

CPA Practice Advisor

SEPTEMBER 2017

Today's Technology for Tomorrow's Firm

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NICHE PRACTICES

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CPA Tomorrowland

RECENTLY I SPOKE with Todd Shapiro, president and CEO of the Illinois CPA Society, at the Midwest Accounting & Finance Showcase in Rosemont, IL. He had just finished speaking about disruption in the accounting profession and how it is expected to impact firms of all sizes in the years to come.

Shapiro is not the only person in the profession talking about this – not by a long shot. Disruption is the key word in just about every conversation I have with accounting thought leaders. And by disruption, we’re not talking about some new software that’s going to take the place of our beloved Excel spreadsheets. We’re talking about serious, lay a patch, grand slam, Triple Crown, *uberization* disruption, the kind of change that can require a complete retooling of the profession.

Shapiro tossed out some sobering statistics: A recent McKinsey study suggests that 49% of work currently being done by accountants is likely to be automated; Accenture reports that 21% of organizations have blockchain in production – my spell checker doesn’t even know what that is yet. Accenture also estimates that 40% of basic accounting work will be automated or *eliminated* by 2020 – that’s *three years* from now.

This is a tantalizing brave new world for younger accountants who like the idea of turning their penchant for number-crunching into a sexier profession, but what about those who are, ahem, reaching their golden age? It kind of sounds like rather than gently moving the aging members of the profession out to a soft landing of shorter hours, consultancy, call me when you need me, they’re about to be kicked out the door by those who want to get

busy and make a difference.

When asked what he thinks is keeping older accountants up at night, Shapiro said it’s succession planning. “I met with a sole proprietor, he has three people working for him in a tax practice. He asked me, ‘What am I supposed to do? I’m 58.’ I told him he needs to move quickly. He has three choices: Merge downstream, by acquiring a firm that’s growing with young professionals; merge upstream [allow yourself to be acquired by another firm]; or work a few more years and turn off the lights.”

For younger accountants, the middle of the night concerns are more centered around the unknown. “We’re not sure what accounting is going to look like in 10 years,” said Shapiro. He emphasized his confidence in schools, indicating that they will adapt and prepare students for whatever the future holds.

Shapiro was joined by Lisa Hartkopf, board chair at ICPAS. Hartkopf asked attendees to “adjust, adapt, and excel at innovation and driving change.” In a discussion of artificial intelligence taking over much of our current entry level work, she reminded attendees that we’ve already seen this before when accounting firms started sending work to offshore companies. In asking attendees to “embrace the change,” Hartkopf reminded her audience that change “isn’t going to happen overnight.”

Maybe not overnight, but there’s definitely a wave to ride. Accountants in public practice who expect to be viable and flourishing in the years to come, as opposed to those who plan to turn out the lights, will likely see an exciting future of new solutions that will make our jobs more fulfilling. ■

— Gail Perry, Editor-in-Chief



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Hardware Matters - Think About Working With None!

WITH SO MUCH focus on Cloud and Mobile, can you imagine using your technology with no hardware? Hardware has become so cheap, reliable and generally good, many of us take this part of our technology experience for granted. It has been ten years since we've had the iPhone, and the wave of current cell phones has impressive capabilities. But more impressive are the servers, desktops, monitors, scanners, laptops, firewalls and switches that support our technology productivity. Technology releases go in cycles and this year is certainly a banner hardware year.

WHAT SHOULD I BE LOOKING FOR?

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." Depends on what? Several items determine how much you must worry about these factors, 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, and how secure does your data need to be? Cloud will probably not be cheaper, but 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 "From Cloud provider:" 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 premise-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. Oh, and by the

way, never forget backup and security!

Computers are still sold at the rate of around 300 million per year with slightly declining volume over the past years, but with an increase in volume so far this year. Tablet volume is less than computers 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:

- For processors, pick 6th-8th generation Intel i5/i7/Xeon processors



- Possibly 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. By the way, we always recommend touch screen to improve productivity.

- Other specifications
 - Solid State Drive (256 GB+) - M.2 NVMe
 - 8-16 GB RAM
 - Stick with business grade/workstation grade hardware
 - Touch screen
 - Consider
 - WWAN (cellular SIM option)
 - Docking station
 - External keyboard

COMPONENT	GOOD	BETTER	BEST
Firewall	True Firewall	Security Services	Managed
Gigabit Switch	Layer 2-Trunking	Stacked Backplane	Layer 3 Chassis
Cabling	CAT 6A	CAT 6AF	CAT 8
Workstation	Core i5 8GB	Core i7 8GB	Core i7 16GB
Monitor	Two 22"	Three 24"	One-Two 27-32"
Storage	15K Drives	SSD	SSD NVMe
From Cloud provider:			
Server	Tower	Rack Xeon	Rack Xeon
SAN	iSCSI	SATA	Fiber Channel
Virtualization	VMware ESXi	VMware Essentials+	VMware Enterprise
Remote	Microsoft RDS	Citrix XenApp	Citrix XenDesktop or VMWare View

FROM THE TRENCHES

- External mice Portable
- Desktop
- HIPPA screen filters built in hardware
- Security management features
- 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
 - 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
- Possible computer selections include:
 - HP Spectre x360 - <http://store.hp.com/us/en/mdp/laptops/spectre-x360-211501--1>
 - HP ProBook 650 G3 - <http://store.hp.com/us/en/pdp/hp-probook-650-g3-notebook-pc--customizable-x6u18av-mb>
 - Dell Latitude 7480 - <http://www.dell.com/en-us/work/shop/productdetails/latitude-14-7480-laptop>
 - Dell Latitude E7470 - <http://www.dell.com/en-us/work/shop/productdetails/latitude-e7470-ultrabook/cto04le747014us>
 - Microsoft Surface Pro - https://www.microsoft.com/en-us/store/d/surface/8NKT9WTTTRBJK/L6FV?icid=Cat_Surface-NavLink1-SurfacePro-Pro-052317-en-us

OTHER CONSIDERATIONS?

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 (MFA), 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. As we head into the next year, Microsoft 365 will combine Windows, Office and MDM into a single offering at a single price. To comply with PCI regulations, MFA will be required on all accounts that have PCI admin access. Because of this, we're recommending deploying MFA to all users.

Using technology effectively is not cheap, but using technology ineffectively is even more expensive.

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

HOW MUCH?

Now that we understand the current building blocks needed, how much is this going to cost us? Most software vendors are converting to subscription models, which means that they are trying to get us to pay a monthly fee. For example, the new Microsoft Office 365 which is a complete, intelligent solution, including Office 365, Windows 10, and Enterprise Mobility + Security, is \$20/user/month. Tools that either do or will require a subscription include Windows (\$10/month), anti-virus (\$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 see \$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 even more expensive. Do you ask yourself the question 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 why things are taking so long to get done effectively. We encourage you to invest in technology and yourself to drive up productivity. ■

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Retail Point-of-Sale Systems

ACCORDING TO BIG Commerce, a retail industry analysis group, 51 percent of Americans now prefer to shop online, yet 46 percent of American small retail businesses still do not have a website. There's more.

PricewaterhouseCoopers LLP also found some interesting statistics in its **U.S. Total Retail 2016 Report**. To start with, almost 40 percent of millennials – ages 18-34, shop online at least once per month, with almost 30 percent shopping online weekly. While that's not a surprise, what is a surprise is that **46 percent of respondents said that ease of checkout enhances their in-store shopping experience.**

What does this have to do with point of sale software? A lot, actually.

As we all know, the historical prototype for a retail business was a brick and mortar store, or multiple stores. But today, these same stores are competing with a variety of other retailers including Internet-only sellers, mobile-only retailers, and even catalogue sales. This increase in competition has caused many retailers to focus exclusively on finding and retaining more customers: neglecting the point of sale software and resources available today that are designed to make the selling process quicker, and the customer tracking portion easier than ever.

Today's point of sale systems offer just about any feature a retail

business desires. Of course the needs of the small gift shop down the street are very different from the needs of the big box store. But in many ways, they can be quite similar.

For instance, both the gift store and the big box store need to process sales, returns, layaways, credits, and sales. They will need to accept a variety of tenders for payment, and they need a way to manage and track inventory totals, both for reordering purposes, and to see what is selling and what is not selling.

Once past the basics, there are numerous features available that retailers, no matter what their size, may want to implement. These features can include a customized user interface that is designed specifically for their retail business. For larger businesses, they may want the ability to use several registers that integrate with each other. Some retailers may want to use a touch screen monitor when processing sales transactions or

utilize a counter scanner or barcode scanner in order to expedite the sales process. For some retailers, it's imperative that they have a way to track and manage their customers – including demographic information, buying habits, buying history, and even preferred payment methods. Of course, inventory management is a must, as is the ability to produce retail and management reports.

For retailers with a robust mail order or online ordering system, integrating with a shipping vendor is vital, as is integration with e-commerce and shopping cart platforms. And every single retail business, large or small, wants good, available support.

The bottom line is that as the retail arena has exploded in recent years, point of sale systems have worked hard to stay in tune with the changing needs of today's retailers. Just attend an outdoor festival, fair, or craft show, and you'll see card scanners used to accept payments, something unheard of five years ago. Today's point of sale vendors understand that the retailer is not necessarily in a brick and mortar store, and that the average American will shop more online (remember

those statistics at the start of this article) this year, and the following years as well.

If your client is in need of a point of sale application, a good place to start looking is in this magazine. In this issue, we've looked at a variety of point of sale products; some designed for the small business owner exclusively, others able to scale up to the needs of retailers with multiple locations and more complex needs. The products we looked at include the following:

- AccuPOS
- Cougar Mountain
- AddSum
- Keystroke
- CAM Commerce
- QuickBooks
- Cumulus
- RetailSTAR
- Celerant
- Vend
- Stratus
- Wasp

We've included a chart that displays the more important features found in each of the products reviewed, including mobile accessibility, customization capability, multiple registers and locations, touch screen capability, barcode scanning, customer tracking, inventory management, integration with POS hardware, and the availability of product help and support, particu-

	ONLINE/MOBILE ACCESSIBILITY	CUSTOMIZATION CAPABILITY	EXPEDITED CHECK-OUT PROCESS	SUPPORTS MULTIPLE REGISTERS/LOCATIONS	MULTIPLE TRANSACTIONS	MULTIPLE TENDERS	TOUCHSCREEN CAPABILITY	BAR CODE SCANNING	CUSTOMER TRACKING	GIFT & LOYALTY CARDS	INVENTORY MANAGEMENT	SALES & INVENTORY REPORTING	INTEGRATION WITH POS HARDWARE	INTEGRATION WITH SHIPPING VENDORS	INTEGRATION WITH E-COMMERCE	EXTENDED HELP AVAILABLE
ACCUPOS	*X	X	X	X	X	X	X	X			X		X			X
ADDSUM		X	X	X	X	X		X	X		X	X	X	**X		X
CAM COMMERCE CUMULUS	X	X	X	X	X	X	X	X	X	X	X	X	X	X	**X	X
CAM COMMERCE-RETAIL STAR		X	X	X	X	X	X	X	X	X	X	X	X	X	**X	X
CELERANT STRATUS	X	X	X	X	X	X	X	X	X	X	X	X	X	X	**X	
COUGAR MOUNTAIN DENALI		X	X	X	X	X	X	X	X	X	X	X	X	X	**X	X
KEYSTROKE		X	X	**X	X	X	X	X	X		X	X	X			
QUICKBOOKS	X	X		**X	X	X	X	X	X	X	X	X	X	X		X
VEND	X	X	X	X	X	X	X	X	X	X	X	X	X		**X	X
WASP			X	X	X	X	X	X	X		X	X	X	X		

*Android Only
**Available as an add-on

INVENTORY APPS																
CANVAS	X	X	X		X	X					X			X		
SOS INVENTORY	X		X	X	X	X	X				X	X	X	X		

larly after regular business hours.

The retail business, like so many others, is rapidly changing before our eyes, making it more important than

ever before that retailers have the tools they need to run their business efficiently and profitably. A point of sale system is one of those tools. ■

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



AccuPOS

www.accupos.com

AccuPOS is a stand-alone point of sale product that integrates with both QuickBooks and Sage financial applications. AccuPOS is well suited for specialty and niche retailers as well as restaurants and bars. Accu-

POS offers a variety of versions of its point of sale application that are built specifically for the business at hand, so the restaurant version will be very different from the gift shop version.

Designed for the niche retail mar-

ket as well as restaurants, cafes, and bars, AccuPOS offers a free 30-day trial that users can download from the website. Pricing for the product can be obtained directly from the vendor and typically starts at under \$1,000 per year for a single user.

★ **4.5** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12363891

AddSum Advanced Accounting Point-of-Sale

www.addsuminc.com

Advanced Accounting, from AddSum is a completely integrated front/back office accounting application that is designed for retailers of all types. AddSum contains a strong

point of sale module, along with many supporting modules, and is best suited for small to mid-sized retailers that do not require touch screen technology.

AddSum from Advanced

Accounting is best suited for smaller retailers that are looking for complete front/back office functionality. AddSum will run \$299 per year for a single user and \$899 for unlimited users, with support extra.

