

Cryptocurrency Donations: What Nonprofits Need to Know



**The Georgia Society
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November/December 2019 | Volume IX, Issue 6



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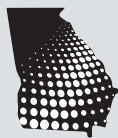
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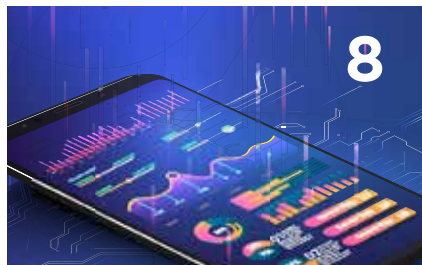
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The Blink of an Eye

Boyd Search, CAE



Well, here we are; the last 60 days of 2019. To already be at the point of year-end reflection boggles the mind. I feel as if we were kicking off 2019 and looking forward to the year ahead only a few weeks ago, and in a blink, we're at the end.

But, the year isn't over yet, and we have a lot more to accomplish before we bid adieu to this year and welcome in 2020.

I always look forward to this time of year with the holidays and the cooler weather – although as I write this message, it's still ridiculously hot. The gathering of friends and family over meals lovingly prepared, and time to reconnect is invaluable. It's easy to get bogged down in the daily routine, letting stress build, especially during the holiday and year-end season. My hope for all of you is that stress levels do not build, but ease as the end of the year draws to a close.

To help you, GSCPA provides many resources for you to accomplish your professional tasks and goals. In case you were not aware, it is a reporting year, which means you need to have your 80 hours of CPE completed by December 31. Never fear – GSCPA has hundreds of events from seminars to conferences and self-study at your disposal to assist you with completing those hours, stress-free. Visit our website, www.gscpa.org, to access

events in multiple subjects. Are you looking for year-end charitable contribution ideas for yourself or your clients? I highly recommend donating to our Educational Foundation, which provides scholarships and support to future CPAs.

This year has been busy and productive for GSCPA. We strengthened our bonds with legislative contacts, positioning ourselves as a trusted tax resource for them to turn to with questions about tax implications of bills they are reviewing. And while acting as the single source of unified advocacy for the profession is one of the most important things we do, creating a broader community impact has become a hallmark of GSCPA membership.

Launched in 2014, The Georgia Accounting Food Fight has brought the CPA profession together to help nourish our fellow Georgians. By working directly with the Georgia Food Bank Association and its eight regional food banks, we assure that every dollar raised stays local. We continue to break food and fundraising goals year after year, with aggregate totals of 58,499 pounds of food and over \$807,000 raised in just six years. In 2019 alone we had over 6,000 members participate. The things this profession can accomplish together continue to astound me.

Regardless of the challenges you face with closing out the year, GSCPA is here for you. Reach out, and let us know how we can help you have a successful end to 2019. Above all else, slow down, be thankful and be at peace this season.





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Membership Engagement

James Freeman, CPA



*“Alone, we can do so little;
together, we can do so much.”
– Helen Keller*

We look recently in the rearview mirror at the close of the 2018 tax filings and the record late summer heat we had well into October. My

previous communication indicated that we were to have been in the crisp autumn weather earlier than expected, boy did I miss the mark on that – we had to wait a little longer for sweater weather. In any case, this is one of my favorite times of the year, and definitely my children’s favorite time – the opening stretch of the holiday season and redecorating the house every four weeks or so is both uplifting and provides a welcome sense of routine and life just slightly slowing down. Most of us turn toward year-end planning for our clients and our businesses and planning for the 2020 calendar year around the corner.

As we all perform these mental and financial exercises, I would be amiss not to discuss membership engagement. Like joining a new gym and committing to a new diet and workout routine the first week of January as a New Year’s resolution, we know that engaging with one another as members of GSCPA is both healthy and productive, yet we often find ourselves overcommitted to various other activities, so like the gym and the diet, it becomes a difficult resolution to overcome for any length of time. Remember, if you do something for six weeks, then it becomes a habit – even the good stuff!

In that vein, I want to extend a warm invitation to join your fellow members and me from across Georgia at the CPA Day event at the capitol. This event is on Wednesday, January 29, 2020, starting with an early morning breakfast and a host of great speakers and state legislators, who are sure to be in full form with elections later in the year. A group photo at the capital building and visits with state legislators will follow breakfast. The event has become a grassroots effort by our profession here in Georgia to have conversations with those who are making and amending our laws and continues to be an opportunity for us to be a go-to resource. We saw evidence of our efforts in last year’s vetting of various proposed bills during the legislative session and many legislators reaching out to us first to understand the potential impacts of those bills from a tax perspective. Please plan to attend and join me in continuing to strengthen the bonds we have one another and with our representatives. Strength and unity in numbers is a powerful element for a successful day at the capitol.

As we make our way to the doorstep of 2020, I encourage you to look for ways that you can help fellow CPAs and engage in meaningful, productive conversations. Whether this is at an upcoming chapter meeting, a special interest group meeting, various social functions, or other charitable volunteer functions, we find that through membership engagement we can grow personally and professionally, which ultimately benefits not only us and our clients but our profession as well. In all things you do and commit to doing, be engaged. Thank you, and I hope you have a great holiday season surrounded by friends and family.



Cryptocurrency Donations: What Nonprofits Need to Know



Only a few hundred nonprofit organizations, estimates say, are set up to accept Bitcoin and other digital assets. Now is the time for organizations to decide whether, and how, they'll start accepting such donations.

In 2018, a group called the "Pineapple Fund" gave \$56 million in Bitcoin to various charities as unrestricted contributions. These windfall gifts ranged from \$50,000 to \$5,000,000, as a result of a desire to give away the majority of a newly earned fortune in Bitcoin. These Bitcoin deposits were usually handled by outside agencies, which then transferred cash to the charity's bank account. One organization spent about a week setting up the mechanism to accept the donation and convert it to cash. According to one conservation group who received a donation, "This could be a new face of philanthropy." Many who have profited from their cryptocurrency investments are seeking ways to support charitable causes while taking advantage of any available tax deductions, and some, inspired by the Pineapple Fund, have given similar donations. With increased competition for decreased donations, should a nonprofit accept Bitcoin donations? The answer is an emphatic, "it depends." Here are some cautions and important safeguards to consider.

Risks of Nonacceptance

While an increasing number of organizations are accepting cryptocurrency donations, including the United Way and the Red Cross, it is not a widely accepted practice. As such, organizations could be missing a differentiator to appeal to new and younger tech-savvy (and sometimes newly wealthy) donors. As a differentiator, it should not take the place of mission-specific stories, outreach and other methods that have been successful in the past, as it is not intended to replace

current funding streams. However, adding this option for donors will increase the organization's reach and its reputation of being on the leading edge of knowledge and technology.

