org**.*


## Leave a legacy that will impact your profession for years to come

Bob Fay, CPA, has a lot of experience with charitable giving. Not only does he assist his clients in establishing their charitable contributions, he's also a member of the charter class of The Ohio CPA Foundation's 1956 Legacy Society. And as a member of the Foundation's development committee, he's leading the effort to spread the word about the power of planned giving to his fellow CPAs.

"The Foundation has really zeroed in on a number of very good programs that will make a difference in the coming years and decades for the profession," Fay said. "So by being a legacy donor, I can help ensure that the future continues to be bright for CPAs that might not even be born today."

Donors that make a bequest or planned gift to the Foundation become permanent members of the 1956 Legacy Society, and those that do so before April 30 become part of the charter class.

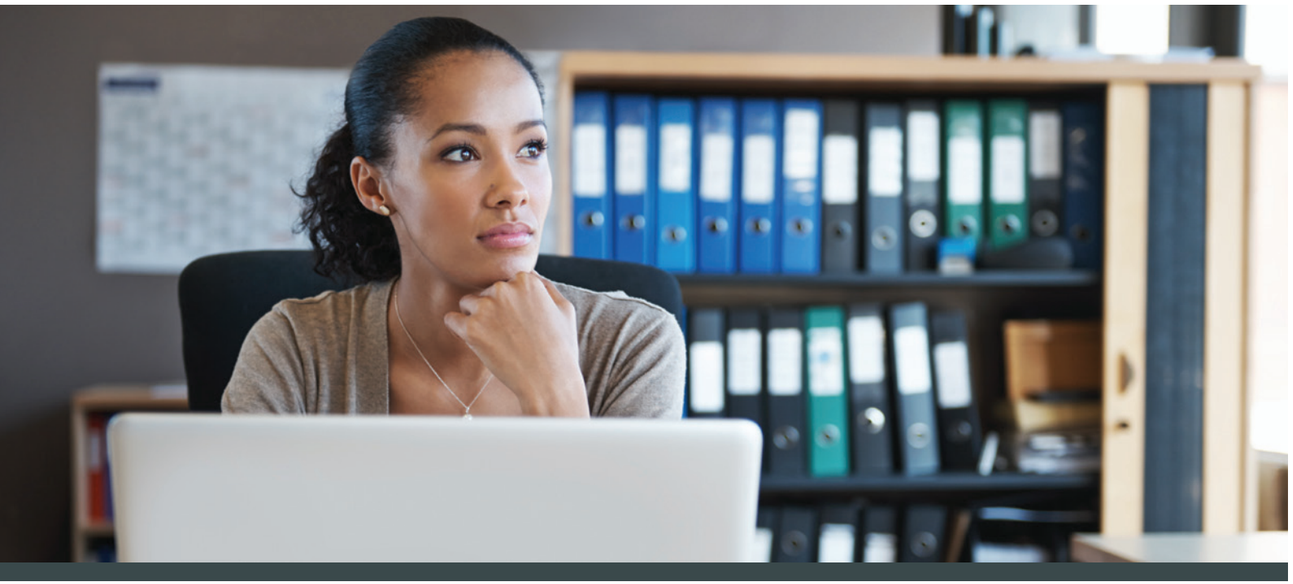
Making a planned gift is a unique way to ensure the Foundation's future success. Members of the 1956 Legacy Society that give through their estates continue to make an impact beyond their lifetime. These donors play an important role in the Foundation's future, and remain a part of its history.

Planned giving options include:

- A bequest to the Foundation in a will or through a revocable trust.
- The naming of the Foundation as a beneficiary of a retirement plan or a life insurance policy.
- Participation in a life income arrangement for the benefit of The Ohio CPA Foundation (for example, a charitable gift annuity program or a charitable remainder trust).
- The creation of a charitable lead trust for the benefit of the Foundation.

A planned gift, or legacy gift, supporting The Ohio CPA Foundation can have a lasting impact on your profession for years to come. Your commitment today will support the Foundation's efforts to build tomorrow's pipeline of future CPAs.

*To learn more visit **www.ohiocpafoundation.org**.*



# Is it safe to talk after you walk?

*By **Laura Hay, CPA, CAE***

Making the decision to leave an employment situation in the face of unethical activity can be difficult on its own. But how do you address that separation with prospective future employers?