★ **4** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12363892

Celerant Stratus Point-of-Sale

www.celerant.com

Celerant Stratus is an all-inclusive system designed for larger retail businesses, or those that sell products both in-store and online. The

product offers a mobile app that supports both iOS and Android devices, and is platform independent and can be used with Windows, UNIX, Linux, and Mac operating systems. A host-

ing service is also available for those that would like to have the product hosted on a server off-site.

Celerant Stratus pricing varies and is available upon request.

★ **5** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12363893

Cougar Mountain Denali Point of Sale

www.cougarmtn.com

The Denali Point of Sale module is part of Cougar Mountain's suite of accounting and related products. Denali Point of Sale is best suited for small to mid-sized retailers that already use Cougar Mountain software. Denali Point of Sale is available

in three editions, with users able to add additional functionality to the product as needed.

Ideal for small, specialty retailers that use or plan to use Cougar Mountain Denali applications, Denali Point of Sale offers three editions: Base-camp, which is available for \$999 per

year, Ascent, which is available for \$2,499 and Summit, which is \$3,999. All three editions contain Point of Sale, Inventory, and Specialty Shop features, with additional modules available in each version. Users also have the option to add additional users or modules if desired.

★ **4.75** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12363894

Cumulus Retail by CAM Commerce

www.cumulusretail.com

Cumulus Retail from CAM Commerce is an SaaS delivered point of sale system ideally suited for small to mid-sized retail businesses. With a long list of features included in the system, as well as the availability of three product versions, Cumulus

offers an amazing array of features and functionality at a very affordable price. POS, E-Commerce, and Inventory mobile apps are available as well.

Ideal for small to mid-sized retailers with a strong online presence, Cumulus Retail's Standard

version is \$75 per month per year and includes one user. The Advanced version is \$125 per store, and the Premier version is \$199 per store. iCumulus E-Commerce is available in Advanced and Premier versions, starting at \$129 per month.

★ **5** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12363896

REVIEW: POINT-OF-SALE

Keystroke Advanced Point of Sale

www.keystrokepos.com

Specialized Business Solutions offers a trio of retail solutions: Keystroke POS, Keystroke Express and Keystroke Advanced. Designed to be installed on a local computer or network, Keystroke Express is best suited for small and

growing retail businesses. Keystroke Point of Sale is the mid-level application that works well for retailers that need a strong point of sale application without additional features and functionality. Keystroke Advanced POS, reviewed in this issue, is the top of the line applica-

tion, offering multiple databases, solid reporting capability, and e-commerce integration.

Designed for retail businesses of all sizes, Version 8 of Keystroke starts at \$1,295 per year, with Keystroke Express running \$495 and Keystroke Advanced

★ **4.75** 2017
OVERALL
RATING

starting at \$1,895. Additional workstation licenses are \$695.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12363901](http://www.CPAPracticeAdvisor.com/12363901)

QuickBooks Point of Sale Desktop

www.quickbooks.com

QuickBooks Point of Sale Desktop 12.0 is best suited for small to mid-sized retail businesses that are looking for a point of sale product that will integrate with other QuickBooks

applications. QuickBooks Point of Sale Desktop is available in three versions: Basic, Pro, and Multi-Store, which supports up to 20 locations.

QuickBooks Point of Sale – 12.0 can be used as a stand-alone appli-

cation or integrated with QuickBooks Desktop financial products. Pricing has been reduced across the board from last year, with the Basic version running \$989.97; the Pro version running \$1,374.97; and the Multi-Store

★ **4.5** 2017
OVERALL
RATING

version running \$1,487.97.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12363902](http://www.CPAPracticeAdvisor.com/12363902)

RetailSTAR by CAM Commerce

www.camcommerce.com

RetailSTAR from CAM Commerce is best suited for niche retailers with multiple locations as well as a thriving online store. Retailers with a single location can take advantage of RetailSTAR Lite, which offers the same functionality as RetailSTAR, but with single loca-

tion capability. CAM Commerce also offers custom vertical market applications designed for apparel, footwear, hardware and paint, sporting goods, pharmacy, food and beverage, along with several others.

For smaller, one-location retail businesses, RetailSTAR Lite offers the same

features in a single-user system. Users can opt for a specialized, vertical market product, or customize RetailSTAR to suit the needs of the retail business. Pricing for RetailSTAR Lite runs around \$100 per month for a single user. Pricing for RetailSTAR is available directly from CAM Commerce upon request.

★ **5** 2017
OVERALL
RATING

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12363904](http://www.CPAPracticeAdvisor.com/12363904)

Vend Point of Sale

www.vendhq.com

Vend is a good fit for retailers of any size that are looking for a flexible point of sale application. Available in three versions as well as a free version, Vend is designed to work on iPad, Mac, or PC systems, working both online and offline as needed.

Vend is a scalable, easily navigated

point of sale application that is available in three versions, as well as a free version which can be downloaded immediately. The Starter version of Vend is \$69 per month and supports a single location, one register, three users, and unlimited products. The Advanced version is \$79 per month, supports a single location, unlimited

users and products. The Advanced version also includes gift cards and loyalty cards, advanced reporting and integration with ecommerce platforms. Finally, the Multi-Outlet version supports multiple outlets, with up to two registers per outlet, along with a centralized customer database, multi-outlet inventory,

★ **4.75** 2017
OVERALL
RATING

and priority phone support. A custom Enterprise plan is also available that is custom designed for the needs of any retail business.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12363906](http://www.CPAPracticeAdvisor.com/12363906)

Wasp Barcode QuickStore Point of Sale

www.waspbarcode.com

Along with its barcode scanning and inventory control applications, WASP also offers a Point of Sale application designed for the small retail business. QuickStore Point of Sale offers three versions; Standard, Professional, and Enterprise, with users able to easily scale up if needed. QuickStore is not suitable

for restaurants or grocery stores.

QuickStore is designed for a variety of retail niche markets including apparel, jewelry, gift shops, sporting goods, and service retailers such as salons, and would work best with a smaller retail business. Available in three versions; QuickStore is scalable, with users able to easily upgrade to

a more robust version if desired. The bundled version of QuickStore Professional is \$1,995 per year and includes one Checkout Lane License, Point of Sale Shoe, Cash Drawer, Pole Display with Cable, Barcode Scanner with USB Cable, Autosense Stand, Thermal Receipt Printer with USB Cable, Power Supply, POS Keyboard with Magstripe Reader,

★ **4.5** 2017
OVERALL
RATING

USB Hub and a one-year maintenance subscription which includes unlimited technical support.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12363907](http://www.CPAPracticeAdvisor.com/12363907)

When Disaster Strikes, Take These Accounting Steps

By Dennis Najjar

WHEN A FLOOD, fire, hurricane or other disaster strikes your business, you may suffer heavy property damage along with lost sales during the time you're forced to close. Having a good understanding of the accounting rules related to natural disasters can help you fully account for your losses, reduce the economic harm to your business, and obtain financial relief through insurance, tax deductions and other sources.

ACCOUNTING FOR INVENTORY LOSSES

Conduct a manual count of your inventory as soon it is practical to do so. Even if items are obviously a total loss, it's a good practice to document the specific losses due to the disaster versus what you might have lost due to shrinkage or some other means before the disaster. This may also help with the insurance claims process.

You will need to update your balance sheet to reflect the current value of your remaining inventory. You can generally include inventory losses as an expense when you prepare your financial statements and file your tax return. However, you will need to adjust for any insurance reimbursements — you cannot both claim a loss expense and exclude the insurance claim from your income.

ACCOUNTING FOR PROPERTY DAMAGE

Damage to other assets, such as buildings or machinery, is handled in a similar manner to inventory. If the damage is so substantial that it causes a significant decrease in the asset's market value or prevents you from using the asset as you intended, you may be required to take an impairment loss and reduce the asset's value on your balance sheet.

When you file your taxes, you may also be able to claim a deduction for any disaster-related decline in an asset's value that was not reimbursed by insurance.

CALCULATING PAYROLL

If your business closes or brings in additional employees during a disaster, carefully review federal law, your local laws and your employment agreements to determine whether you're legally obligated to pay your employees.

WHO MUST BE PAID

Under the Fair Labor Standards Act (FLSA), you may be required to pay exempt, salaried employees during a temporary closing. In that circumstance, you may require your employees to use their paid leave time but may not refuse to pay them if they have no available leave time.

Under federal law, nonexempt employees are generally only paid according to the time they worked and are therefore not legally entitled to pay during a closing. However, your local laws or your employment agreement may require you to pay employees who were originally scheduled to work during your closing.

If you require employees to remain on-site during a disaster, you must pay them for all time during which they are not permitted to leave. This includes overtime pay if it otherwise applies.

LATE PAYMENTS

If a disaster delays processing paychecks, you should make issuing them one of your first priorities. Willfully failing to pay your employees in a timely manner is a violation of the FLSA and may also violate state laws. While you might be excused from penalties during a power outage or when your office is inaccessible, you should not delay payroll to try to manage your post-disaster cash flow.

EXTENDING TAX DEADLINES

After a major disaster, the IRS will automatically extend tax deadlines for individuals and businesses in the affected areas. Typical extensions vary based on the severity of the disaster and the type of tax.

- For income tax returns, the extension may be several weeks or months.
- For payroll tax deposits and information statements, the extension is generally only a few business days.

Note that an extension of time to file may not include an extension of time to pay. You should continue to make estimated tax payments as close to your usual schedule as possible to avoid additional interest charges.

If a major disaster disrupts your

business and you are outside of the federally declared disaster area, or some other event, such as a fire, affects only your business, you may also be eligible for relief. Visit the IRS website or speak with your accountant to learn how to apply for an extension or to have penalties abated.

REPORTING INSURANCE PROCEEDS

The exact accounting treatment of insurance proceeds depends on the nature of the policy and when payments are made. However, there are a few common themes.

- Insurance proceeds should be reflected on your financial statements. Even though insurance isn't a typical revenue or expense, it's still important information.
- Insurance is generally a gain. However, it's offset by the disaster losses you claim, so the net accounting effect is neutral unless your net insurance proceeds exceed your actual losses.
- Record insurance proceeds when you know how much you'll receive. Ask your controller services about contingency reporting and how to disclose a pending claim.

While these rules may seem complex, especially if you're currently dealing with the results of a disaster, remember that they follow general accounting concepts. The goal is to accurately report your current assets and earnings. This includes totaling up your losses so you can claim your full tax deductions and any other post-disaster benefits you may be entitled to. Having a broad understanding of the general concepts will allow you to work more efficiently with your controller services to complete the technical reporting requirements. ■

Dennis Najjar is co-founder of AccountingDepartment.com.



Inventory Management Systems

IN THE RETAIL business, short of going out of business, there is nothing worse than missing out on a big sale because you ran out of a product. Having an item on backorder is a guarantee that your customers will simply locate another business that does have the item in stock and purchase it from them.

Running out of an item isn't the only issue that retailers face daily. Nearly as bad as running out of an item is having multiple warehouses full of inventory stock that has not moved in months. Yes, buying too much of any item can be just as detrimental to the retailer as not buying enough.

That's why inventory management is so important. While inventory management is not a new concept, with the advent of online stores to coincide with their brick and mortar counterparts, it's more important than ever that retailers have a solid handle on their inventory. Good inventory management is about much more than simply tracking sales and product counts. A good inventory management program provides retailers with the ability to track item movement and popularity, monitor returns, forecast sales based on past inventory movement, and track inventory costs, both for individual items, and for those that are assembled using a variety of components to create the finished product. Inventory management

helps retailers by reminding them to reorder a product when stock levels drop below a certain point, or that Item ABC has not sold in months, so reordering is not recommended.

Tracking inventory isn't just for retail businesses. Manufacturers need to track inventory just as closely, ensuring that the vital components that make up their finished product do not run out of stock. If reordering just a single component is overlooked, a manufacturer cannot offer a finished product to its customers, running the risk that, like the retailer, the customer will simply go elsewhere to obtain the product.

Keeping track of inventory also reduces or eliminates the threat of theft, and provides retailers with a mechanism to track sales levels and see what products are selling, and what products are not selling. Having this information at their fingertips allows retailers to make sales decisions based on inventory movement,

such as reducing prices on a product that has not sold well, and making sure that reordering systems are in place for items that are hot sellers.

Along with tracking inventory, there is a need for all types of businesses to track in-house inventory, or assets such as laptops and machinery that are typically checked out by an employee, and later checked back in.

In this issue, we looked at a variety of inventory management software products. Some were designed to track business assets and inventory, while others are designed to perform traditional inventory management functions, such as inventory movement, inventory history, and levels, while also tracking inventory costs, and multiple pricing levels.

The products we reviewed in this issue include:

- Acctivate Inventory for QuickBooks
- AdvancePro Supply Chain Management
- Asset Panda
- EZOffice Inventory
- Fishbowl
- InFlow
- OfficeWise
- Wasp Barcode
- Zoho Inventory

Inventory Apps:

- Canvas
- SOS Inventory

We also looked at two Inventory apps; **Canvas**, a repository of inventory and related apps that users can try out for 30 days prior to purchasing, and **SOS Inventory**, which is well suited for smaller businesses that currently use QuickBooks Online.

In each of these products, we looked for certain features including deployment methods, such as on-premise or cloud, the availability of mobile apps, basic asset and inventory tracking functionality, barcode printing and labeling capability, kitting capability, multiple pricing levels, volume pricing and discounts, and integration with shipping vendors, e-Commerce platforms and shopping carts. The chart below highlights these and other features available for each of the products.