There could be a missed potential opportunity to recognize quick, large profits from Bitcoin increases after receipt. According to calculations by Investopedia, a \$100 investment in Bitcoin on January 2, 2011, was worth \$6,594,267 as of December 17, 2017 but was down to \$1,295,653 as of February 21, 2019. Also, selling Bitcoin at a gain does not generate unrelated business income taxes, as the IRS currently treats Bitcoin as property.

Organizations could be missing a low-cost option for donors to make donations. The overhead costs to accept cryptocurrency can be lower than with credit cards and international money transfer fees.

Risks of Acceptance

Cryptocurrency is highly volatile, often fluctuating wildly in short periods and also over longer periods, as noted above. In the past few months, Bitcoin reflected returns ranging from negative 24.07 percent to a positive 10.69 percent (source; Markets Insider). Many are confident that cryptocurrency is here to stay, but at present, it seems that as many believe that Bitcoin's volatility is one of several indicators that the cryptocurrency is another "bubble" waiting to burst.

There have been widely publicized reports of asset losses at exchanges. Once a Bitcoin is lost, it is not recoverable, and unlike deposits held at a bank, they are not insured against loss by the government. Any central authority or sovereign government does not control Bitcoin.

Cryptocurrency, continued on page 10

Bitcoin does not have legal tender status anywhere in the United States and is not considered publicly-traded security. As Bitcoin is unregulated, changes in laws or regulations could significantly impact its value and liquidity. There are also tax and financial accounting and reporting uncertainties. The IRS is playing catch up on a variety of unanswered questions, and this summer issued letters to 10,000 cryptocurrency holders asking them to “assert that they’ve paid all the taxes on their cryptocurrency gains, or to contact the IRS about making it right.” (Barron’s, 7/29/19).

Steps Nonprofits Must Take to Reduce Risks

Taking these risks into account, should a nonprofit decide to accept Bitcoin or cryptocurrency donations, there are some important considerations. As an advisor to a nonprofit considering cryptocurrency donation, there should be some urgency in reviewing and helping establish internal controls over the acceptance of cryptocurrency. Developing effective internal controls surrounding the acceptance of Bitcoin or cryptocurrency may help to ensure that the risks previously identified are mitigated to an acceptable level. To do this effectively, the organization should first determine the following:

- the timeframe for converting the cryptocurrency to cash,
- the method for processing the donations and converting the cryptocurrency donations to cash, including the accounting procedures required to record the donation and the conversion to cash,
- the need for changes to the current gift acceptance and investment policies and
- the need for additional training.

These items may be documented thoroughly within the current gift acceptance and investment policy or a new policy specifically for cryptocurrency donations. Once this information has been

determined and documented, the organization’s management and accounting teams can develop effective internal controls.

Some common internal control considerations that would protect the organization and the value of the assets received through cryptocurrency or Bitcoin donations include the following:

- Implementing controls that dictate the types of cryptocurrency to be accepted. With various types of cryptocurrency currently in use, it is important to determine the types that are easily accepted and converted to cash.
- Implementing controls to convert cryptocurrency to cash in a short time frame, typically within one business day, to mitigate the risk of losses on conversion of the donation. Cryptocurrency’s volatility creates a strong argument for organizations to convert cryptocurrency donations to cash immediately. It is common for organizations to partner with a third-party processor to accomplish this conversion.
- Implementing controls to authorize the conversion from cryptocurrency to cash and recording the cash receipts within the financial reporting software.
- Implementing controls to reconcile the cryptocurrency donations received to the cash received from the conversion and recording within the financial reporting software.
- Implementing controls to ensure that employees of the organization are familiar with the policies and procedures over the acceptance of cryptocurrency.

According to the 2019 AICPA Audit Risk Alert for Not-for-Profit Entities, the next step is to revisit any internal control policies and procedures that address valuation and monitoring



as well as processing cryptocurrency. Consider the following items:

- The type of wallet in which to hold the cryptocurrency, including the systems that allow acceptance through the organization's website.
- The user access rights to the cryptocurrency wallet or software and third-party processor systems, while keeping segregation of duties in mind.
- The valuation technique used to value the cryptocurrency at each reporting period.

An organization also needs to consider how to reflect the asset within the statement of financial position and the related

footnotes. Accordingly, the organization should review and update any significant accounting policies and valuation technique disclosures as well as the classification within the fair value measurement table (if not treated as an intangible asset).

To implement cryptocurrency options for donors, legal, tax and accounting advice coupled with access to experienced third-party processors are critical. The risks outweigh the benefits of accepting cryptocurrency if internal controls and policies and procedures are not implemented.



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Updates on Georgia State Tax Credits: What You Need to Know

Nick Rider, CPA

Over the years, the state of Georgia has created numerous State Tax Credits that have had the primary objective of encouraging economic development and new business investments.

Georgia currently has over fifty credits with objectives such as encouraging research and development, new job creation, small business investment and preventing double taxation for Georgia residents. According to the most recent data from a 2016 Income Tax Credit Utilization Report, the most popular credits were the other state taxes credit, film tax credit, research tax credit, employer's job tax credit, and the bank tax credit. These credits accounted for \$705,426,426 of credits utilized in 2016; this report defines credit utilization as "the dollar amount offset against tax liability, not the amount of tax credits generated or created in a year."

The credits available to Georgia taxpayers fall into three primary groups or types – pass-through credits, transferable credits, and what we'll call local stimulation credits. Pass-

through credits are what we will look at in more detail shortly. Transferable credits are credits that may be sold or transferred from one taxpayer to another. In some cases, these credits may only be sold one time and are therefore sold through credit brokers who facilitate the transfer between the original owner and several individual buyers in one transaction. The film tax credit and the historic rehabilitation credit are two examples of transferrable credits. The final types of credit are the local stimulation credits such as the Georgia education expense tax credit, GA GOAL program and the Georgia rural hospital credit.

The credits I'd like to focus on are pass-through credits, which may be assigned to the pass-through owners of the entity which created the credits. The most popular examples of these credits would be the research tax credit and the employer's job tax credit. The research tax credit is allowed for having research expenses for research conducted within Georgia for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, broadcasting or research and development industries. To take the credit the entity must have claimed and is allowed a research credit under Section 41 of the Internal Revenue Code of 1986. The employer's job tax credit allows a credit of up to \$3,500 for adding jobs for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism or research and development industries, but does not include retail business. The amount of credit is dependent on the location of the new



job as well as the number of new jobs created. Less developed areas in the state allow for a larger credit while requiring fewer jobs be added, while more developed areas of the state offer a smaller credit amount and require a larger number of additional jobs to qualify.

Each of the credits discussed above, and others like them, could be used to offset the tax liability of the entity that created the credit or assigned to the entity's owners, in the event the entity which creates the credit is a pass-through entity such as a partnership or S-Corporation. The tax liability reduction due to credit utilization may be limited based on the type of credit used. Generally speaking, most credits can be used in conjunction with other credits to offset a Georgia taxpayer's income tax liability fully. However, when using the research tax credit, a taxpayer may only reduce their income tax liability to 50 percent after all other credits have been used. The usage of these credits varies depending on how the credit is created.