## The first question

Financial professionals are accustomed to having to consult various rules that affect decisions, including outside consultation with other professionals. When encountering an ethical issue, however, "you feel like an island," noted an Ohio Society of CPAs member who decided to leave an employment situation after being asked to record transactions that did not comply with professional standards. Concerns about confidentiality requirements, liability, reputation, personal and family well-being initially drive a person to introspection:

- How serious is this, really?
- Am I overreacting?
- How are others going to perceive this situation after the fact?
- Is this a business decision or an ethical one?

"I scoured my brain and the ethics rules, trying to determine is this or isn't this my responsibility," the member said. "I felt that confidentiality requirements precluded me from talking with outside CPAs; and my attorney had other affiliations with the business. It was a complex situation." Ultimately in this instance, an independent attorney recommended that the member depart the company to protect his license and and livelihood.

## It's not over

"Throughout this process, one consideration always led to two or three others," said the member. "As my course of action became clear, my expectation was that this would lead to a several-year career setback. It was a sudden separation; I didn't have a ready safety net; and I was concerned that the nature of my separation would be an issue for future employers. Would I be seen as a tattletale? I second-guessed how serious the issue had been and continued to struggle with the confidentiality issues."

## What can you say to prospective employers?

"In defense of my own integrity, I wanted to say that I left my employer because I had been asked to record a transaction that would be a violation of professional standards, and that I had refused," said the member. "But in my industry, this would have significant reputational impact and a risk of the story gaining a life of its own. It's hard to talk vaguely about why you left an employer."

"As a result, there was a period where I kind of limped along until I reestablished myself as a professional. It was my professional relationships that salvaged my situation, and the respect that I retained at all times within my network."

## What do the ethics rules say?

The AICPA Code of Professional Conduct, Section 2.400.070, *Confidential Information Obtained From Employment or Volunteer Activities*, states that:

.01 A member should maintain the confidentiality of his or her employer's confidential information and should not use or disclose any confidential employer information obtained as a result of an employment relationship…

.02 For purposes of this interpretation, confidential employer information is any proprietary information pertaining to the employer…that is not known to be available to the public and is obtained as a result of such relationships.

.05 A member would be considered in violation of the "Acts Discreditable Rule" [2.400.001] if the member discloses or uses any confidential employer information acquired as a result of employment or volunteer relationships without the proper authority or specific consent of the employer… unless there is a legal or professional responsibility to use or disclose such information.

.07 In deciding whether to disclose confidential employer information, relevant factors to consider include the following:

a. Whether all the relevant information is known and substantiated to the extent that it is practicable. When the situation involves unsubstantiated facts, incomplete information, or unsubstantiated conclusions, the member should use professional judgment in determining the type of disclosure to be made, if any.

b. Whether the parties to whom the communication might be addressed are appropriate recipients.

The professional should consult her employment contract and attorney to determine whether there are legal requirements regarding disclosure of the reason for their separation. However, even if there is a legal requirement for disclosure, an employment interview is unlikely to be the venue for carrying out that responsibility. So any disclosure made in the interview would likely be viewed as an unauthorized disclosure if consent was not granted or legally required, and if the matter being disclosed was not available to the public.

## Doesn't this make it harder to "do the right thing"?

"I've found that it's easier to say no after my experience," noted the member. "I have a new perspective now and know a little better what my professional responsibilities are and what's on the line. I know that it's my job to say 'I don't care what you say – we're doing it this way'."

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The foremost of these programs is the group rating program. Group rating enables state-funded employers with better than average claim histories to combine claim expenses and rate calculations to take advantage of premium savings currently reserved for larger employers. By participating in group rating, your organization has the potential to enjoy a much lower premium than you could otherwise get on your own. Savings generally range from 20% to the maximum currently allowed by the BWC, which is 53% for 2017.

For a no-cost, no obligation analysis of program options available to you, please contact Adam Rice at **adam.rice@sedgwickcms.com** or at **614-376-5686**.