Inventory management software is not an option for today's retailer, it's a must. Luckily, the choices available today are better than ever before. Take a look at these products and visit their websites – many of the vendors offer a free demo, so users can try out the product prior to purchasing. With product pricing ranging from free to several thousand dollars, there is sure to be a product that is suited for your client's finances and inventory needs.

INVENTORY PRODUCTS	REMOTE/CLOUD ACCESSIBILITY	MOBILE APPS AVAILABLE	ASSET/INVENTORY TRACKING	SERIAL # TRACKING	BARCODE PRINTING/LABELING	ITEM IMAGES	KITTING CAPABILITY	MULTIPLE PRICING LEVELS	MULTIPLE VALUATION LEVELS	VOLUME PRICING & DISCOUNTS	INVENTORY REPORTING	INTEGRATION WITH ACCOUNTING APPLICATIONS	INTEGRATION WITH POS & E-COMMERCE	HELP & SUPPORT
ACCTIVATE INVENTORY	X	X	X	X	X	X	X	X	X	X	X	X	X	X
ADVANCEPRO	X	X	X	X	X	X	X	X	X	X	X	X	X*	X
ASSET PANDA	X	X	X		X	X	X				X	X		X
EZOFFICE INVENTORY	X	X	X		X	X					X			X
FISHBOWL	X	X	X	X	X	X	X	X	X	X	X	X	X	X
INFLOW	X	X	X	X		X	X	X	X	X	X	X	X	X
OFFICE WISE	X		X			X					X			X
WASP BARCODE	X		X	X	X	X		X	X		X	X	X	X
ZOHO INVENTORY	X	X**	X	X			X	X		X	X	X	X	X
* OPTIONAL MODULE														
** IOS ONLY														
INVENTORY APPS														
CANVAS	X	X	X		X	X					X			X
SOS INVENTORY	X		X	X	X	X	X				X	X	X	X

Acctivate QuickBooks Inventory

www.acctivate.com

Acctivate is available as an on-premise solution or in the cloud, so users can choose the deployment method they prefer. Acctivate also offers mobile apps, including inventory management, mobile order picking,

mobile receiving, and mobile sales orders. The optional Lot & Serial Number Control offers users the ability to track and manage products that currently have a lot or serial number. Users can also import serial number data from other applications as well.

Acctivate is designed for QuickBooks users that need to track inventory activity. Well suited for small to mid-sized retailers and manufacturers, Acctivate's base system which includes inventory management, order management, purchasing, CRM

★ **4.75** 2017 OVERALL RATING

& 3 user capability starts at \$4,995 per year or \$500/month.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12360536

Advance Pro Supply Chain Management

www.advanceprotech.com

Advance Pro is available as a locally installed application as well as in the cloud using APT Cloud. The product also offers easy accessibility using iOS and Android devices.

Advance Pro Supply Chain Man-

agement is a comprehensive inventory and supply chain management application that offers users just about any feature or option that they could possibly need. The core list of features is incredibly strong, and with add-on modules available for cloud

access, e-commerce integration, multiple warehouses and multiple companies, it's everything that's necessary for the future as well.

Pricing plans start at \$1,499 per year for a single user with limited modules, with the comprehensive

★ **5** 2017 OVERALL RATING

system starting at around \$8,999.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12360541

Asset Panda

www.assetpanda.com

A complete platform to manage assets, Asset Panda also offers users maintenance tracking, purchase order tracking, help desk ticketing, facilities management, and work order management, creating an all-in-one solution.

While not a traditional inventory tracking and management solution, Asset Panda offers comprehensive asset tracking capability. Subscription options for Asset Panda start at \$500 per year, with pricing based on the number of assets that need to be tracked, not the number of system

users. Ideal for service businesses that need to track and manage a high number of assets and internal inventory, Asset Panda also offers a free-14-day trial that can be downloaded from the Asset Panda website after registration.

★ **4.5** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12360545

EZOfficeInventory

www.EZOfficeInventory.com

EZOfficeInventory is a web-based asset tracking and inventory management system well suited for a variety of industries that need to track inventory as well as other business assets. The product is offered in a variety of plans that are suitable for businesses small and large, though EZOf-

iceInventory is not well suited for retailers. The product works best for businesses that need to track assets and internal, consumable inventory. EZOfficeInventory also offers mobile apps for Android, iOS, and Windows devices that allow users to scan both Barcodes and QR Codes at any time.

Well suited for businesses that

need to track assets and internal inventory levels at multiple locations, EZOfficeInventory is available in five levels. The Silver plan supports 50 users and 200 items and currently runs \$320 per year, while the Diamond plan supports 200 users and 3,500 items and runs \$1,674 per year. Gold, Platinum, and a Corporate plan

★ **4.25** 2017 OVERALL RATING

are also available. All plans offer mobile apps, barcode and QR scanning, label design, GPS capability, and reporting.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12360532

Fishbowl Inventory

www.fishbowl.com

Fishbowl is warehouse and manufacturing management software designed to integrate with all QuickBooks applications, including QuickBooks Online. Fishbowl also integrates with Xero. Available in both U.S. and Canadian versions,

Fishbowl is best suited for small to mid-sized businesses that are currently using QuickBooks or Xero applications.

Fishbowl Warehouse is a scalable application that is well suited for retailers and manufacturers alike. Offering both QuickBooks and Xero

integration, the product offers a variety of tools and apps for users to choose from. Fishbowl Warehouse starts at \$4,395 per year for a single user, with pricing based on the number of system users. Training videos and unlimited telephone support are included in the pricing.

★ **5** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12360549

REVIEW: INVENTORY MANAGEMENT SYSTEMS

inFlow Inventory Software

www.inflowinventory.com

Designed for small businesses including retailers and warehouse and distribution businesses, inFlow offers an on-premise and cloud-based product. The cloud version of inFlow is accessible using a computer, laptop,

tablet or smartphone. A mobile app for Android users offers barcode scanning and product check in and check out options. inFlow offers three editions: Free, Regular, and Premium.

The Free edition is great for those wanting to try out the application. The

Regular edition has a one-time cost of \$399.00, and the Premium edition is \$799.00. After the one-time fee, users only pay to renew support annually. Both the Regular and Premium editions offer multi-user capability.

★ **4.75** 2017
OVERALL
RATING

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12360562](http://www.CPAPracticeAdvisor.com/12360562)

Officewise Inventory Software

www.officewise.com

Officewise offers a fairly basic inventory module. Users can import product data from other applications that support CSV files, or can simply enter inventory data in the Item data entry screen. Here users can add a

product I.D. and description, with an option to enter a serial number, but for informational purposes only. Unit cost pricing, and a reorder option can be entered to avoid running out of an item. Multiple locations are supported in Officewise Inventory, so users can

track and maintain inventory for multiple locations. Officewise offers users the ability to make three types of inventory adjustments; Quantity, Cost, and Transfer. Inventory adjustments can also be imported from another application if desired.

★ **4.25** 2017
OVERALL
RATING

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12360570](http://www.CPAPracticeAdvisor.com/12360570)

Wasp Barcode Inventory Control

www.waspbarcode.com

WASP Inventory from WASP Barcode Technologies is well suited for small to mid-sized retailers and other businesses that need to track inventory and other assets. Along with its inventory module, WASP also offers barcode functionality, a point of sale application for smaller

retailers, and specialized hardware sold as bundles with their software.

WASP Inventory is available in three editions; Standard, Professional, and Enterprise. The Professional edition of WASP Inventory includes five user licenses and one mobile license, and runs \$2,695 per year. The bundled

Professional edition which includes everything above, plus the scanning device and bar code printer runs \$4,495. Unlimited support is included in the price of the product. Separate pricing for the Standard and Enterprise editions of WASP Inventory is available from the WASP Barcode Technologies website.

★ **4.5** 2017
OVERALL
RATING

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12360604](http://www.CPAPracticeAdvisor.com/12360604)

Zoho Inventory Management

www.zoho.com

Designed for growing businesses, suppliers, retailers, Zoho Inventory is part of the Zoho Cloud Software Suite that offers financial, CRM, inventory, and other applications. The Zoho Inventory option offers complete inventory management capability, purchase order and sales

order management, integrated shipping options, and warehouse management capability. Zoho Inventory is available in U.S., UK, Canadian, Australian, Indian, and Global editions, and offers several plan levels to choose from.

Zoho Inventory is available in three editions: Basic, which supports 100

online orders, up to two warehouses, and 10 users, and is available for \$29.00 per month. The Standard edition is \$79.00 per month and supports up to 10,000 online orders, 5 warehouses and up to 15 users. A free version and a Professional version of the product are also available. Custom plans available upon request.

★ **4.5** 2017
OVERALL
RATING

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12360582](http://www.CPAPracticeAdvisor.com/12360582)

Canvas Apps

www.gocanvas.com

Canvas is suitable for a variety of business types including construction, schools, restaurants, and general retailers. Canvas is available as both a desktop system and a mobile app and offers a long list of inventory tools and resources that are all accessible from a mobile device. During product installation, users can customize the app entry screen to ensure that the features and functionality they need is quickly available; essentially building their own app.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12360547

SOS Inventory App

www.sosinventory.com

SOS Inventory is an inventory, manufacturing, and order management add-on for QuickBooks Online users. SOS Inventory supports multiple warehouses, so users can easily track inventory from any location. Designed as an online product solution, SOS syncs automatically with QuickBooks Online lists and transactions.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12360589

ESTATE PLANNING PART I

Passing Along Your Business to Your Children

By Craig W. Smalley, MST, EA

Most business owners want the same thing: they want to pass on their business to their kids. Others may want to sell the business, and some just want to give it away. However, all these options have unique tax concerns that must be considered. In this article, we are going to focus mainly on the removal of an S-Corporation from an estate.

Before we start talking about the different ways to pass along your S-Corporation to your children, I want to let you know that there is no right or wrong way to do this. Some people want to sell their business to their children while others would rather give it away. There is no one way to do this.

[This is part one of a three-part series on estate taxation strategies. Click to read parts TWO and THREE.]

It's helpful to review some S-Corporation rules before we get started. Remember that S-Corporations can only have one class of stock, which can make it challenging for passing the business along while you are still alive and wanting to maintain control of the business.

Probably the most common way to pass along the family business is through either a Grantor Retained Annuity Trust (GRAT), or a Grantor Retained Unitrust (GRUT). Here is how a GRAT works. Let's say that a company is worth \$1 million today. The owner of the S-Corporation sells his stock to the GRAT for \$1 million. During the life of the GRAT, the shareholder retains control over the S-Corporation and the value of the company freezes at \$1 million. A GRAT is good for ten years and the current income of the S-Corporation is used to pay the grantor \$100,000 a year for ten years. The trust is irrevocable and is the owner of the shares of stock. The beneficiaries of the GRAT are the owner's children. After the GRAT is completed, the thought is

the value of the S-Corporation will go up. When the trust terminates after its ten-year term, then the beneficiaries inherit the stock of the S-Corporation.

Since the Estate Tax threshold is \$5.49 million and almost \$11 million if portability is selected, what I am about to say will rarely come into play. However, the point of the GRAT is to freeze the assets' value and to remove it from the owner's taxable estate. Should the owner die while the GRAT is still in effect, then the GRAT is dissolved with the current value of the S-Corporation stock is reverted back to the owner's taxable estate.

On the other hand, a Grantor Retained Unitrust (GRUT) is a form of irrevocable non-charitable trust. During its term, the trust makes payments to the donor of the trust (the grantor) that are equal to a fixed percentage of the trust's value, as determined on a specified day of the year. When the trust terminates, its remaining principal passes to remainder beneficiaries named by the grantor, typically children or grandchildren.

The grantor of a GRUT makes a taxable gift to the remainder beneficiaries. The amount of this taxable gift is computed when the trust is funded and equals the funding amount minus the present value of the payments that the trust will make to the grantor. There is no transfer tax assessed at the time the trust terminates and distributes its remainder to its ultimate beneficiaries. Consequently, a GRUT can be an effective method for transferring assets to heirs at a reduced transfer tax cost.

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The Changing Role of IT Personnel in Accounting Firms

HAS THE IT role within CPA firms finally come full circle? I began the IT portion of my career providing support for IBM XT personal computers that were used by accountants to produce spreadsheets and word processing, while all the “real” data processing was on an IBM 36 and AS400 mini-computer running accounting applications in a central data center. With the expansion of PCs, printers, and the evolution of Novell and Microsoft networks came the need for firms to hire internal IT personnel.

While smaller firms outsourced their IT support to external integrators, we saw firm staffing counts increase with help desk/support personnel, network administrators and IT Directors (in those firms that were large enough to warrant them). Various IT staffing benchmarks have supported the maintenance of internal IT staffing for the past three decades, but with the adoption of an increasing number of cloud applications and many firms experiencing internal IT stagnation, firm IT roles appear to be reverting back to their roles from the old mainframe days.

While some very large firms and those with successful IT Consulting teams will continue to maintain their own networks, the writing on the wall is pointing towards a reduction in internal networks. This article will discuss the factors we are seeing support this trend as well as opportunities for existing IT personnel to retool themselves for the anticipated CPA firm of the future:

■ **Specialized Skills Outsourced:** An increasing number of firms have outsourced the design and implementation of complex, rapidly evolving technologies to external parties with specialized IT skill sets. Whether it is the design of a storage area network, VPN security, VOIP communications or a real-time disaster recovery solution, there are specialized vendors that are taking over the responsibilities once expected to be taken on by internal IT personnel. We have seen an increase in firm budget amounts for the use of external IT resources, which has had the impact of reducing the IT staffing count and budget for internal personnel.