While encouraging economic development, the creation of so many credits in a relatively short amount of time has created issues processing credits at the Georgia Department of Revenue. In recent discussions with the Department of Revenue, one of the major issues discovered is the multiple ways in which the Department sees the claiming of credits on tax returns. These claims have become a significant issue when looking at credits assigned to the owners of pass-through

entities such as partnerships and S-Corporations. When an individual receives a credit from a pass-through entity the credit must show a clear path from creation to final utilization. For example, when an S-Corporation creates a credit, the credit will be reported on Georgia Form 600S, Schedule 10. This schedule will show the details of the credit type, the dollar amount of credit, and then will show the amount of credit either used at the entity level or assigned to the owners. In cases where the credits are assigned to the shareholders, the assignment will be reported on Georgia Form 600S, Schedule 12. The shareholder will then report the credit on their GA Form 500, Schedule 2, showing the entity that created the credit and dollar amount assigned to them personally. When filing Georgia income tax returns, businesses, trusts, and individuals must report each level of creation and assignment of credits until the credits are used. In cases where a credit passes through a second level before getting to the individual taxpayer, for instance created in an S-Corporation, assigned to a trust, and then assigned to an individual, the individual must report the credit as coming from the trust, not the S-Corporation which created the credit. Each level of credit assignment must be reported for the Department of Revenue to process tax returns correctly. We recommend speaking with your clients about their opportunities to take advantage of the Georgia state tax credits; the long-term benefits can be rewarding for both practitioners and clients alike.



Risk Assessment: Practical Approach to Implementation

Chris Rouse, CPA

Background

Risk assessment in audits is not new. From the beginning, auditors have assessed the risk of misstatements in financial statements and designed audit procedures to have reasonable assurance of detecting material misstatements. However, because of some current user concerns about the quality of audits, there is a renewed emphasis on effective risk assessment.

Over-Arching Principles

The key to risk assessment is to focus on relevant assertions for significant accounts, transactions and disclosures. The assertions for each of the areas are:

Balance Sheet

- Existence
- Completeness
- Valuation
- Rights and obligations

Income and Cash Flow

- Occurrence
- Completeness
- Accuracy
- Cutoff
- Classification

Disclosures

- Occurrence
- Rights and obligations
- Completeness
- Understandability
- Accuracy

A “relevant assertion” is one that has a reasonable possibility of having a material misstatement, e.g., inventory valuation or revenue cutoff. Not all assertions may be relevant for an account – valuation may not be relevant for cash in U.S. banks, but might be for cash in foreign banks. Completeness for cash may be less relevant than completeness for accounts payable. Because “significant” is in the eye of the user, audit materiality would be specifically relevant in determining significant accounts.

The relevant assertions for significant accounts are assessed for their risk of material misstatement (RMM), which is the combination of inherent and control risk. While the Standards only require identification of RMM, the practice aids separately assess inherent and control risk as either high, moderate or low. The practice aids have a table that does the math – use it. The overall RMM for each account assertion determines the nature, timing and extent of audit procedures – more work for high RMM and less work for low RMM. That’s the bottom line of risk assessment.

Practical Application

The most experienced team members should do the risk assessment, and they should have a sound understanding of the entity, including how it operates, the nature of its transactions, its assets and liabilities, its product/service, customers and suppliers and all other aspects of the entity. A good practice is for the entire engagement team, led by the partner, to work through the risk assessment workpaper during the planning meeting and tailor the audit program to test the identified risks of misstatements. If the practice aids don’t consider all significant accounts of the entity, add them. The Standards also require risk assessment of “significant risks,” which relate to nonroutine transactions. Add them to your practice aid too.

Inherent risk is the risk of misstatement without regard to controls and relates to the frequency, complexity, estimates, uncertainties and other internal and external matters for the account/transaction/disclosure. I frequently see inherent risk being assessed the same for every assertion for an account – that is not realistic and is a red flag for peer reviewers that risk assessment was not done in accordance with the Standards. Consider inventory that is purchased and put on the shelf compared to inventory that takes three months to manufacture. Valuation risk is very different in those two situations and should have very different audit procedures to test the valuation assertion.

Control risk is the risk of material misstatement due to ineffective internal controls. Control risk cannot be assessed below high unless the effectiveness of controls has been tested. Many auditors of non-public entities elect not to test controls because the reduction in scope of tests does not justify the time it takes to test controls, so control risk is high for all assertions, which means RMM cannot be less than moderate even if inherent risk is low. In cases where controls are tested, they can only be used to lower risk assessment for the assertion that the control relates to, e.g., existence, accuracy, etc.

The assessed risk of material misstatement (RMM) is then used to design the audit program. Some practice aids offer one canned program without regard to specific risks assessed. Some have two programs available – basic and extended. Using these canned programs is another red flag to peer reviewers that risk assessment was not done in accordance with the Standards. Such programs are designed to test every assertion at high inherent risk and high control risk, whereas the auditor may have determined that RMM was below high for many account assertions.

Some practice aids offer software that can produce programs specific to assessed RMM for each account assertion. Using these programs results in a better relationship between risk assessment and the audit procedures used, but still poses issues. For example, the audit program step(s) for inventory valuation with an RMM of moderate is the same for the entity that purchases its inventory as for the entity that takes three months to manufacture it – not a realistic approach.

Practice aids all call for tailoring by the auditor to make the procedures specific to the entity. First, they do not vary the test based on the client. Inventory price testing is always the same regardless of the entity's processes. Second, they use the same audit tool every time. The practice aids programs are only the starting point, and it is up to the audit team to design appropriate audit tests. Auditors have several tools in their audit toolbox, including observation, confirmation, vouching, reperformance, recalculating, analytics and corroborated inquiry. Understanding how to use these tools in specific situations is key to an effective and efficient audit. "Bottom-up" audit programs aren't necessary, but the thought that goes into them is relevant to "top-down" programs.

Next Steps

Self-study in risk assessment can be obtained by using the Audit Guide, Assessing and Responding to Audit Risk in a Financial Statement Audit. You can obtain further resources from the AICPA via www.aicpa.org/eq/aicpa-risk-assessment-resources.html. But the most important next step is for those with final responsibility for the audit to step up their commitment to making an effective risk assessment and using that assessment to tailor the audit programs.



Chris Rouse, CPA is an audit director with Windham Brannon, LLC, and also serves as a technical reviewer for the GSCPA Peer Review Department. He is a frequent speaker on A&A topics, and an instructor of AICPA continuing education courses. He has received several GSCPA recognitions, including the Distinguished Member Award.

I-9s, Expired Forms and Fines, Document Retention and Best Practices

Barbara Kihumba

Immigration enforcement activities against employers have increased significantly under the Trump Administration. This activity is consistent with the Administration's

Buy American and Hire American executive order, which seeks to protect U.S. workers by rigorously enforcing immigration laws. As a result, worksite enforcement activities, including site visits, investigations and audits of businesses by Immigration and Customs Enforcement (ICE), have significantly increased.