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Webcast | Course #50398

**TO REGISTER:**
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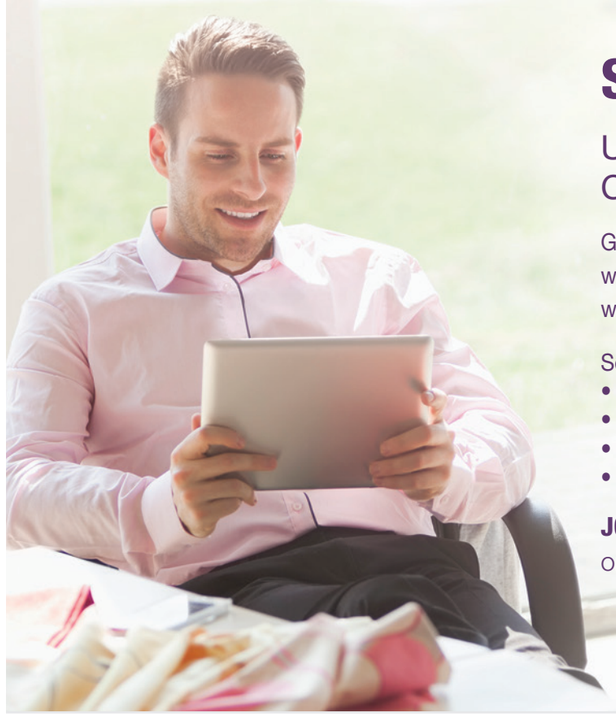

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# members in motion


Dennis M. Dlugosz, CPA


Randy Domigan, CPA, CFE


Henry (Hank) F. Gingerich, CPA


Kerry Roe, CPA

## AKRON

**Jennifer Bulvony** was hired as small business services senior accountant at Bober Markey Fedorovich.

**Vincent J. Tymoszczuk** was hired as an audit staff accountant at Bober Markey Fedorovich.

**Bober Markey Fedorovich** has acquired eight new member firms within its international member-based association, Allinial Global.

## AMHERST

**Brian J. Ditz, CPA,** senior supervisor at Walthall, CPAS earned his designation as a Certified QuickBooks® ProAdvisor

## ATLANTA

**Brady Ware** announced that they are combining with GrossDukeNelson & Co.

## CINCINNATI

**Kerry Roe, CPA,** has been elected as Clark Schaefer Hackett's next president, starting in July 2017.

**Doug Michel, CPA/ABV,** has been elected as an executive vice president at Clark Schaefer Hackett.

**Donald Mellott, Jr. CPA,** of Mellott & Mellott has been named president to the DFK International/USA Board of Directors.

**Jennifer Martin, CPA,** has been promoted to partner at Mellott & Mellott.

**Cynthia D. Durkin, CPA,** has been promoted to manager at Mellott & Mellott.

**Scott D. Cress, CPA, CVA, Patrick A. Frambes, CPA, Eric J. Goodman, CPA, Ellen T. Juram, CPA, Robert J. Ramsay, CPA, Reid C. Schlotterbeck, CPA** and **M. Linda Weigand, CPA, JD** have been named directors at Barnes Dennig & Co.

## CLEVELAND

**Amy J. Gibson, CPA** has joined Walthall CPAs in their state and local tax practice.

**Corrigan Krause** acquired Klinc & Associates, LLC out of Solon.

**Julie Gillespie** has been promoted to senior manager at HW&Co.

**Shawn Philabaum** has been promoted to senior clinical and revenue cycle consultant at HW&Co.

**Dorothy Hauman** has been promoted to senior healthcare consultant at HW&Co.

**Ali Moran** and **Aseem Uppal, CPA** have been promoted to senior accountants at HW&Co.

**Andrew Whitehair, CPA, Alexandra Cottam, CPA** and **Lori Novak, CPA** have been promoted to partners at Cohen & Co.

**Brandon Coates, CPA, Marc Mazzella, CPA** and **Rob Venables, CPA** have been promoted to directors at Cohen & Co.

**Sean Abrams, CPA, Nicole Rococi, CPA, Adam Schultz, CPA, Josh Swander, CPA, Stacey Rodgers, CPA** and **Lindsay Selick, CPA,** have been promoted to senior managers at Cohen & Co.