■ **Cloud Transitions:** Firms only need to peruse their list of applications managed internally versus externally

to see the impact of cloud transitions. While virtually every application was installed, updated and internally supported on the firm’s own servers a decade ago, there is virtually no firm today that does not utilize cloud applications in some way, with an increasing number moving their entire operations to the cloud. Each application that transitions from an internal server to the cloud has a corresponding negative impact on internal hardware, overall update requirements, and maintenance that was performed by internal IT personnel, disintermediating them further with each transition.

■ **IT Budget Pressure:** Since the economic downturn of 2008, we have seen consistent pressure on firm IT spend, which permeates in underspending in many firms still to this day! Not only were those IT personnel constantly battered to justify any expenditure; many were pushed to extend the life of equipment beyond recommended lives (which inadvertently increased IT maintenance and stability), while at the same time delaying the purchase of needed technologies and applications that would have made the firm operate more effectively, but instead put the firm behind.

■ **Reduced Training:** During our accounting firm consultations, we automatically ask IT personnel what firm-supported training they had attended in the past three years and the most consistent response unfortunately is “none.” With the tightening of IT budgets, IT specific training was amongst the first items cut and many IT staff became reluctant to ask. Without ongoing IT training and interactions with IT peers, those IT personnel experienced limited exposure to evolving IT trends and debate on

what the firm should be implementing.

■ **IT Stagnation:** Another impact of cutting the IT budget for equipment and training was that many firms fell further behind on overall technology adoption. The response of many partners towards exploring and implementing individual technologies was to maintain the status quo and while some firms did make efforts to optimize the tools they had, a significant number resisted any discussion of change, which further atrophied the firm’s IT adoption and negatively impacted the skill set of internal personnel.

■ **Peter Principle:** Another unfortunate realization occurring in some firms is that when a highly skilled IT Director or network administrator left the firm, they were often replaced with an existing internal IT person that may have had very good technical skills for their previous role, but did not have the necessary technical or managerial training to take on those additional responsibilities of their predecessor, in essence being promoted beyond their level of competency. This inability to take on the new role had the propensity to create frustration within the IT person particular in regards to creating budgets and being strategic, limiting progress for the firm.

Over the past five years, we have seen each of the six factors listed above impact our accounting firm clients in one way or another. As more applications and the corresponding IT responsibilities continue to be outsourced to the cloud, we see a time in the near future where servers could disappear entirely from firms along with the corresponding network personnel support requirements. We anticipate this will result in firms reverting back to the previous

IT staffing model with an emphasis on strategic direction, project management, training and individual support.

Existing internal technology personnel have a variety of opportunities to retool their skillset while optimizing their institutional knowledge within the firm. We constantly hear from partners that strategic initiatives are not getting implemented, which is an opportunity for IT personnel to pivot more towards taking on the management of such projects.

Lean Six Sigma Green Belt programs can provide IT personnel with the necessary skillset to effectively evaluate firm processes and use their technical experience to see that they are implemented. Those IT personnel with solid communication and writing skills may also find they can transition to a training role to promote firmwide learning.

These project management and training skills can also translate to supporting clients’ adoptions of new processes and cloud technologies. While there are firms that have been successful in creating IT Consulting services that focused on building traditional networks, those IT “technical” skills will need to expand to include a managerial/consultative role as well, since internal networks are being disintermediated by cloud providers in every industry as well as our accounting profession. The writing is on the wall; it is up to each of us to read it and transition our IT people into the roles that best serve the firm. ■

How to Prevent Your Office Network From Being Hijacked

By Isaac M. O'Bannon, Managing Editor

The office network that tax professionals and accountants use is at risk by hackers looking to do more than just peek at client information: The hackers are trying to take those networks over, says the IRS and state tax agencies. If that happens, the clients could have their information used to file fraudulent tax returns, and the firm could be at significant risk of financial liability.

Multiple incidents have been reported to the IRS in the past year as tax professionals' systems have been secretly infiltrated. The criminals accessed client tax returns, completed those returns, e-filed them and secretly directed refunds to their own accounts.

Increasing awareness about remote takeovers is part of the "Don't Take the Bait" campaign, a 10-part series aimed at tax professionals. The IRS, state tax agencies and the tax industry, working together as the Security Summit, urge practitioners to learn to protect themselves from remote takeovers. This is part of the ongoing Protect Your Clients; Protect Yourself effort.

"This is another emerging threat to tax professionals that the IRS has seen on the rise," IRS Commissioner John Koskinen said. "A remote takeover can be devastating to practitioners' business as well as to the taxpayers they serve. It's critical for people to take steps to understand and prevent these security threats before it's too late."

A remote attack targets an individual computer or network as the cybercriminal exploits weaknesses in security settings to access the devices. Another line of attack uses malware to download malicious code that gives the criminals access to the network. Especially vulnerable are wireless networks, including mobile phones, modems and router devices, printers, fax machines and televisions that retain their factory-issued password settings. Sometimes, these

devices have no protection at all.

There are multiple ways that cybercriminals can gain control of computers and other devices. Phishing emails with attachments can easily download malware that, when opened, give the criminal remote control of a computer.

Cybercriminals also can deploy certain tools that allow them to identify the location of and get access to unprotected wireless devices. For example, a printer with a factory-issued password can easily be accessed, and the criminals can see tax return information stored in its memory.

The IRS urges tax professionals to take the following steps to help protect themselves from remote takeovers:

- Educate staff members about the dangers of phishing scams, which can be in the form of emails, texts and calls, as well as the threat posed by remote access attacks;
- Use strong security software, set it to update automatically and run a periodic security "deep scan" to search for viruses and malware;
- Identify and assess wireless devices connected to the network, including mobile phones, computers, printers, fax machines, routers, modems and televisions. Replace factory password settings with strong passwords.
- Strengthen passwords for devices and for software access. Make sure passwords are a minimum of eight digits (more is better) with a mix of numbers, letters and special characters;
- Be alert for phishing scams: do not click on links or open attachments from unknown, unsolicited or suspicious senders;
- Review any software that employees use to remotely access the network as well as those used by IT support vendors to remotely troubleshoot technical problems. Remote access software is a potential target for bad actors to gain entry and take control of a machine. Disable remote access software until it is needed.

THIS MONTH'S TOP FIRM MANAGEMENT SOCIAL MEDIA POSTS

- Will Harvey Teach Us the Dangers of Short Term Thinking? **John Battelle via LinkedIn.**
<http://bit.ly/2wJCztX>
- 3 Tips for Great Customer Experience at Accounting Firms. **Amanda C. Watts via LinkedIn.**
<http://bit.ly/2wmzDf8>
- How Team Members Read a Leader's Body Language. **Carol Goman, Ph.D. via LinkedIn.**
<http://bit.ly/2w1U4zI>
- Why the Secret to Great Coaching Lies in Motivation. **Dr. Jacinta M. Jiménez via LinkedIn.**
<http://bit.ly/2jigpTi>
- Finding & Generating Original Content Ideas. **Sarah Johnson Dobek via LinkedIn.**
<http://bit.ly/2wVj66>

LATEST FIRM MANAGEMENT NEWS

How Tomorrow's Managing Partners Will Change the Profession. This new crop of partners will take what they've learned in the coming years and likely change how accounting firms are managed.
www.cpapracticeadvisor.com/12360787

23% of Professionals Regret Leaving Former Job. In a recent survey from staffing firm Accountemps, 23 percent of workers polled said they have regrets about leaving their former job.
www.cpapracticeadvisor.com/12360827

Value Pricing in the Real World. Value pricing for professional service firms really started to get discussed in the last decade. For over ten years, the virtues of assigning true value to your education, expertise, and work has been touted.
www.cpapracticeadvisor.com/12360851

Summit Brings Together Firm Leaders to Discuss the Future. A diverse and talented group of law firm and accounting firm leaders from around the world spent two days sharing

their experience and best practices in firm leadership.
www.cpapracticeadvisor.com/1236449

CohnReznick Internship Program Named Among Best. Interns are assigned projects on real client engagements across industries such as renewable energy, technology, life sciences, and real estate.
www.cpapracticeadvisor.com/12362529



PAUL McDONALD
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Robert Half
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6 Strategies for Resolving and Minimizing Staff Conflicts

IDEALLY, A CPA firm's management team concentrates most of its time on ensuring clients receive the best possible service and strategizing ways to cultivate new customers. That's the ideal scenario.



The reality isn't always so rosy. Firm leaders likely have an experience not that different from CFOs in a recent Accountemps survey, who said they spend an average of 15 percent of their workday dealing with staff conflicts. That's six hours a week that could have been directed toward business priorities.

It doesn't have to be like this. Below are six do's and don'ts for reducing workplace tension and minimizing future conflicts.

1 DO BE ALERT.

Managers need not step in and referee every squabble, but they should be aware of simmering conflicts so they aren't caught off guard in case something minor snowballs into a larger problem.

Pay attention to staff interac-

tions during team meetings. Does anyone appear to cut off colleagues during conversations? Are others choosing to zone out during discussions? Is anyone taking sole credit for what you know are group accomplishments? Watch for dynamics like these that may indicate something amiss.

2 DON'T PLAY FAVORITES.

Sibling rivalry can arise when parents favor one child over another, and workplace rivalries often start the same way. Although employees have individual strengths and weaknesses, managers should strive to treat each person fairly. For example, do certain accountants receive plum assignments while others are stuck with work nobody wants? Are only select employees allowed to work remotely? Take a hard look at how you assign projects and hand out perks.

3 DO PROMOTE TEAM BONDING.

It isn't necessary for colleagues to be best friends to work together effectively, but providing them with opportunities to become better acquainted helps minimize misunderstandings.

Team building can be a challenge. Fortunately, there are numer-

ous options available to managers, from group lunches and projects to volunteer outings and social events.

4 DON'T OVER-EMPHASIZE COMPETITION.

Many firms set numerical goals — billable hours, client satisfaction metrics, amount of new business — and peg bonuses to them. That's fine as long as the workplace culture doesn't become cutthroat, which breeds conflict and mistrust.

A better idea is to simultaneously focus rewards on staff who are supportive and exemplify teamwork. Encourage workers to publicly acknowledge colleagues who lent a helping hand or went beyond the call of duty. If your firm doesn't have a peer-to-peer recognition program, now is a good time to start one.

5 DO FINE-TUNE YOUR HIRING PROCESS.

Firm fit counts when it comes to building your team. During interviews, ask candidates open-ended questions that can help reveal how they may mesh with your team, such as, "What do you do when you're under stress at work?" and "How do you deal with colleagues who have a different work style than you?"

For short-listed candidates, invite them to have lunch with staff

to see how well everyone gets along. And don't gloss over the reference check, which can help determine whether applicants would be a good fit for your corporate culture.

6 DON'T NEGLECT WORK-LIFE BALANCE.

Public accounting is by no means a low-stress profession, but most managers can do more to make sure staff are able to juggle their personal and professional lives.

Encourage employees to use their vacation days and really get away for a long stretch when possible. Honor requests for flexible schedules and telecommuting. Offer parental leave, and don't make new mothers and fathers feel guilty about using it. And rather than shifting the workload of on-leave employees to the rest of the team, which creates hard feelings and even more stress, work with a specialized staffing firm to bring in interim workers.

Let's face it: Anytime two or more people come together, there's potential for disagreement. But with smart strategies in place, you can reduce the time you spend resolving staff conflicts and focus more of your energy on growing the business. ■

Artificial Intelligence and the Future of the Accounting Profession

By Gary Bolinger, CAE

The relentless advance of technology. You are aware of it. Whether you are boomer, a millennial, or even Gen Z (some call them the “iGeneration”). We can’t deny it. We live in a time of technological marvels. And the velocity of development related to technology is only accelerating.

“Moore’s Law”, first predicted in 1965, historically noted that chip performance would double every 18 months. In 2015, *Scientific American* reported that the prediction was celebrating 50 years because “it has held true with uncanny accuracy—for the past 50 years.” (Annie Sneed on May 19, 2015). Of course, many have heard of the comparison of Apollo 11 technology to the smart phones on the market today. There is more computing power on your smartphone than there was on the 1969 Apollo 11 mission to the moon.

You may vaguely recall a chess match between Garry Kasparov (then World Chess Champion) and the IBM 1997 Deep Blue supercomputer. Was that an early demonstration of artificial intelligence (AI)? No matter. If you have an iPhone today, you have more computing power in your hand than Deep Blue had in 1997. Now a believer in AI, Garry Kasparov says that AI is “capable of providing us with endless opportunities to extend our capabilities and improve our lives.”

So, what is the future of AI? What does it possibly mean for the CPA profession? Most simply it means that the profession will evolve. The role of the CPA will change. While there are many skeptics, I don’t buy it. Historically, advances in technology have changed jobs. To be fair, some jobs have simply vanished (there aren’t a lot of blacksmiths these days).