Employers are required to verify the identity and employment eligibility of all employees hired in the United States by completing and retaining a Form I-9 Employment Eligibility Verification for each employee. Employers are also required by law to maintain for inspection original Form I-9s for all current employees. I-9s must be retained for up to three years from the employee's date of hire or for one year after employment ends, whichever is later.

The penalties for failing to comply with I-9 regulations vary depending on the type of violation. For "paper violations,"

which include failing to produce a Form I-9, or failing to check a box or to enter a date, the employer is subject to civil penalties ranging from \$230 to \$2,292 per violation.

For knowingly hiring or continuing to employ an individual who is not authorized to work in the United States, the fines range from \$575 to \$20,130 per violation. If there is a "pattern or practice" of violations, criminal penalties may also be imposed.

Ensuring complete compliance with I-9 regulations is essential in minimizing potential exposure. Some best practices for I-9 compliance include the following:

- Complete Form I-9 for all new hires: Employers must treat the proper completion of the Form I-9 as a serious matter. Failure to timely complete a Form I-9 is considered a



substantive violation that can subject an employer to civil penalties. All new hires must complete an I-9 no later than the first business day of employment, and they must present employment verification documents no later than the third day after beginning employment. A best practice would be to require submission of all documents by the first day of work. Employers must also ensure that current employees have completed Forms I-9 on file.

- Retain and store I-9 records separately: I-9 forms should be maintained separate from employee personnel files and stored securely onsite or electronically for ease of access to the records in case of a worksite visit by ICE. Responsibility for completing the Form I-9 and retaining the records should be assigned to designated personnel within the organization, and only the designated personnel should have access to the stored forms. As already noted, employers must retain Form I-9s for three years from the date of hire, or one year following the termination of employment, whichever is later.
- Re-verify I-9s: Employers should also remember to re-verify Form I-9s for employees with limited time authorizations. A good practice would be to put in place a system for alerting the employer about expiration dates on limited authorization documents.
- Conduct internal I-9 audits: Periodic internal audits of I-9 records ensure compliance by allowing employers to identify incomplete or missing I-9s and correct any omissions or discrepancies before a worksite visit or investigation. Employers may review all I-9s, or a sample of I-9s selected based on neutral and non-discriminatory criteria. If only a sample is audited, the sample should not be based on the citizenship status or national origin of the employees selected.
- Do not request specific documents for Form I-9: An employer must review the documents provided by the employee for employment verification and to determine whether the documents reasonably appear to be genuine. Employers should not request specific documents from employees if the presented documents are legally sufficient. A good practice would be to make the List of Acceptable Documents available to the employee when completing the I-9 and to let the employee decide on which documents to present for employment eligibility verification. Documents provided by the employee should be originals and unexpired. The employer representative or agent signing the I-9 must personally review the original documents and retain copies of the supporting documents with the I-9.



Barbara Kihumba is a senior counsel for Constangy, Brooks, Smith & Prophete, LLP. She practices primarily in the area of Business Immigration, where she represents corporations, research organizations and academic institutions in acquiring employment-based nonimmigrant visas and permanent residence for scientists, scholars, executives, managers and professionals.

Holiday Tech Gifts for Everyone On Your List

Calvin Wong, CISSP

The holiday season is here! Time to think about what to get friends and family in your life, whether they are at work, home or both.

Let's start with the trendiest new items that anyone can be happy to find in their stockings. Bose recently expanded its products into a new wearable device; now, along with the interesting personal space speaker that hung around your neck creating a bubble of surround sound for the wearer, Bose has come out with the **Bose Frames**, a pair of sunglasses with subtle speakers built into the frame. Also, if you are a fan of Alexa, many headphones from many brands, including Bose and Sony are branching out and including the digital assistants into them. For example, **Google Pixel Buds** has Google assistant built into it, while claiming they can even do real-time translations of over 40 different languages. For your traveling loved one, this might be a nice tool to have in their travel kit.

Step away from your desk a little too much? Come back to a cold cup of coffee? **Ember** has an assortment of mugs and travel mugs that will keep your coffee or tea warm at your desk or on the road. While we are on items of leisure, the **Kindle Paperwhite**, for the avid reader with its glare-free and waterproof design, they can read anywhere they want, even in direct sun. Are you shopping for someone who loves fitness? **Smart Yoga Mats** fold up by themselves while offering instructions via Bluetooth. How about a waterproof Bluetooth speaker for the days at the pool, the beach or even the shower. For more details on speakers, check out **JBL** and **Polk** audio for some solid options.

The usual culprits are back in the annually updated form:

Apple Watch 5 takes a step forward with functionality in an always-on screen, waterproof feature and improved cellular capability, and **iPhone 11 Pro** has a great new camera, dark mode and a better battery. On the Android side, the upcoming release of **Google Pixel 4** will offer a camera that will probably retain the top mobile phone camera ranking, among other improvements. Another Android phone turning heads is the **Samsung Galaxy Note 10+** with its redesigned stylus, extended battery life and large phablet screen. The **iPad Pro** is a very powerful tablet; it won't completely replace your need for a computer, but it's very good for what it is, especially with the new iPadOS.

This year the television market has reduced the prices of some great ones, including Samsung's **The Frame**, which is a nice 4K television, but when off, it changes into a decorative art piece for your home or office. Perhaps you want to add smart home capabilities. Choosing a system between Amazon Alexa, Google Home or Apple HomeKit, then choosing the communication points are your first steps. Amazon is churning out new devices right now; the **Echo** branded devices are far-reaching and with the acquisition of **Ring** last year they have built an extensive list of smart devices that fits most needs. For Google ecosystems, **Google Nest Hub Max** is very cool for video communication, a personalized google assistant based on facial recognition and a smart home hub. After that, **Home Minis** can supplement across the other areas for verbal commands to any smart devices. If video calling and ease of use are high on your priorities for the elderly, children or the



not so tech-savvy, **Facebook Portal** is an easy way to make video calling the preferred method of communication through Facebook accounts. Options include **Portal TV** by adding a camera microphone system to any television with an HDMI, **Portal**, **Portal Plus** and **Portal Mini** offer tabletop options.

Fun toys and gadgets include the **Oculus Quest** for a non-tethered VR experience – walk through a VR world without the need of a gaming computer or setup of external sensors; Apple users that don't have **AirPods** yet, would probably be thankful if gifted with these wireless earbuds. **Adidas PulseBoost HD Winterized running shoes** are AI-enhanced outsoles, which help you get a better grip while running in winter conditions, making these good for the year-round runner. The

ever-popular drone is a good choice for those looking to film aerials and to fly around for fun; consider **DJI** branded ones.

Are you upgrading someone's computer? Look at the **Surface Pro X**, **Pro 7** and **Lenovo Carbon Series**. These powerful computers weigh less and take up less space in the bag, as well. If you don't need something powerful, check out a **Lenovo Yoga Book** or consider a **Chromebook** from Acer or Asus if your needs are web surfing and minor app usage.