**Judy Mehalic** has been hired as an associate at Walthall CPAs.

**Craig Miller, CPA,** president of Duffy+Duffy Cost Segregation Services, Inc., has been appointed Chairman of the NAIOP Finance and Tax Subcommittee for 2017.

## COLUMBUS

**Jordan Keller, CPA** has been promoted to senior manager at HW&Co.

**David Haywood, CPA** has been promoted to senior accountant at HW&Co.

## DAYTON

**Randy Domigan, CPA, CFE,** has been promoted to director at Brady Ware & Co.

## TOLEDO

**Jon Strole, CPA,** was recently promoted to CFO at Hylant.

**Bob Monard, CPA,** was promoted to vice president, treasurer and controller at Hylant.

**Andy Dale, CPA,** was recently hired as vice president and COO at Hylant.

## MAUMEE

**William Vaughan Company** has been awarded the 2016 Top Workplaces honor by *The Toledo Blade* for the fourth consecutive year.

## WESTLAKE

**Henry (Hank) F. Gingerich, CPA** and **Dennis M. Dlugosz, CPA** have been promoted to equity directors at Corrigan Krause CPAs.

## WOOSTER

**Dustin Canterbury** has been hired as an associate at Walthall CPAs.

CPA The Ohio Society of Certified Public Accountants
VOICE Self-Assessment Exam

MARCH | APRIL 2017 Product ID: #50303

Answer the 12 required questions on the next page based on content in *CPA Voice* and submit your answers to The Ohio Society of CPAs. Receive a grade of 70% or better and earn one hour of CPE credit in specialized knowledge.

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Exams remain available online – and may be completed for CPE – through the same month of the following calendar year.

## Online Instructions

1. Go to **ohiocpa.com/exam3417**. Log in to receive the member rate.
2. Purchase the exam.
3. When you are ready to take the exam log in to the OSCPA Store and click "current registrations," click on "visit classroom," and then click "take quiz."
4. Be sure to print the automatic confirmation page for your records.

## Print Instructions

1. Take the exam as an open-book test, recording your answers on the answer sheet by filling in the appropriate circle (pen or pencil is fine).
2. Then, fill out the registration information. Check payment must be submitted with the exam. Please print clearly.
3. Mail this page, along with your payment, in an envelope to: **The Ohio Society of CPAs CPA Voice Exam, 4249 Easton Way, Suite 150, Columbus, OH 43219**. Fax to **614.764.5880**.

## Self-Assessment Exam Results

The Ohio Society sends results for print exam submissions via email if an email address is provided on the form. Respondents taking the exam online receive their results immediately. Respondents who pass with a grade of 70% or better receive one hour of CPE credit in specialized knowledge, as approved by the Accountancy Board of Ohio.

## ANSWER SHEET

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1. | a | b | c | d | 7. | a | b | c | d |
| 2. | a | b | c | d | 8. | a | b | c | d |
| 3. | a | b | c | d | 9. | a | b | c | d |
| 4. | a | b | c | d | 10. | a | b | c | d |
| 5. | a | b | c | d | 11. | a | b | c | d |
| 6. | a | b | c | d | 12. | a | b | c | d |

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4249 Easton Way
Suite 150
Columbus, OH 43219

### Making ethics real

**1. Which of the following represent one of the common elements of an effective ethics culture and compliance program?**
A. Communication and training
B. Conflict management
C. Documentation and data collection
D. Meeting regulatory deadlines

**2. Which of the following are among the most critical elements of an ethics and compliance program?**
A. The ethics and compliance program is mission and values driven.
B. The ethics and compliance program is process driven.
C. Both answer A and B are correct.
D. Neither answer A or B is correct.

**3. Ethics compliance may have traditionally been viewed as an element of risk protection, but it is fundamentally about:**
A. protection of company reputation.
B. mission protection.
C. protecting shareholder value.
D. doing the right thing regardless of circumstances.

**4. Which of the following elements of human capital systems were not identified by the author as being critical to reinforcing this "culture of ethics"?**
A. Recruitment for character
B. Consistent messaging about company values
C. Focusing on results, regardless of how these are achieved
D. Aligning recognition systems with desired values

**5. Companies who want to maintain a culture of ethics must learn, validate and access their ethics programs. The primary reason for this is to reinforce among employees that company rules:**
A. Need to be followed regardless of consequence.
B. Need to be followed for the right reasons.
C. Represent the ultimate basis for action.
D. Reflect company values and employees need to believe in these values.