CPA will be redefined. Some tasks that have bogged down the ability of CPAs to add true value will be taken over by smart machines. Efficiency and accuracy will be improved. In fact, AI may be a driver of new services that are not even thought of today. The CPA of the not too distant future will be able to focus on true value adding services. Much less focus on compliance.

Since the ongoing development of AI is inevitable, CPAs should not focus on job elimination, but transformation of the profession. What might the implications be for training new members of the profession? Staff accountant jobs will likely change the most. Learning and the statutory requirements embedded in state laws and regulations for learning must evolve quickly.

Keep in mind that “CPA” is defined in state law. It is also quite likely that the overall regulatory framework for the profession will need to evolve. If that is that case, we better get ahead of that because the legislative and regulatory process is so dreadfully slow. While it is very hard to predict what language should be in state law to define the profession in the future, we need to start talking about it.

In the final analysis, AI is not a threat to the CPA profession. It is not a threat to those CPAs who embrace not only technology, but embrace change. With the proper perspective and an innovative mindset, AI is beginning to present a world of opportunity to a profession that has successfully evolved since Luca Pacioli “The Father of Accounting and Bookkeeping” invented double entry book-keeping in 1494. ■

Gary Bolinger, CAE, is President & CEO of the Indiana Society of CPAs.

THIS MONTH'S TOP ACCOUNTING & AUDITING SOCIAL MEDIA POSTS

- Help After Harvey: Disaster Resources. **AICPA Insights.** <http://bit.ly/2w3KRlq>
- How CFOs Get Their Groove Back. **Daphne Kis via LinkedIn.** <http://bit.ly/2qplY1N>
- 8 Questions Your Financial Statements Won't Answer. **Geni Whitehouse, CPA, via LinkedIn.** <http://bit.ly/2o7751A>
- Portal Security - 5 Tips to Stay Safe. **Wolters Kluwer Tax & Accounting Blog.** <http://bit.ly/2w3QOPh>
- 16 Work/Life Hacks for CPAs. **AICPA Insights.** <http://bit.ly/2wDBUm5>

LATEST A & A NEWS

CFOs Shape Corporate Culture. Beyond managing their company’s finance function, many CFOs also feel accountable for a less tangible aspect of the business: its corporate culture. www.cpapracticeadvisor.com/12360824

Nonprofits Prepare for Major Changes to Expenses & Investments. FASB’s not-for-profit accounting standard is the first major update to not-for-profit reporting in more than two decades. www.cpapracticeadvisor.com/12362532

Tech Leaders to Offer Insight at Digital Conference. Artificial intelligence, blockchain and the continued evolution of data analytics are all expected to reshape the accounting profession. www.cpapracticeadvisor.com/12360170

Financial Advisors Upbeat on Economy. 72% of advisors believe the U.S. political environment will be the biggest source of market volatility for the remainder of the year. www.cpapracticeadvisor.com/12360381

Accounting & Bookkeeping Knowledge Center Opens. The ThinkLeader Knowledge Center is a membership-based online hub that provides members-only access to resources, tutorials and best practices. www.cpapracticeadvisor.com/12362964

Intuit ProConnect Group's Customer QuickBooks Online Accountant Use Cases:

Michelle Hammond CPA, MBA, CGMA President Premier Accounting & Business Administration Fredericksburg, VA

One of our ProSeries customers, Michelle, purchased another firm and was hiring new staff. Michelle decided to move to QuickBooks Online Accountant and ProConnect Tax Online so she could go completely online and leverage remote staff. When she updated her processes, and started using Intuit Link to electronically collect the documents that she needed to complete her clients' tax returns instead of the old-school "drop them off at the office in an unorganized shoe box or envelope," she was able to grow her business by 50 percent in one year. Her growth was the result of her ability to manage her work, her clients and her firm easily in a single cloud solution.

Andrea M. Parness, CPA A. Parness Company CPA Belle Harbor, NY, 11694

Tax professional Andrea adopted much of the Intuit online suite. First, she moved 80 percent of her business clients to QuickBooks Online. Andrea now closes those cloud-based clients' books on the 10th of the month because she has immediate access to all of the information that she needs from within QuickBooks Online Accountant. This previously would take up to 50 days. She is using QuickBooks Online as the foundation for her integrated cloud-based accounting system to help her clients more accurately categorize their transactions. Instead of spending time doing data entry, her team is working real-time and doing more advisory services for their clients, which is a much higher value than the manual data entry and bookkeeping services that she used to focus on. And, where they used to put 40 percent of their business clients' tax returns on extension, she had 95 percent of them done and filed by the deadline this year because the data flowed from QuickBooks Online all the way through to her tax software. So much more efficient and so many more happy clients!

Accounting Done in One Place

ACCOUNTANTS ARE A vital part of any business, especially small businesses. Many times, they do more than just "accounting." They are accountants, bookkeepers, advisors, business partners, tax preparers, data entry personnel and so much more – all for many clients. This means they're often working in numerous programs. Something as simple as a change in contact information could easily become very tedious when they have to spend time changing the same information in multiple solutions.

In an effort to streamline simple tasks like this and other processes, Intuit has worked hard to transform QuickBooks Online Accountant into the "one place" accounting professionals can go to complete all their work. It has added a number of enhancements and functionalities, all free of charge, so that accounting professionals can spend more time being trusted advisors to their clients, and less time toggling between solutions.

"Accounting professionals are oftentimes juggling multiple solutions to manage their clients. On top of that, they have many deadlines that they have to keep track of because missing a deadline often means incurring fines or losing a client. There is a constant fear of something falling through the cracks," said Patti Newcomer, vice president of marketing and analytics, ProConnect Group, Intuit. "QuickBooks Online Accountant allows accountants to manage their work and their clients in one place with one login, increasing productivity and reducing complexity."

The most important features that allow accountants to get more done in one place are Practice Management and the ProConnect Tax Online integration within QuickBooks Online Accountant. Accounting professionals usually work from multiple apps, which all have separate logins, and this can increase the risk for error and the chances that a task is missed. Now, with just one login, accounting professionals can access Practice Management capabilities, manage their workflow, communicate with

clients and even create a tax return, all within QuickBooks Online Accountant.

Most compliance work, including tax, consists of managing due dates and multiple recurring engagements efficiently. For example, during tax season, accounting professionals spend approximately five hours per client analyzing and "cleaning up" their books to prepare them for a tax return. The Practice Management capabilities within QuickBooks Online Accountant are designed to help multi-service firms manage all of their services and workflows in a way that saves them time and automates many of the processes that they previously tracked separately in multiple applications. The automation of processes is designed to simplify the workflow and significantly save accountants time by creating one place that provides a seamless, end-to-end experience. A great example of this process automation is the integration between QuickBooks Online Accountant and ProConnect Tax Online, which allows accountants to translate a client's QuickBooks Online books into a tax return and then e-file that return without leaving QuickBooks Online Accountant.

Intuit also realized that accountant-client communication within solutions was disconnected as there was no efficient or easy way for accounting professionals to communicate with clients or collect documents right from their tax software. Intuit worked with their developers to create Intuit Link, a way for professionals to collect documents digitally from within QuickBooks Online Accountant, helping



to truly make it "one place to do it all."

In addition, Intuit has also integrated QuickBooks Self-Employed into QuickBooks Online Accountant to help accounting professionals with their scheduled fee clients. Research shows that one in five employees are becoming self-employed each year. Integrating QuickBooks Self-Employed into QuickBooks Online Accountant helps bring new opportunities to accountants to grow their practice and their clientele. Through QuickBooks Online Accountant, accountants can also leverage the wholesale billing option for QuickBooks Self-Employed, saving up to 50 percent on the retail price of the product for the lifetime of the subscription.

"Self-employed individuals that use QuickBooks Self-Employed report getting more than \$4,300 in potential tax savings and more than \$18,000 in potential deductions annually. These tools help accountants give better tax advice to help clients make better decisions and see monetary benefits," said Newcomer.

Moving forward, accountants and small businesses can expect Intuit to continue to add functionality to the Practice Management capabilities within QuickBooks Online Accountant, including the ability to manage and create client tasks across an entire firm and receiving and managing documents.

Customers can visit <https://quickbooks.intuit.com/accountants/quickbooks-accountant/> for more information on how to use QuickBooks Online Accountant to do more in one place. ■

The ProAdvisor Spotlight is sponsored by Intuit QuickBooks.



7 Smart Reasons for Your Payroll Clients to Use Time Clocks

By Louie Calvin

Looking to enhance your payroll offering? There's no better way than placing time clocks in your clients' businesses. Time clocks are simple to implement; in many cases they integrate with your current payroll software. They also provide an additional revenue stream for your firm, in addition to other benefits we'll explore in this post.

BENEFITS OF USING A PAYROLL TIME CLOCK

Here are seven smart, profit-generating and time- and error-saving things you and your clients can do when you implement time clock software in their businesses.

- **Collect employee data faster** — There's nothing more frustrating to a payroll preparer than waiting for, or chasing down, clients to get what's needed to process payroll. Time clock applications manage employee changes and hours/time data throughout the pay period in electronic format — much easier than fielding phone calls or emails.
- **Correct and accurate payroll calculation and reporting** — Anytime your team can reduce human error, you'll spend less time correcting or delaying payroll. Time clocks today are smart devices — they can automatically log out or deduct for meal periods for people who forget to punch in or out, — and technology like data-sharing and use of APIs eliminates double data entry. An automated time system also makes recording hours easier for remote workers, or when employees travel. Depending on the system, reports upload directly into your payroll software, reducing the need for manual entries. The payroll preparer has the benefit of documented client sign-off on the data they submit, and direct import into your payroll application. This eliminates manual data entry and payroll checks are automatically ready for your review.
- **Re-focus your valuable time on more important business areas** — In addition to the peace of mind that comes from knowing you receive approved and accurate payrolls from your clients in a decipherable format, fewer manual entries and corrections means you'll have more time to focus on other, more valuable areas of your business. (Your client will have more time, too; the only task they'll have is to review and submit time sheets to you.) In my experience, a manual payroll process takes about 10-15 minutes longer per client per pay period. So if you have 60 payrolls to manage, that's 15 hours per pay period consumed keying clients' payroll. What great things

could you do for your business with those 15 hours each week?

- **Develop additional streams of revenue for your business** — With such fast and easy payroll calculations, you could easily increase the number of payroll clients without adding additional staff. That means more profits for your business.
 - **Ensure employees are accurately reporting time** — With a time clock system, you can set up security parameters to make sure the employees are the ones reporting their own hours — and that they're reporting them accurately. You also have the ability to monitor time in and out, meals, breaks and more. Remember, wages that are overpaid or underpaid can result in liabilities that put your business clients at risk for fraud, with the statute of limitations up to three years.
 - **Comply with Affordable Care Act (ACA) regulations and labor laws** — ACA requirements have changed in the last few years — and it's imperative to comply in order to avoid a penalty. A time clock will help you track the number of employees you have and the hours worked, so you'll know if your clients are reaching the threshold of offering health insurance. You can also track and monitor time to make sure your clients are in compliance with standard labor laws, especially if they employ a minor.
 - **Track time and projects to streamline workflows** — Your clients can monitor how many hours are worked, as well as the employee pay rate to make sure they're on budget with their payroll costs. Your clients can see time off entered by employees and monitor, approve or deny a request. The client also has the ability to create and assign a client task or project to an employee, to know where their time is being spent. And it's helpful for employees, too. They can request time off, and see the details of a project including what tasks need to be completed.
- As you can see, a time clock system will not only save your firm and your clients time and money, it will help reduce input errors and even give your clients' employees peace of mind that they're being paid for their time accurately. ■

From the Thomson Reuters blog. Louie Calvin is a product manager with Thomson Reuters Tax & Accounting responsible for accounting and payroll products.

THIS MONTH'S TOP PAYROLL SOCIAL MEDIA POSTS

- How HSAs Are Reshaping Retirement. **FinancialPlanning blog.** <http://bit.ly/2gKqk3e>
- 4 Things You Need to Know About Gender Equality. **AICPA Insights.** <http://bit.ly/2w4HXga>
- How to Stop Sick Employees From Coming to Work. **HRPayrollSystems blog.** <http://bit.ly/2eCRGEI>
- Poster Requirements for Small Businesses. **SurePayroll blog.** <http://bit.ly/2wFuWvz>
- The True Costs of Firing an Employee. **Patriot Software blog.** <http://bit.ly/2eIqNcR>

LATEST PAYROLL NEWS

Lying on Job Resumes Increasing. Almost half of workers (46 percent) polled said they know someone who included false information on a resume, a 25-point jump from a 2011 survey. www.cpapracticeadvisor.com/12360818

How to Respond to Common Employee Requests. If an employee asks for employment verification, access to their personnel file, a job accommodation, or someone else to pick up his

or her paycheck, will you know how to respond? www.cpapracticeadvisor.com/12360809

New Email Options for EFTPS Users. Electronic Federal Tax Payment System users now have the option to receive emails from the IRS about their electronic tax payments. www.cpapracticeadvisor.com/12364137

State and Local Governments Increase Employer Regs. Here are the five regulatory

issues effecting employers gaining momentum at the state and local level.

www.cpapracticeadvisor.com/12364093

Generation Z and Millennials Obsessed with Digital Footprint. A new survey shows they are so concerned with their digital footprint, the majority (54 percent) of millennials and Generation Z (ages 13-17) are Googling themselves regularly. www.cpapracticeadvisor.com/12363404

Disaster Relief Apps

WHEN NATURAL DISASTERS strike, Americans naturally want to help. And that feeling of compassion is doubled when those catastrophes happen to our neighbors, our fellow citizens.