Now that your technology wish list is complete, keep an eye on sales throughout the holiday season, such as Black Friday and Cyber Monday, to maximize your budget.



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

Family Partnerships: The Next Generation

Albert Caproni, III, CPA

Before the estate tax exemption amounts increased dramatically and the tax law was changed to allow a surviving spouse to use any exemption that the first spouse did not use, estate taxes were a concern to a larger portion of our clients. A well-established technique for reducing estate tax exposure was the use of family limited partnerships. Gifts or sales of interests in the partnership allowed the older generation to shift value or appreciation in their assets on a tax-efficient basis.

In many cases, the partnership has now been in existence for years and the second (or third) generation has become partners. Often there are multiple generations owning partnership interests. Different generations are at different stages of life with different goals and concerns. While a parent (or uncle or aunt) may be thinking retirement and have accumulated enough assets that he or she does not need large lump sums, the middle

generation may need cash to pay for college for kids or buying a home. Similarly, wealthier family members may be able to absorb “phantom income” if the partnership is not distributing all its earnings while other family members may see that as a burden. These differing goals can lead to conflict among family members, potentially leading to unnecessary legal fees, disputes, and, in extreme cases, dissolution of partnerships.

Advisors of clients with existing partnerships should be familiar with the entities and the options for reducing the risk of conflict and unintended consequences. Partnerships are generally flexible vehicles from an income tax perspective. That flexibility can make it possible to redeem partners, in whole or in part. Alternatively, one or more partners can be “spun off” into separate entities. These techniques can allow partners with different goals to eliminate the “yoke” of the partnership tying them together.

A partnership agreement is key to take advantage of the flexibility that the tax law can offer. Often, the existing partnership agreement was written when the elder, wealthy generation created the partnership and has not been revisited since. The original partnership agreement was likely written to keep control in the senior generation and did not contemplate (or prohibited) partners turning their partnership interests into cash, nor did it anticipate separating the partnership into multiple entities.



Clients seeking to address these concerns should work with qualified advisors to identify the different objectives that family members have or may have. Partnership agreements can be amended, or replaced with new agreements that allow for more flexibility. For example, the partnership can grant partners a right to force the partnership to buy out part (or all) of the partner's interest. Depending on the nature of the partnership's assets and liquidity, such an option may allow for cash at closing or a deferred payment option.

Similarly, amending the partnership agreement can address management issues. Succession planning for the management of the partnership is often not addressed, or the facts have moved past the document. For example, Mother created the partnership and was the original general partner. She has since passed away, and the successor general partner has taken over. But, if years have passed and the successor general partner passes away or is no longer able to act in that role, who takes on the management role, and how do the partners decide who that person is?

Another potential landmine in older partnership agreements is a fixed termination date or a provision that forces liquidation of the partnership upon the death of the general partner, absent unanimous approval of the partners. If the partners are in different life stages when that happens, how likely is it to achieve unanimous approval to continue the partnership? Amending the partnership agreement before those events occur can avoid an untimely dissolution of the partnership.

Additional potential issues that can and should be addressed when reviewing a partnership agreement include an analysis of

the general partner's liability exposure. If the partnership owns assets that have potential liability associated with them, such as real estate or an active business with liabilities, the general partner of a limited partnership is personally exposed to those partnership liabilities. Options to eliminate that exposure range from converting a limited partnership (an LP) to a limited liability limited partnership (an LLLP) or a limited liability company (an LLC) to creating a corporation or LLC to be the general partner. Address management issues at the same time as reducing liability exposure.

In some cases, the dissolution of a partnership may be appropriate. If the mix of assets is such that different partners can address their personal goals by going in different directions, a partnership can often be liquidated on a tax-free basis. All of the assets do not have to be distributed in equal fractional shares. Planning with qualified tax professionals can allow the partners to identify the tax results of different distribution patterns. A liquidating distribution of assets in kind, a sale of all the partnership assets and distribution of the cash, or a mix of distributions in kind and sales by the partnership may produce the best result.

The lesson – if your client or your family has a family partnership, there are options to create more flexibility for the family as the years go on. Planning now can make that flexibility an asset, reduce the potential for family conflict and allow the partnership to further the original goals of the founding generation.



Albert Caproni, III, CPA is a partner in the law firm of Cohen & Caproni, LLC. As an attorney and CPA, Mr. Caproni advises closely-held businesses and their owners on income and estate tax planning, business agreements and succession planning. Mr. Caproni is a past chair of the Atlanta Bar Association Estate Planning and Probate Section and serves on the Financial and Estate Planning Advisory Council of The Georgia Society of CPAs.

New AICPA Standards for Forensic Services: What You Need to Know

Karen Fortune, CPA/CFF, CGMA, MAcc

The Forensic and Valuation Services Executive Committee of the AICPA has released the long-awaited Statement on Standards for Forensic Services No. 1 (“SSFS 1”), which is effective for engagements accepted on or after January 1, 2020, though an early application is permissible. SSFS 1 applies to any member providing “forensic services” for a client and is defined as:

Litigation. An actual or potential legal or regulatory proceeding before a trier of fact or a regulatory body as an expert witness, consultant, neutral, mediator, or arbitrator in connection with the resolution of disputes between parties. The term litigation as used [within SSFS 1] is not limited to formal litigation but is inclusive of disputes and all forms of alternative dispute resolution.

Investigation. A matter conducted in response to specific concerns of wrongdoing in which the member is engaged to perform procedures to collect, analyze, evaluate, or interpret certain evidential matter to assist the stakeholders (for example, client, board of directors, independent auditor, or regulator) in reaching a conclusion on the merits of the concerns.

The **Standards for Forensic Services** include the following:

A. General Standards, contained in the “General Standards Rule” and which apply to all services performed by a member include the following:

- Professional competence.
- Due professional care.
- Planning and supervision.
- Sufficient relevant data.

B. Additional Standards

Members must also adhere to the following standards:

- A member performing forensic services should not subordinate his or her opinion to that of any other party.

- Client interest. Serve the client's interest by seeking to accomplish the objectives established by the understanding with the client while maintaining integrity and objectivity.

o Integrity. “Integrity requires a member to be, among other things, honest and candid within the constraints of client confidentiality. Service and public trust should not be subordinated to personal gain and advantage. Integrity can accommodate the inadvertent error and the honest difference of opinion; it cannot accommodate deceit or subordination of principle.”

o Objectivity. “Objectivity is a state of mind, a quality that lends value to a member's services. It is a distinguishing feature of the profession. The principle of objectivity imposes the obligation to be impartial, intellectually honest, and free of conflicts of interest.”

- Understanding with the client. Establish this understanding with the client in writing or orally.
- Communication with the client. Inform the client of conflicts of interest, significant reservations and significant findings or events.