### IRAs and tax-efficient charitable giving

**6. A taxpayer who has reached the age of 70 ½ can make a qualified charitable distribution to a public operating charity from his IRA, with this contribution being treated as a reduction in the taxpayer's gross income. Based on current tax law, what is the dollar limit on such contributions?**
A. $100,000 per taxpayer, with joint filers with individual IRAs and meeting the age requirements being able to make contributions of up to $100,000 each for a total of $200,000.
B. $100,000 per taxpayer with a tax return limit of $100,000.
C. $50,000 per taxpayer with a tax return limit of $100,000.
D. $75,000 per taxpayer.

**7. There are several tax-planning benefits associated with making a QCD from one's IRA. Which of the following was not listed as one of these benefits? A QCD can:**
A. Help reduce the income tax on social security benefits.
B. Mitigate the adjusted gross income based reductions which are associated with certain itemized deductions and personal exemptions found on the federal tax return.
C. Help preserve certain tax credits and special deductions taken on an individual's tax return.
D. Help taxpayers defer income to later years.

**8. What is the advantage of donating capital gain property to a charity versus funding the same donation using a QCD?**
A. To gain the tax benefits of a QCD, the QCD must be made to a public charity- this is not the case for donations of capital gain property.
B. A capital gain donation allows the donor to avoid tax on any appreciation in the capital asset while still affording a charitable deduction (subject to adjusted gross income limitations) equal to the value of the asset on the date of the gift.
C. Both answer A and B are correct.
D. Neither answer A or B is correct.

**9. To qualify for the tax savings associated with a qualified charitable distribution, the taxpayer will need to:**
A. make the distribution directly to the qualifying charity
B. obtain from the charity the contemporaneous written acknowledgement necessary to claim a charitable deduction.
C. ensure that a majority of the contribution made to the charity would have otherwise been deductible
D. be over the age of 70 at the time of the making the qualified charitable contribution

### Your clients trust you with their money, do they trust you with their personal information?

**10. The Financial Planning Association's research stated that only _____ in 10 financial advisors understand the risks associated with cyber security.**
A. 4 C. 2
B. 3 D. 1

**11. What is the maximum fine a tax preparer could incur for not protecting a client's personally identifiable financial information?**
A. $300,000 per violation
B. $200,000 per violation
C. $100,000 per violation
D. $50,000 per violation

**12. Which of the following does not represent one of the core components of an effective risk management program?**
A. A company should conduct an annual risk assessment.
B. A company should prepare a bi-annual security risk management work plan.
C. A company should create a security incident response plan.
D. A should put in place a vendor oversight management program.

# New members and affiliates

**481** new members and affiliates applied in **December**

**509** new members and affiliates applied in **January**

The list of new members and affiliates is available on The Ohio Society of CPAs' website at **www.ohiocpa.com/quick-links/about-oscpa**

# CLASSIFIED



# Social Chatter

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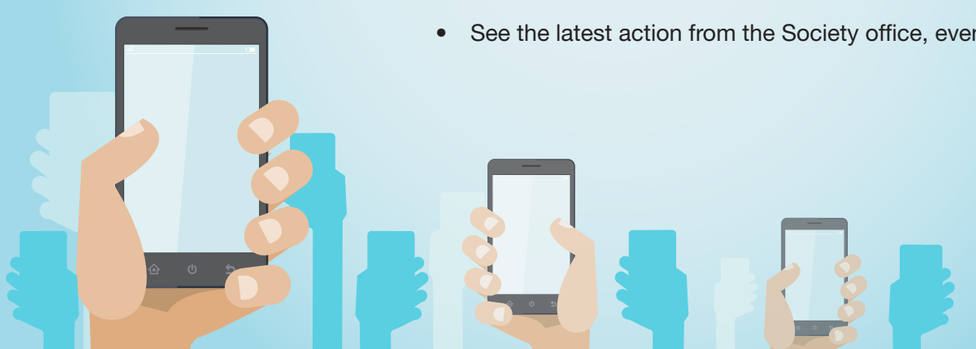





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