Such was the case recently in the aftermath of Hurricanes Harvey and Irma in Texas, Florida and other states. But sometimes, the disaster can be so overwhelming and widespread, that a prospective good-doer doesn't know where to start.

DON'T TRY TO SEND CLOTHES AND PHYSICAL GOODS

As a result of the hurricanes, many of the roadways, railways and other transportation routes in southern Florida and central Texas were flooded and impassable for days, even for weeks after the storms. While sending physical goods is noble, the logistics of getting those goods to affected areas, and the people who need them most, may diminish the value of the goods. If they're stuck in a warehouse, nobody benefits.

CASH IS BEST

By cash, however, we don't mean the green stuff, we mean digital donations when possible. Accord-

ing to federal officials and many experts, financial donations are the most immediate way to assist in recovery. The safest way is to donate to organizations that already have infrastructures in place that can handle mass disaster assistance programs, and also have the recognition and respect of local officials. This means they will have the ability to quickly establish operations in towns and rural areas affected by the storm.

REPUTABLE CHARITIES HELPING WITH HURRICANES HARVEY AND IRMA

The **American Red Cross** is often the first organization to set up shelters for disaster victims across the country. Donations can be made directly via text (text Harvey or Irma to 90999), or by phone at 800-RED-CROSS.

Donations can also be sent to the **Salvation Army** via text (text Storm to 51555) or phone 800-SAL-ARMY. Both organizations also accept

donations via their websites, and some companies collect on their behalf. Amazon and Whole Foods are matching cash donations to the Red Cross up to \$1 million total.

The **United Way** is helping with immediate housing needs such as home repair and services, while **Catholic Charities** is coordinating food, clothing and shelter operations for victims of both storms. They accept donations via their website and texting CCUSADISAS-TER to 71777.

Save the Children is helping deliver baby supplies such as cribs, strollers, formula and diapers, as well as setting up children's areas in shelters. Local religious organizations across the country also often work through their national body and through additional charitable organizations to reach those who need help.

Best Friends Animal Society is providing recovery efforts to reunite pets who have been separated from their families in the hurricane zones, help animals turned into shelters find homes, and help rescue groups and shelters rebuild and recover.

AVOID DISASTER RELIEF SCAMS

Unfortunately, there are always a few unscrupulous people who will try to benefit personally from disasters. While the last thing on your mind when you drop a few bucks into a jar may be whether it is tax deductible, such status from an organization means they follow certain protocols and report their revenues through the IRS. A few websites can help:

Charity Navigator has a list of organizations helping storm relief efforts. If a group is in question, check out the **IRS charity checker**

to see if the organization is tax-exempt. If you think you've found a group that is a scam, you can report them to the **National Center for Disaster Fraud**.

DISASTER RELIEF AND CHARITY APPS

For those who are inclined to get involved through their mobile device, there are several apps that enable charitable giving, including for disaster relief operations for Hurricanes Harvey and Irma.

- **Charity Navigator**
- **CharityBox**
- **Catholic Charities MobileCause**
- **Givo Charity**
- **One Today**
- **PhilanthroPal**



Apps We Love is sponsored by



<http://accountantsworld.com>

72% of Small Businesses Don't Have a Succession Plan

By Isaac M. O'Bannon, Managing Editor

There may be nothing more certain than death and taxes, but Americans like to push thoughts of that first topic away. Perhaps that's why almost three-fourths of U.S. small businesses don't have a succession plan and most small business owners don't have a will.

That's according to the 2017 Make-A-Will-Month survey by Rocket Lawyer, an online provider of legal services. In the survey, 72% of entrepreneurs did not have a succession plan for their businesses, and the majority of Americans do not have a will in place. Rocket Lawyer has surveyed American consumers since 2011, and released data in an annual report illustrating the knowledge gap in estate planning. Year-over-year, from 2011 - 2016, Rocket Lawyer's estate planning data revealed that over half (51.3%) of Americans do not have a will in place.

This year, Rocket Lawyer added an additional survey focused on SMBs to highlight how critical it is to have a proper succession plan (or Business Will) in place to legally protect small business owners and their families. Typically, a significant portion of the wealth and income for SMBs and their families and/or beneficiaries (as well as any business partners you may have) is tied up in the business, so it's important your wishes are communicated before you pass or have a change of life circumstance occur.

"We all lead very busy lives and while the average adult and small business owner knows they should create an estate plan, many procrastinate, leaving their assets as well as businesses at risk," said Charley Moore, founder and CEO of Rocket Lawyer. "Drafting a will enables people to specify their final wishes, take

care of loved ones, protect assets, businesses and prevent family disputes.

Additional key findings from Rocket Lawyer's Make-a-Will-Month survey include:

- Seventy-five percent of consumers said that online bank/financial accounts are the most important digital assets, and the one they are most likely to pass on to loved ones
- Thirty-nine percent of consumers when asked if they'd like their social media footprint to live on after they are deceased answered that they "hadn't thought about it yet."
- Year-over-year, the number one reason why more than 50 percent of consumers do not have a will in place because they "haven't gotten around to it yet."
- Eighty-seven percent of small business owners were not aware that there are wills that can be created to specifically protect their businesses.

For more information on Make-a-Will Month, visit: <https://www.rocketlawyer.com/make-a-will-month.rl>

The survey included more than 600 consumers ages 18 and over, and more than 150 small business owners ages 18 and over. The survey was commissioned by Rocket Lawyer and conducted by SurveyMonkey. The margin of error is at the 95 percent confidence level for the overall results is plus or minus 4.5 percentage points. ■

THIS MONTH'S TOP SMALL BUSINESS SOCIAL MEDIA POSTS

- 5 Ways to Prepare a Business for a Hurricane. **Interstate Blog.** <http://bit.ly/2vK8mVm>
- 4 Ways to Help Remote Employees Collaborate Better. **Microsoft Small Business.** <http://bit.ly/2wDK7XA>
- How to Prevent Cash Flow Problems. **Bplans Blog.** <http://bit.ly/2vK544t>
- Management is Much More than a Science. **Harvard Business Review blog.** <http://bit.ly/2wwCa7e>
- Do Your Business Clients Need Data Breach Insurance? **SmallBizTrends.** <http://bit.ly/2gDUTUA>

LATEST SMALL BUSINESS NEWS

Retail Sales Jump 3.5%. Retail sales in July increased by 0.6 percent over June on a seasonally adjusted basis, triple the revised 0.2 percent growth seen in June.

www.cpapracticeadvisor.com/12361577

Business Execs Optimistic on Economy.

Business executives maintained their generally upbeat view of prospects for the U.S. economy, and have upgraded expectations for profit and revenue growth over the next 12 months.

www.cpapracticeadvisor.com/12364498

High Retail Sales Lead to Record Imports.

August is expected to be the busiest month on record for imports at the nation's major retail container ports and 2017 is on track to set a new annual high.

www.cpapracticeadvisor.com/12363420

Only 14% of Small Business Owners Disconnect on Vacation. With more of the U.S. workforce picking up sporadic jobs and the ubiqui-

tous nature of technology, small business owners are more likely to work while they're away.

www.cpapracticeadvisor.com/12364500

Another Recession May Come Within 3 Years, Say Experts.

There is a 73 percent chance the next U.S. recession will begin by the end of 2020, according to experts surveyed for the Zillow Home Price Expectations Survey.

www.cpapracticeadvisor.com/12363413

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

This month we're examining what it takes to serve the niche of landscapers.

SERVING YOUR LANDSCAPING CLIENTS:

If you already have or are considering starting a niche in the area of serving landscaping clients, the resources and articles in this issue are right up your alley. Learn how to reach these clients through social channels, learn the basics of starting and running a landscaping business, read about how to value a landscaping business, and catch up on the latest retirement tips for landscapers.

RESOURCES FOR THE LANDSCAPE ACCOUNTANT

- How to Grow your Landscape Client Base www.cpapracticeadvisor.com/12366948
- Solutions to 7 Tough Challenges Landscape Contractors Face <http://bit.ly/2jfrqo>
- NFIB: How to Start a Landscaping Business <http://bit.ly/2y0nnQ8>
- How to Start a Lawn Care or Landscaping Business <http://bit.ly/23ZVVDU>

Building Your Niche Practice is sponsored by Intuit QuickBooks.



5 Retirement Tips For Landscapers

By Harold Fox

ENTREPRENEURS GO INTO business for a number of reasons, and you would be hard pressed to find retirement benefits to be one of them. Yet ask employees about why they chose or stick with a job, and benefits, including retirement, are often listed. Landscape contractor business owner's earnings lag behind that of most other business owner groups, and so does their retirement planning and saving.

According to a TD Bank survey in 2015, 47% of small business owners do not have retirement savings and 25% simply plan on closing their doors when they retire. Additionally only 51% had business management experience or expertise when starting their business. TD's survey was done on businesses with fewer than 100 employees and less than \$5 million in sales.

Many business owners count on selling their business to fund their retirement. That is putting a lot of eggs in one basket which is not advisable. Business values can often fluctuate over time as market places and the economy change. Unless you have a real market value strategy for building your business with a sale in mind, your actual sale price may be far below expectations. It is best to create other retirement funds sources beyond your business sale and social security.

In June 2015, the Government Accountability Office found that average Americans between the ages of 55 and 64 have about \$104,000 in retirement savings. Placed in a lifetime annuity that would yield about \$310 per month.

The average retired American worker now receives \$1,335 per month from social security. At this time social security will only replace approximately 40% of earnings. With only \$310 on average from savings income, some future retirees income will be far below financial advisors recommendations of 80% as a minimum.

Why am I telling you this? I'm

telling you this because HindSite Software's Green Industry Benchmark Study for 2016 reveals 92% of landscape business owners regard having a happy customer their top priority regardless of whether they make a profit or make their profit margin.

The same survey tells us over 80% of companies experienced growth in sales while earnings remained flat. Despite dismal earnings performance only 6% of contractors had a goal to increase profits. Landscape business owners, how will you retire? The only way is to increase your profits beginning now, plan for retirement and execute the steps needed to meet your goal.

1 Envision your retirement goal. Use a free online retirement calculator and your social security statement to determine how much you need to save to meet healthy retirement income guidelines of 80% of earned wages at retirement.

2 Hire a pro. Use business consultant like a CPA or specialist in your industry to fine tune your business operation for optimum growth and profit to generate income for retirement savings.

3 Know your options. Open a retirement savings account now if you do not have one. There are newer robo advisor companies like Betterment and Wealthfront to name just 2, that offer low cost, automated investing you can set up yourself. Stock and bond picking



and allocations of each are automated to match your goals. Include any prior savings plans in your calculations as well as any other revenue sources such as real estate to be sold or rented.

4 Make it automatic. Fund your retirement account with automatic withdrawals from your bank account if possible, just like paying any other obligation. Make you #1 in your life.

5 Stash the cash. Record all cash from customers and use it to fund your retirement account because hoarded cash will never grow. You will have to pay social security taxes, but will not pay income taxes until withdrawal years from now. This strategy will increase your social security income later. ■

Harold Fox spent more than 40 years in the landscaping industry and now consults with these businesses to help them be more profitable.

How to Value a Green Industry Business

By Ron Edmonds

UNDERSTANDING THE VALUE of your business is a key component of the exit planning process because it defines the business that you will be exiting at some point. It is the beginning step in determining how to preserve and enhance the value until the planned or unplanned need to transition the ownership of the business.

Few topics are as poorly understood as business valuation. Despite common misperceptions, it is a complex topic that cannot be boiled down to simplistic formulas or rules of thumbs.

One often hears green industry business owners talk in terms of business valuation in terms of multiples of revenue or cash flow. In these scenarios, cash flows may mean several different things:

- EBITDA (earnings before interest, taxes, depreciation and amortization)
- Free cash flows (EBITDA less capital expenditures)
- Seller's discretionary income (EBITDA plus the seller's compensation and perks, which have been expensed through the business).

While it is absolutely true that offers for the purchase of a business, especially a recurring revenue business like lawn care and some lawn maintenance businesses, may be made in the form of a price per dollar of revenue, that offer is actually the result of the buyer's analysis and evaluation of the cash flow they can expect to generate from the acquisition.

In evaluating the cash flow that a buyer expects to generate from an acquisition, there are many factors to consider, including:

- The size of the business
- Historical profitability
- Record of growth
- Extent and condition of vehicles and equipment
- Service pricing
- Customer retention patterns
- Type of customer (residential, commercial, governmental)

- Revenue mix (recurring vs. nonrecurring)
- Customer concentrations
- The strength of the management team and employees
- The importance of the owner/seller's involvement in the business to its ongoing success
- The age of the business
- The geographic territory served
- The competitive environment.

These factors will affect how the buyer evaluates the business and the risk associated with the buyer's ability to achieve the expected cash flows from the business. The greater the perceived risk, the higher the discount rate or risk factor that seller will use in evaluating the cash flows and the lower the multiple of cash flow it will be willing to pay.