- A member engaged as an expert witness in a litigation engagement may not provide opinions pursuant to a contingent fee arrangement unless explicitly allowed otherwise under the “Contingent Fees Rule.”
- A trier of fact determines the ultimate decision regarding the occurrence of fraud; therefore, a member performing forensic services is prohibited from opining regarding the conclusion of fraud.

Impact on Members Performing Forensic Services

Until the issuance of SSFS 1, many members performed forensic services under the Statement on Standards for Consulting Services No. 1 (“SSCS 1”). Many of the standards are the same; however, SSFS 1 consolidates the standards, previously found within SSCS 1 and other AICPA Code of Professional Conduct sections.

SSFS 1 clarifies and calls attention to certain pre-existing, yet sometimes overlooked standards, including the following:

- SSFS 1, in clarifying integrity and objectivity, states, “A member performing forensic services should not subordinate his or her opinion to that of any other party.” This requirement applies to, among others, the client and attorney for whom the member is working. This requirement is one that can be the subject of much scrutiny. Members who offer expert opinions should not blindly accept a position or view provided by either the client or attorney. On occasion, experts are provided with work products from clients or assumptions from attorneys in the course of an engagement. To avoid subordinating one’s opinion, a member should consider the reasonableness of such data or assumptions.

- SSFS 1 states explicitly that a member may not provide opinions in a matter under a contingent fee arrangement. If a professional had the opportunity to financially benefit from his or her work as an expert, beyond standard billing rates, his or her objectivity could be called into question, and he or she may have a conflict of interest. Adherence to this standard would protect the member or his or her firm from the obvious question of motivation if compensation were to change with the results of the investigation or litigation.
- SSFS 1 states that the determination of fraud is a legal conclusion, and thus, a member should not opine that fraud has occurred. The standard does, however, state that a member may provide an opinion on “whether evidence is consistent with certain elements of fraud.” For example, a forensic practitioner may observe red flags or evidence that strongly indicates that fraud has occurred, such as transfers of corporate funds to personal accounts with no evidence of authorization or business purpose. The professional may state these facts, but prohibits concluding that the act is, in fact, fraud.

The welcome news is that the issuance of SSFS 1 does not change the standards that should be followed by virtually all members performing forensic services. It merely codifies, in one place, the various standards that members should have observed before this issuance. The non-authoritative AICPA practice aids for various forensic, valuation and litigation services continue to serve as guidance for such engagements.

Karen Fortune, CPA/CFF, CGMA, MAcc (karen@iagforensics.com) is a partner in IAG Forensics and Valuation’s commercial litigation practice. She focuses primarily on matters involving complex commercial damages, corporate internal investigations, funds tracing, accounting malpractice, fraud and alter ego analyses.

GSCPA Member Award Nominations

Each year, The Georgia Society of CPAs bestows three prestigious awards to members who have distinguished themselves in various ways.

The Outstanding Member in Industry Award recognizes a member in industry who has made significant professional and civic contributions, reflecting the values and ideals to which CPAs in this practice area should aspire.



Patrick Hill, CPA is the recipient of the **2019 Outstanding Member in Industry Award**. Patrick is an accounting supervisor at The Home Depot in Cash & Receivables under the corporate controller and tax team. Patrick began his career in public accounting at Cherry Bekaert, specializing in audit and assurance services.

He's been an active member of GSCPA since becoming a student member while at UGA. Leadership positions with GSCPA include a term on the Leadership Council, the Young CPAs Advisory Council, College Outreach Task Force and several conference task forces through the years.

Patrick is also a stage actor, so you might be able to catch him in a play or musical around metro Atlanta. He currently lives in Sandy Springs and enjoys traveling, theater, board games and spending time with his friends and family.

The Public Service Award recognizes a member who has distinguished himself or herself in public service activities at the local, state, regional or national level. We consider a broad range of public service activities when selecting the recipient of this award. We do not consider professional services related to accounting organizations when determining the award winner. This year, GSCPA presented the **2019 Public Service Award** jointly to **Rick Bennett, CPA and Ken Thrasher, CPA**. Co-founding partners of Bennett Thrasher, Rick and Ken are dedicated and active members of GSCPA who regularly give back to their community.

Rick is a past president of DFK USA, one of the world's largest associations of professional accounting firms and business advisors. He serves on the Shepherd Center Advisory Board, the Kennesaw State University Founders Board and the Autonomous Fusion Board. He also teaches an MBA accounting class at Kennesaw State University.

Ken is a past president of the Lovett Lionbackers and Buckhead Baseball, Inc. and served as a volunteer coach for Buckhead Baseball and Northside Youth Organization from 1987-2001. He is also a past president and chairman of The Southern Federal Tax Institute and serves on its Advisory Board of Trustees. He is a member of the Board of Directors of Leadership Ministries, Inc. and the Leadership Ministries Foundation, and serves on the Board of Langham Partnership USA and Habitat for Humanity Atlanta Advisory Board.

The highest-level award bestowed by GSCPA is the **Meritorious Service Award**. This honor recognizes outstanding service to the profession, either as an overall body of work or in the form of a single significant accomplishment that came to fruition for one year. **Paula Mooney, CPA** is the esteemed recipient of the **2019 Meritorious Service Award**. Paula reflected after receiving the award, "It is hard to put into words the roller coaster of emotions surrounding being named the 2019 Meritorious Service Award Recipient. I was so honored and humbled at the same time when I realized I was joining a distinguished group of past recipients, many of whom served as my role models. My biological and GSCPA families have always encouraged and supported me, which motivated me to give back to the Society and our profession. I am so grateful for the award and know that over the years I have received much more than I have given."

The deadline for receipt of nominations for the 2019 GSCPA member awards is **December 31, 2019**. For more information on nominating a member for any of GSCPA's awards, please visit www.gscpa.org/content/Membership/Awards.aspx.

2020 CPA Day at the Gold Dome

January 29, 2020
Atlanta, Georgia



Join GSCPA for a unique opportunity to develop key relationships within the state house that can potentially benefit the profession this year and in the years ahead.

Location: The Freight Room, 65 Martin Luther King, Jr. Drive SE, Atlanta, Georgia 30334

Register Online: <http://bitly.com/CPADay2020>

- FOR MORE INFORMATION -

Please contact Don Cook at dcook@gscpa.org or 404-504-2935. | Event Code: 012920

Member News

PROMOTIONS & NEW POSITIONS

Mauldin & Jenkins, LLC, is proud to announce the appointment of the following new firm partners, effective September 1.

Kristen Lord, CPA, in the Atlanta office

Jon Schultz, CPA, in the Atlanta office

Trey Scott, CPA, in the Savannah office

The University of Georgia announces that **Jennifer Chapman, CPA**, who is a senior lecturer in accounting and director of the MAcc Program, has been named Terry's director of international business programs. She will be responsible for overseeing all aspects of UGA's international programs and will also continue her roles within the Tull School.

AWARDS & HONORS

Heidi LaMarca, CPA, of **Windham Brannon**, and **Seth McDaniel, CPA**, of **Frazier & Deeter** are two of *Accounting Today's* Managing Partner Elite.