Some illustrations of this concept are as follows:

- A landscape services company with an aging fleet may receive a lower multiple than one with a newer fleet because the buyer will factor into its assessment of cash flows the need to update the fleet.
- A landscape company with a greater percentage of construction revenue will usually command a lower multiple because its revenue will be largely nonrecurring.
- A lawn care company with pricing lower than the market and lower than that charged by the buyer will usually receive a lower multiple.
- A lawn care company with a small number of relatively high-dollar commercial accounts will usually command a lower multiple than a similarly sized company with a large

number of small-dollar residential customers because of the risks associated with the concentration. Losing one or two large customers may undermine the value of the potential acquisition.

- A company that has higher margins because it pays below-market compensation and benefits will command a lower multiple than one that pays similarly to the potential buyer.

Some buyers will evaluate the business based solely on how it performs on a stand-alone basis, while others will evaluate it based on how it expects to integrate the acquired operations into its own.

These factors partially account for the wide range of business valuations. In the lawn and landscape industry, the majority of transactions have been somewhere in the range of two to five times cash flow. That is a pretty wide range and some transactions fall outside that range, particularly on the low end. It takes a very strong business to command a multiple at the high end of that range.

Ultimately, the market will value a business for sale. After all, fair market value is defined as "the price at which a property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy, and the latter is not under any compulsion to sell, and both parties have reasonable knowledge of relevant facts."

It is often desirable in the exit planning process, however, to obtain a business valuation or market assessment. The purpose of such a valuation is to estimate how the market will value the business when the time comes to sell. (There are other reasons to obtain a business valuation and the purpose of the valuation is important to communicate to the "valuator.") Competent business valuations can be prepared by a variety of professionals, including business appraisers and some CPAs and business brokers.

The business valuation process should also help a business owner understand the value drivers of his or her business. In other words, what characteristics of his or her particular business tend to increase the value (or multiple) assigned to the business and what characteristics tend to decrease the value or multiple. Understanding those value drivers will enable the business owner to develop a plan to preserve and increase the value of the business over time. ■

Ron Edmonds serves as a principal consultant for The Principium Group, Inc. He is a corporate finance professional with extensive experience in merger and acquisition transactions. Over the past 15 years, he has played a key role in over 300 M&A transactions, including due diligence, negotiating, directing other professionals and planning the integration of operations. His experience includes 8 years as a chief financial officer and 13 years in public accounting with a Big 4 firm.



ADDITIONAL TOOLS FOR THE PAYROLL ACCOUNTANT

- **Weathering a Storm: How to Prepare Your Business for the Unexpected**
<http://bit.ly/2xgyvdG>
- **Workplace Compliance Spotlight: What Employers Need to Know About the General Data Protection Regulation (GDPR)**
<http://bit.ly/2eZA8FY>
- **The Small Business Beginner's Guide to Payroll**
<http://bit.ly/2f00DuT>
- **ADP Legislative Update: New House Bill Could Make WOTC Permanent**
<http://bit.ly/2gzGGkT>

Survey Pinpoints Costs of New Labor Regulations

By Isaac M. O'Bannon

AS THE U.S. Senate and U.S. House of Representatives return to session, a new survey from The Workforce Institute at Kronos Incorporated and Future Workplace reveals it can cost organizations as much as \$100,000 each time a federal, state, or even local labor-related regulation is created or changed.

"The \$100,000 Bill" report is based on a national survey of 812 human resources (HR) and payroll professionals in management, senior leadership, and the C-suite, and examines how the process of turning compliance-focused legislation into actionable internal policy impacts the workforce, HR and payroll professionals, and what can be done to improve this challenging process.

NEWS FACTS

■ **A costly line-item in every budget: Keeping up with regulatory change is a necessary, yet expensive, responsibility.**

- More than half of HR and payroll professionals (54 percent) surveyed say that, on average, it costs their organization \$40,000 to \$100,000 to prepare for each labor-related regulatory change.

- This cost covers a wide range of activities that varies by organization, including, but not limited to, consulting with legal counsel to create new internal policies; training for HR and payroll employees; educating leaders and managers on the change; wide-ranging employee communications to ensure everyone understands the change, etc.

- The cost of compliance keeps going up, too. More than two-thirds (68 percent) of those surveyed say compliance has become more expensive in just the last year, while three-quarters (74 percent) say it's more expensive than 2007, just a decade ago.

- While larger organizations are

more sophisticated at tracking expenses related to maintaining compliance, one out of every five organizations with fewer than 500 employees (20 percent) surveyed isn't sure how much the activity of remaining compliant costs annually.

■ **Death, taxes, and regulatory change: Half of businesses say they aren't given enough time to get ready for new workplace rules.**

- Regulatory changes can become law in as little as 60 to 90 days, but half (53 percent) of survey respondents say more time is needed to create and communicate new internal policy to employees.

- More than a third of HR and payroll pros (40 percent) say 120 to 150 days is the preferred amount of prep time to get ready for recently passed legislation.

- Smaller organizations may need even longer. Nearly a quarter (24 percent) of businesses with fewer than 500 employees say they require a minimum of 150 days to get ready for regulatory changes to become law.

■ **How many businesses are fully compliant? Complexity, constant change, and time-to-comply all factors that put most businesses – and their employees – at risk.**

- With too much work and not enough help, nearly two-thirds (58 percent) of respondents reported that they've witnessed colleagues within their organization occasionally cut compliance-related corners.

- A possible reason for this trend? In addition to an unsustainable pace of change, one out of every two respondents (56 percent) said their HR/payroll systems are outdated, making compliance a challenge despite their best efforts.

- There's little relief on the horizon, either. Two out of every three respondents (64 percent) say they expect compliance to become even more complex under the current presidential administration.

■ **Waiting for a lifeline: HR and payroll pros need more support to identify and implement critical compliance changes.**

- There's no one-stop resource to keep up with regulatory changes. Well over half of respondents (59 percent) say they rely on their HR/payroll software vendor/provider to learn about changes, while many also depend on updates from national industry associations (39 percent), their internal legal counsel (37 percent), regional industry associations (35 percent), and legal publications (34 percent).

- Virtually everyone surveyed (85 percent) says compliance is a guiding principal in their organization's HR and payroll operations, but just a quarter (27 percent) say it is discussed daily. Just under half (46 percent) of respondents say it's a weekly conversation, while one-fifth (20 percent) say it's only addressed monthly.

- Organizations do recognize the value in training employees to better handle compliance. Nearly two-thirds (61 percent) of the respondents say their boss makes it simpler to obtain training, educational opportunities, and industry certifications to simplify compliance administration. ■

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



What the End of DACA Means for Dreamer Employers

By Greg Berk, J.D.

THE U.S. CUSTOMS and Immigration Service announced on September 5, 2017, that they are phasing in a rescission of the Deferred Action for Childhood Arrivals program (DACA). The DACA program began in 2012 and granted temporary status and work permits to the “dreamers” who came here as children without visas. Here’s a summary of how the new rules will impact your employees that have DACA status:

- **First-Time DACA Requests:** All initial requests for DACA status will be rejected. However, as a practical matter, 99% of the people who qualified for DACA presumably have already filed previously.
- **Current DACA and EAD holders:** Those currently holding DACA status and that have employment authorization documents (EAD’s) can continue to use them through the end of their EAD validity. Their employer will not need to prematurely terminate them. If Congress extends DACA before their EAD expires, then they could re-file for a new work permit and upon issuance of the new EAD, then have their I-9 re-verified.
- **Renewals:** For those whose DACA and EAD will expire in the next 6 months — on or before March 5, 2018 — they can apply now to renew their DACA and EAD – presumably for 2 years validity however the Administration has not confirmed that it will be for 2 years. The deadline for them to file is October 5, 2017. No renewal applications will be accepted after October 5, 2017.
- **Those Not Eligible for Renewals:** Those who currently have EAD’s that will expire on March 6, 2018 or later

will not be able to file renewal applications. But their current EAD’s will be good until they expire.

- **Sunset:** DACA will completely sunset by March 4, 2020, and much sooner for most DACA holders.
- **Travel:** For those who have an approved advance parole travel document, they may use it, but must of course re-enter the U.S. before the expiration date. For those who have pending applications for an advance parole travel document, they will be cancelled and the filing fee refunded.
- **No Automatic EAD Extensions:** As in the past, there is no automatic extension of a DACA EAD –which has the code “c (33)” on it. The employee will therefore need to show their employer a new EAD before the expiration of their current EAD in order to keep working. ■

Greg Berk is a special counsel and part of the Labor and Employment Practice Group at SheppardMullin. He is based in Orange County, California, where he leads the firm’s immigration practice. He is a Certified Specialist in Immigration and Nationality Law by the State Bar of California Board of Legal Specialization. This article first appeared on the Labor & Employment Law Blog.



SEPTEMBER Payroll Accountant's Checklist

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> <input type="checkbox"/> Replenish payroll-related office supplies. <input type="checkbox"/> Assess current payroll software for inefficiencies and outdated features <input type="checkbox"/> Start initial strategic planning for the year ahead <input type="checkbox"/> Help your clients run payroll adjustments for any year-to-date corrections | <ul style="list-style-type: none"> <input type="checkbox"/> Work with your clients to get necessary data from other departments to track any taxable payments to employees that were not made through the payroll department; tax and post any required adjustments. <input type="checkbox"/> Send client reminders about upcoming holidays and suggest they advise employees of any changes to deadlines for submitting time sheets during the holidays. | <ul style="list-style-type: none"> <input type="checkbox"/> Review executives' nonqualified deferred compensation plans to ensure the correct amounts are withheld from distributions. <input type="checkbox"/> Suggest that clients remind employees to review amounts in health flexible spending accounts to avoid forfeiting any amounts left in the account at the end of the plan year. |
|---|---|---|

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Female Partners: *A Year Later, Where Are We?*

IN 2017, FEMALE accounting professionals still lack the support they need in the workplace in order to advance their careers. Last year, I wrote a column on the topic of females only being represented in 19% of accounting firm leadership positions, and explored some of the ways we can move the needle on this imbalance. This year's Accounting MOVE Project Report has found that only 24% of partners participating in the program are female, which is only 1% more than the survey's findings last year.

While the findings are disappointing, several MOVE project firms are making proactive change, introducing strategies to improve leadership equity. It is both inspiring and heartening to see that many firms are abandoning archaic employment structures and adopting fresh and innovative approaches to retaining female talent.

For accounting firm leaders, consider implementing some of the following strategies in order to increase diversity within your ranks.

FLEXIBILITY

Flexible work arrangements enable both men and women to make time for the demands of their personal lives, such as time with family, while still actively engaging in their careers. Any parent knows how difficult it can be to balance spending quality time with family with a heavy workload. In my accounting practice, I employed several mothers who worked part time. Additionally, my employees enjoyed flexibility in not only hours, but location. Many of the people who worked for me lived in all parts of the country. Leveraging cloud technology, I was able to create a flexible working environment, where employees were able to login remotely, check out work and even participate in meetings, all while giving me oversight of what was being worked on.

Frazier & Deeter, one of the accounting firms participating in the MOVE project, introduced a flexible policy for women 20 years ago, which they have found to be very successful. From the outset, they desired to be a firm that invests in its people and felt that offering



flexible schedules was important to retaining women. Its program has been successful, with female presence in its partner team well ahead of the industry norm.

THINK OUTSIDE THE BOX WHEN IT COMES TO JOB TITLES

For a long time, accounting firms have had their staff follow the traditional associate-manager-partner track. But in some instances, this can create a skills gap where women may think they are underqualified when looking to move up the career

ladder or, when they do get there, they might feel as if they've been thrown in the deep end. Introducing innovative roles, where people can learn the skills to bridge the gap, is a strategy that has been implemented by Accounting MOVE participant Hood & Strong and helped smooth

the pathway to partnership for many of their staff. For example, they've introduced the mid-level director role, which is equivalent to a nonequity partner. Audit Partner Jennifer Dizon explains the rationale, "it gives managers a chance to ease into that role, so that they participate in partner activities and meetings and have transparency into financial results before becoming full partners."

UNCONVENTIONAL TEAM-BUILDING

Often, many of the traditional team bonding activities organized such as golf do not appeal to everyone. It's important to ensure that there is a team excursion to include everyone, whether this be by rotating activities on a regular basis or otherwise, so everyone feels involved, supported and empowered. At my practice, I held spa days where women could



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use the opportunity to network and work through ways to help each other on any of the things they were struggling with in the workplace. This way, women were able to take advantage of these activities just like men do on the golf course.

CREATE SUPPORTIVE NETWORKS

Many of the firms in the MOVE project have created groups specifically to foster talent and encourage women to have long careers at their firms. CohnReznick introduced WomenCAN, a collaborative advocacy network for women. It focuses on leadership courses, access to mentors and roundtable discussions with firm partners. Moss Adams initiated Forum W, which focuses on four main objectives that they believe are pivotal to success at their firm. As part of the program they listen to women's career goals and experiences, establish solid relationships, connect women to successful people in the industry and provide increased opportunities for leadership roles.

We've still got a long way to go until we can achieve true diversity in accounting firms. As more organizations implement some of these strategies, they'll be able to empower women and ensure their greater longevity within their businesses. ■

4 Marketing Tips to Keep Your Accounting Firm Top of Mind with Contractors

By *Becky Livingston*

CONTRACTORS ARE UNIQUE when it comes to location. Their office often changes based on the project location. Knowing that, what can you do to maximize your efforts to reach these nomadic business pros?