FIRM NEWS

MendenFreiman LLP announces the expansion of the firm with the addition of an established tax controversy and planning practice, specializing in resolving disputes before the Internal Revenue Service, Georgia Department of Revenue, and various state revenue agencies for individuals, businesses, estates and trusts.

Windham Brannon announces a dedicated services division for its business valuation offering.

IN MEMORIAM

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

Jack H. Burke, Donalsonville, Ga.

Judy B. Francis, Marietta, Ga.

G R. Murphy, Augusta, Ga.

Think of the Educational Foundation for Year-End Giving

Give back to deserving students in 2019

by donating to The Educational Foundation.



This is a perfect time for year-end tax-deductible contributions. The Foundation accepts donations throughout the year to help fund scholarships and programs. **To contribute to The Educational Foundation, please complete the donation form at foundation.gscpa.org.**

GSCPA Helps You Keep Track of Your Continuing Education

The Georgia Society of CPAs is committed to your education. We understand the importance of detailed records when it comes to tracking your CPE. GSCPA's CPE Transcript is free to members and registrants of CPE programs.

Login to your account to access these free transcript features:

- Automatically tracks live courses (seminars, conferences)
- Automatically tracks live stream courses
- Tracks on-demand courses
- Tracks self-study courses
- Allows user the ability to import other course
- Mapped to Georgia State Board of Accountancy fields of study
- Access anytime
- Filter events by years to view recent activity

Events are visible on your transcript within 72 hours of course completion, which includes self-study, seminars, conferences, live streams.

To see your transcript, log in to www.gscpa.org. Under the My GSCPA tab select My CPE Transcript.

CPA Referral Service: Free Member Benefit for Your Firm

As part of our commitment to helping our members grow their bottom line while ensuring that Georgia citizens and businesses have access to useful information about CPA firms in their area, GSCPA proudly offers the CPA Referral Service. The Referral Service is an online database for use by individuals and businesses who are seeking the services of a CPA. Through this database, potential clients can search for firms by geographic location, services offered, and industries served. Once we enter the criteria, the database quickly identifies matching firms.

Having your firm listed in the CPA Referral Service is a benefit of your membership. We want to be sure your firm is included and providing the most up-to-date and accurate information. Also, having this information about your firm will help us deliver the right mix of benefits to our members and allow us to be a more effective advocate for the profession in Georgia.

To participate in the Referral Service online database, visit **<http://bit.ly/ReferralServiceRegistration>**, and complete the online registration form. A Referral Service brochure was recently mailed to member firms and included the registration form. To take advantage of this valuable service, please complete and return the form to us by **December 13, 2019**. Whether it's helping you obtain new clients or assisting you in your next great hire, GSCPA is committed to your success.

If you need another copy of the registration form, or if you have any questions, please contact Missy Ureda, manager, member relations, at mureda@gscpa.org.

The Society encourages you to take the opportunity to list your firm for FREE using this great service.

EXPRESSION OF INTEREST

Do you have a desire to serve GSCPA at the state level? The Society is currently looking for volunteers who have an interest in possibly serving on the Board of Directors and/or Leadership Council beginning in the 2020-2021 year.

QUALIFICATIONS TO SERVE:

- Must be a fellow member in good standing of the Society to serve in a leadership position.
- Board officers must have served on the Board in one of the three immediately preceding years.
- The Board chair must serve as chair-elect during the preceding year.

If you would like to serve in any of these positions, please visit the Volunteer Opportunities area of GSCPA's website at <http://bit.ly/BoardVolunteers> and complete the Expression of Interest form, which can also be found here: <http://bitly.com/ExpressionInterest19>.

Questions? Contact Missy Ureda at 404-504-2956 or mureda@gscpa.org.

The deadline for submission is December 2, 2019.



DON FARMER'S TAX SEMINARS

Join Don Farmer for his 2019 tax seminars. Review current year developments, recurring problems, and planning ideas. Focus on tax developments that affect 2019 tax return preparation for and businesses.

⌘ Don Farmer's 2019 Federal Tax Update

November 15, 2019 | Event Code: 11045 | Tifton

⌘ Don Farmer's 2019 Federal Tax Update

November 20, 2019 | Event Code: 12027 | Duluth

⌘ 📺 Don Farmer's 2019 Federal Tax Update

December 10, 2019 | Event Code: 12054, LS12054 | Atlanta

⌘ 📺 Don Farmer's 2019 Individual Income Tax Workshop

December 11, 2019 | Event Code: 12064, LS12064 | Atlanta

⌘ 📺 Don Farmer's 2019 Corporate/Business Income Tax Workshop

December 12, 2019 | Event Code: 12065, LS12065 | Atlanta

To register visit www.gscpa.org or call 404-504-2985 or 800-330-8889, Opt. 3



CFO SERIES

GSCPA's CFO Series is designed to explore current and ongoing issues, including the development of leadership skills, that will have a substantial impact on the effectiveness of the financial professional in the workplace.

Controller and Financial Professional Series Part 1: Regulatory and Economic Update

January 22, 2020 | In-Person: 01006 | Live Stream: LS01006

Controller and Financial Professional Series Part 2: Key Business Concepts

January 23, 2020 | In-Person: 01007 | Live Stream: LS01007

Controller and Financial Professional Series Part 3: Leadership Skills for the Accounting and Finance Professional

January 24, 2020 | In-Person: 01008 | Live Stream: LS01008

To register visit www.gscpa.org or call 404-504-2985 or 800-330-8889, Opt. 3

Current Accounts Self-Study

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

The Nov/Dec 2017 self-study test will be available until December 31, 2019. Take each test as you receive the issue or wait and take them all at one time. For more information on how to take a test, see page 36.

Sept/Oct 2018 Issue - Self-Study Test #CA80910

November/December 2018 - Self-Study Test #CA81112

January/February 2019 - Self-Study Test #CA90102

March/April 2019 - Self-Study Test #CA90304

May/June 2019 - Self-Study Test #CA90506

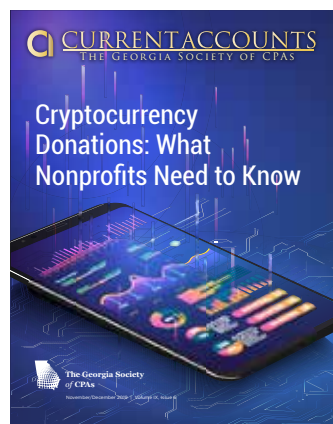
July/August 2019 - Self-Study Test #CA90708



< Sept/Oct 2019 Issue

Self-Study Test #CA90910

Nov/Dec 2019 Issue >
Self-Study Test #CA91112



REGISTER AT
CASELFSTUDY.GSCPA.ORG

Upcoming Live Stream Events

Attend CPE from anywhere you can access the internet.
Upcoming live stream events are below.