MOBILE. Not only should your website be mobile optimized, but any email campaign you're sending should be set to have mobile preferences. While your concentrating on this, also consider your image file sizes. They too should be optimized for web and use the .png extension, especially if the image contains text, for faster load times.

ONLINE BUYING. You might not think that contractors purchase large equipment online. However, there are cases when they do visit online sites to view equipment, such as auction sites. In that case, consider creating banner and graphical ads to run on those sites. One way to do that is with managed placements in Google AdWords. With this tool, you can search for websites that meet your criteria, image sizes you'd like to use, and bidding score for high ranking sites. Graphical ads do not cost more than text ads on this platform. So why not set aside part of your online ad budget to focus here?

STRATEGIC TEXT MESSAGES. If you plan to implement this method, be sure to put a plan together for content and timing. People want useful information, rather than generic information, from your firm. Here are some items to consider:

1. Employment taxes;
2. Information returns;
3. Tax requirements;
4. Independent contractor

responsibilities;

5. Quarterly estimated tax payments;
6. Tips about increasing business efficiencies;
7. Links to videos or podcast tips that address common pain points; and
8. New services your firm is offering.

4 SOCIAL MEDIA. Getting in front of contractors takes time, especially with social media. Finding the right hashtags for the industry is key when using any social media platform. Also, leveraging local terms and hashtags, such as the city or region is important. Keep in mind, you're not speaking with the whole Internet; just the target market you want to reach. Hashtagify.me is a great tool to find relevant hashtags and influencers in the target contracting market you want to reach. Finally, when sharing content, consider contractors' pain points and create content they can use.

ADWORDS PLACEMENT EXAMPLE

Search for new targeting ideas using the phrase "online auctions heavy equipment" and "heavy equipment online auctions" within the United States, that use English as their preferred language, and all ad formats.

Tip: Until you know for sure how your audience is using the graphical ads, start with all ad formats. When you review the ad analytics, you'll know which formats worked the best.

In this example, one of the ad placement results showed the following information:

- PCIAuctions.com had multiple ad formats to choose from, and cost per click was between \$1.50 - \$2.00.
- Per week, that site gets 40,000 to 45,000 impressions (number of times the site is viewed) resulting in 3,500 to 4,000 cookies dropped per week.
- With a budget of \$44, you could expect an average of seven clicks on your ad per week.

GOOGLE ADWORDS MANAGED PLACEMENTS

Here's how you would leverage managed placements for contractors. This feature on Google AdWords provides you access to mobile-ready graphical ad placement on prominent websites contractors frequent.

- Login to your Google AdWords account (a Gmail address is preferred and a credit card is required to set up the account).
- Go to Tools > Display Planner
- Choose how you want to search (1) Find new targeted ideas by phrase, website, or category; or (2) Find top placements by location. You can also view the insights and forecasts for your target once it's defined.
- Click "Get placement ideas"
- Be sure the "Placements" tab is chosen on the individual targeting ideas results page.
- Click the ">>" arrows to add those websites to a plan. Once you have all the sites you want to leverage,



download the plan for more details.

- Review the downloaded plan and choose which sites make the most sense to advertise on. You might choose to split test this and do the top-rated sites first, then do the secondary site another week. Compare results and choose the best sites to move forward with.

Having a good, mobile-ready plan in place can help you target contractors wherever they may be – on the job site, traveling from one location to another, or in their main office. Which tips will you add to your marketing plan? ■

Becky Livingston has over twenty-five years' experience in marketing and technology in financial services and engineering firms. She is the President and CEO of Penheel Marketing, a boutique marketing firm specializing in social media and digital marketing for CPAs. In addition to being a marketing practitioner, Becky is also an adjunct professor, author, and speaker. With a graduate degree from Pace University in Information Systems, Becky also holds undergraduate degrees from two other colleges and also has a Certificate in Corporate Training from NYU. She is also an active member of the Association for Accounting Marketing (AAM). Connect with Becky's firm on Facebook, LinkedIn, Google Plus, Pinterest, and YouTube.



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The Fight for \$15, and More

OVER THE PAST several years we have seen efforts to increase the minimum wage at the local level to \$15 as a means of addressing economic inequality. The movement, called the “Fight for \$15,” has seen some success. Cities such as Seattle, New York, San Francisco, San Jose and others in the Silicon Valley of California have adopted a \$15 minimum wage, usually via incremental increases over a period of years. Some of these cities are now seeking to go to \$15 immediately. Emeryville, California recently took its minimum wage to \$15.20.

THE \$15 MINIMUM WAGE

Despite a recent report by the National Bureau of Economic Research concluding that in Seattle the \$15 mandate has resulted in job losses and reduced work hours and the fact that the state of Missouri recently rolled back a state-wide minimum wage increase for similar reasons, the efforts at the local level to increase the minimum wage continue across the country. These efforts predate the current administration, which has promised to slow down the pace of regulation. It is therefore difficult to ascribe any single cause for the increased local action.

The battle over the minimum wage will continue as some states seek to raise wages while others eliminate increases that are enacted by city governments. Some states like Iowa, Missouri, and Kentucky have rolled back or prohibited local governments from raising the minimum wage in their locale. Other states are seeking to rapidly raise the minimum wage to \$15. Perhaps most striking are the comments from Governor Brown of California when he signed a bill to hike the minimum wage. He stated, “Economically, minimum wages may not make sense. Morally and socially and politically, they make every sense because it binds the community together and makes sure that parents can take care of their kids in a much more satisfactory way.”

Many states that raise the state minimum wage suffer backlash from rural areas that often cannot support a \$15 wage. Of the states that have sought to raise the minimum wage,

only Oregon has attempted to solve this problem by enacting different wages for urban and nonurban areas. New York has set a schedule for how fast the minimum wage will rise to \$15 in urban and non-urban areas of the state, but eventually the entire state will have a \$15 or higher minimum wage. As states seek to raise the minimum wage, there is likely to be increased tension between minimum wage supporters and opponents and urban and rural areas.

FRINGE BENEFITS ALSO IN PLAY

These local mandates by both states and cities have not been limited to minimum wage increases. Mandatory paid sick leave and paid family leave have also been required in many jurisdictions and are being considered by others. New Jersey and Rhode Island both have a paid family leave requirement. California has had a paid family leave requirement in effect for several years. Arizona implemented a mandatory paid sick leave policy for all employers as of July 1, 2017. New York also adopted a paid family leave somewhat similar to the unpaid federal Family and Medical Leave Act, to become effective for all employees as of January 1, 2018. In both California and New York the paid family leave is funded through employee payroll deductions and pays at a level somewhat similar to unemployment benefits.

In addition to the paid time off for qualifying circumstances, the laws also obligate the employer to provide

employees utilizing the leave mandatory reinstatement to their job upon return and continued health insurance coverage during the leave. In the case of the new Arizona sick leave law, if any adverse action is taken against an employee after requesting or taking such leave, it will be considered presumptively retaliatory. If utilized by employees to their full extent, the operational consequences of these mandated benefits could be dramatic for some employers.

AN OUT-OF-NORM TREND

These actions to mandate increased minimum wages and/or additional fringe benefits through state or local governmental action are part of a rapidly growing trend of workplace regulation through means other than federal legislative or agency action that has been the norm for American business for decades. It requires a new approach on the part of employers and their representative associations. Active engagement with state and local officials, state legislatures, city councils and local business groups will be even more important than the national lobbying and political action efforts that have historically represented employers. Being aware and actively involved in addressing local initiatives or legislation should become a priority.

And we cannot say that such regulation is totally new. Some states, such as California, New York, and others have long had significant employer obligations in the area of work hours, overtime and employee work breaks.

In fact, litigation of wage and hour claims under the highly technical California wage orders has virtually clogged that state's court dockets. With statutes of limitations extending back as far as four years, these types of claims are quite attractive to plaintiffs' lawyers and many of these cases, most of them class actions, have resulted in millions of dollars in liability.

WHAT EMPLOYERS CAN DO

What these developments mean for the average employer is that if they are to protect themselves against potential claims, they must not only be politically engaged, but must stay abreast of rules issued by every legal jurisdiction that exercises authority over them.

Political action to make your views known may now be a necessity. Since this trend of more local rules is not likely to be reversed, it would also be prudent to designate someone, in your organization, such as Human Resources or a manager who is responsible for personnel matters, to closely monitor all local and state workplace regulations as well as any proposed legislation. In addition, review all current workplace policies to assure that you stay in compliance with these evolving laws.

Employers have always been aware, at least in general, of their federal obligations to their employees, and must obviously continue to do so. However, we are now dealing with a new dynamic of local regulation that will require even closer attention as it expands to even more aspects of the employment relationship. ■



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Creating a Culture of Innovation

THE WORD INNOVATION is thrown around a lot in our profession. Everyone wants ideas for doing things faster, easier, cheaper, or better. But rather than drive innovation from within the firm, they're trying to keep up with what others are doing – essentially ensuring that their firm remains a step or two behind the competition. The reality is that many firms are simply not built to innovate. They are too focused on satisfying existing clients, executing pre-determined processes, and hitting short-term growth targets. This would be acceptable in times when the rate of change is slow, and the risk of disruption is negligible. That is not the reality in our profession today. How then can firms create a culture of innovation to support ideas rather than stifle them?

- What types of work were delegated, outsourced, or automated?

Once people accept this growth as reality, they start to figure out what supports the future goal and what doesn't.

This 10x focus works better than more “realistic” goals. If you were to ask your team what it would take to double your firm's annual revenues, the focus would be on small tweaks and changes that would hopefully add up to progress. That mindset won't get your team thinking about the difference-making changes that result in real growth. Looking honestly at the necessary steps to make significant strides in your firm will give you a formal structure for the process.

FORMALIZE THE INNOVATION PROCESS

Accenture's 2015 US Innovation Survey took a look at what companies are doing in the area of innovation. Although 96% of executives said that the long-term success of their organization depends on the development of new ideas, 72% of companies allowed innovations to languish because they had no formalized process for such initiatives.

Some of the firms we work with have already addressed this disconnect by formalizing the innovation process and dedicating resources to it. One firm created a new “CIO” position – that of Chief Innovation Officer. The role isn't necessarily to innovate but to drive the culture of innovation and accelerate the process.

Researchers in the Innovation: Management, Policy & Practice study identified a five-step recipe for sustainable innovation programs:

- Idea generation and mobilization – providing employees with time and resources to innovate

- Advocacy and screening – evaluating an idea and measuring its potential benefits and problems
- Experimentation – testing an idea, not on its merits, but on its suitability for the firm at this particular time.
- Commercialization – creating market value for an idea by focusing on its potential impact
- Diffusion and implementation – company-wide acceptance of the idea and setting up everything needed to utilize or produce the innovation.

EMBRACE FAILURE

Accountants like certainty, but innovation by its very nature is inherently uncertain. Avoiding failure is simply not possible in a culture of innovation. As Tesla and Paypal founder Elon Musk says, “If things are not failing, you are not innovating enough.”

Many organizations that want to encourage innovation set up a reward system based on outcomes (successes). But we should instead focus on rewarding learning behaviors. Rather than rewarding only successes, celebrate and reward idea generation and the ability to detect failure early and deal with it (correct it or kill it). These behaviors are the true drivers of a culture of innovation.

Firm leaders need to recognize that a culture of innovation does not happen by accident. Innovation culture is created daily by what we recognize and reward. Many claim innovation is a priority, but few excel at creating a culture where employees are truly empowered to generate and develop great ideas. ■



GET EVERYONE INVOLVED

Firm leaders must model innovative behavior, but they cannot be the sole drivers of innovation. Everyone in the firm must be a part of innovation and 10x thinking.

Dan Sullivan, the founder of Strategic Coach, pioneered the concept of 10x growth. It centers around the idea that it's actually easier to grow your business 10 times over than it is to double it. To do this, everyone needs to think about their thinking.

Try this exercise: simply propose that your firm is ten times its current size in annual revenues. Now start writing the history of that accomplishment backward.

- What were the biggest changes you had to make to get there?
- What new things are you doing now that you've reached 10x growth?

MARK YOUR CALENDAR:

- September 25-26: KickStart - Strategic Business Planning & Leadership Workshop, Denver, CO
- September 28-29: AICPA Digital Client Advisory Services Roadmap Workshop, Columbia MD
- October 3-4: B2SMB Summit, Chicago, IL
- October 5-6: AICPA Digital Client Advisory Services Roadmap Workshop, Chicago, IL
- October 16: C Corporations Form 1120 6-month extension returns due
- October 16: Individuals Form 1040, 1040A, 1040EZ 6-month extension returns due
- October 16: National Clean Your Virtual Desktop Day
- October 16-18: AICPA CGMA Exam Live Review Course, Beaverton, OR
- October 19: National Evaluate Your Life Day

YOUR TO DO LIST:

- **Learn something new:** Webinar: 5 Reasons Why Every High Growth Company Stumbles with Sales Tax - Presented by Shane Ratigan, Avalara <https://www.avalara.com/learn/videos/5-reasons-every-high-growth-company-stumbles-sales-tax/>
- **Support a Worthy Cause:** Hurricane relief funds at Global Giving <https://www.globalgiving.org/>
- **Take care of yourself:** Youiverse: Workout Tips to Try at Work <https://www.youfit.com/blog/four-amazing-office-workout-tips-to-try-at-work/>

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