Jeff Sailor's Accounting Update & Review

December 3, 2019 | Event Code: LS12020

Jeff Sailor's Audit and SSARS Update

December 4, 2019 | Event Code: LS12026

Practical Planning Boot Camp: S Corporations and LLCs

December 11, 2019 | Event Code: LS12045

Excel PivotTable Concepts (Bring Your Own Laptop)

December 12, 2019 | Event Code: LS12046

Applying Integrated Estate, Financial and Asset Protection Planning Techniques

December 2, 2019 | Event Code: LS12003

Forensic Accounting Investigative Practices**

December 2, 2019 | Event Code: LS12019

Asset Protection Strategies

December 3, 2019 | Event Code: LS12009

Not-for-Profit Accounting and Auditing Update (YB)**

December 3, 2019 | Event Code: LS12007

Melisa Galasso's FASB Update

December 4, 2019 | Event Code: LS12010

Tax Considerations and Consequences for Closely Held Businesses**

December 4, 2019 | Event Code: LS12002

Pat Garverick's Passive Activities & Rental Real Estate Income

December 6, 2019 | Event Code: LS12076

NEW 10 Biggest Risks for 2019 Small and Midsize Entity Engagements

December 9, 2019 | Event Code: LS12067

NEW Non-Profit A&A Risks and Fraud Cases for 2019 Engagements (YB)

December 10, 2019 | Event Code: LS12069

NEW Frauds Committed with Fake Documents, Confirmations and Audit Opinions

December 12, 2019 | Event Code: LS12068

K2's Excel Financial Reporting and Analysis

December 16, 2019 | Event Code: LS12050

U.S. GAAP: Review for Business & Industry**

December 17, 2019 | Event Code: LS12011

Social Security and Medicare: Planning for You and Your Clients (CFP)

December 18, 2019 | Event Code: LS12047

** Qualifies for \$30 AICPA discount

REGISTER AT
WWW.GSCPA.ORG

Current Accounts Self-Study Test

NOVEMBER/DECEMBER 2019 | TEST NO. CA91112

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

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

PRICING

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

ONLINE INSTRUCTIONS

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

PRINT INSTRUCTIONS

1. Detach the test insert from Current Accounts.
2. Take the test, recording your answers on the answer sheet by filling in the appropriate circle.
3. Complete the registration and payment information. Payment must be submitted with the test. Print clearly.
4. Mail this page, along with your payment, in an envelope to:
 The Georgia Society of CPAs
 Current Accounts Self-Study Test
 Six Concourse Parkway, Suite 800
 Atlanta, GA 30328
 OR email to the CPE Department at cpe@gscpa.org

TEST RESULTS

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

QUESTIONS

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

ANSWER SHEET

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

REGISTRATION INFORMATION

Full Name _____ Member # _____

Company/Firm Name _____

Address _____

City _____ State _____ Zip _____

Phone _____ Email _____

PAYMENT INFORMATION

☐ Check for \$_____ made payable to
The Georgia Society of CPAs

☐ Amount to charge to credit card \$_____
☐ Discover ☐ MC ☐ AmEx ☐ Visa
☐ Personal OR ☐ Company Card

Card Number _____ Exp. Date _____

Name as it appears on card _____

Signature _____

ATTRIBUTION

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

Cryptocurrency Donations: What Nonprofits Need to Know**1. Select the INCORRECT statement:**

- A. There may be reasons why a nonprofit should refuse cryptocurrency donations.
- B. Nonprofits accepting cryptocurrency donations should not discontinue their existing traditional funding streams.
- C. The IRS is stepping up its efforts to ensure that taxpayers have paid all the taxes due on their cryptocurrency gains.
- D. Because Bitcoin is regulated, it presents no special internal control risks to nonprofits.

2. Select the INCORRECT statement:

- A. Cryptocurrency is highly volatile.
- B. Bitcoin, like bank deposits, are insured against loss by the U.S. Government.
- C. Selling Bitcoin at a gain does not generate unrelated business income taxes for nonprofits.
- D. Bitcoin does not have legal tender status in the U.S. and is not considered a publicly-traded security.

3. Select the INCORRECT statement:

- A. Accepting Bitcoin may require nonprofits to make changes in their gift acceptance and investment policies.
- B. GAAP does not require nonprofits to include cryptocurrency on the Statement of Financial Position.
- C. Where possible, nonprofits should restrict Bitcoin donations to types that are easily accepted and converted to cash.
- D. To mitigate the risk of conversion losses, if possible, cryptocurrency should be converted to cash within one business day.

Updates on Georgia State Tax Credits: What You Need to Know**4. Select the INCORRECT statement:**

- A. According to a 2016 income tax credit utilization report, the most popular state tax credits are the other state taxes credit, film tax credit, research tax credit, employer's job tax credit, and the bank tax credit.
- B. Three types of credits are available: pass-through credits, transferable credits, and local stimulation credits.
- C. The Georgia Department of Revenue has established a single way to claim the tax credits on Georgia income tax returns.
- D. The most popular of the pass-through credits are the research tax credit and the employer's job tax credit.

Risk Assessment: Practical Approach to Implementation**5. Select the INCORRECT statement:**

- A. A relevant assertion is one that has no reasonable possibility of having a material misstatement.
- B. The risk of material misstatement (RMM) is a combination of inherent risk and control risk.
- C. Inherent risk should not be assessed the same for every assertion for an account.
- D. Without testing internal controls, control risk cannot be assessed less high.

6. Select the INCORRECT statement:

- A. The most important next step is for those with final responsibility for an audit to step up their commitment to making an effective risk assessment and using that assessment to tailor the audit program.

- B. A best practice is to have the entire engagement team work through the risk assessment workpaper during the planning meeting.
- C. Practice aids are only the starting point for producing audit programs specific to assessed RMM for account assertion; it is up to the audit team to design appropriate audit tests.
- D. Audit standards require that the level of inherent and control risk be determined.

I-9s, Expired Forms and Fines, Document Retention and Best Practices**7. Select the INCORRECT statement:**

- A. Form I-9 is used to verify the identity and employment eligibility of all employees hired in the United States.
- B. Failing to comply with I-9 regulations results in civil penalties unless the employer has established a pattern or practice of violations.
- C. Employers are required to determine whether documents provided by potential employees reasonably appear to be genuine.
- D. New hires have a full month to complete Form I-9 and once received, employers must retain the form for a minimum of five years.

Holiday Tech Gifts for Everyone On Your List**8. Select the INCORRECT statement:**

- A. Facebook Portal will allow Facebook users to make video calls.
- B. Adidas PulseBoost HD shoes have AI-enhanced outsoles which provide a better grip when running in winter conditions.
- C. If you need to read in direct sunlight, check out the Bose Frames.
- D. You can now purchase sunglasses with speakers and a digital assistant built right in.

Family Partnerships: The Next Generation**9. Select the INCORRECT statement:**

- A. The use of family limited partnerships is a well-established technique for reducing estate tax exposure.
- B. Because of the tax implications, it is never appropriate to recommend the dissolution of a family limited partnership.
- C. Having multiple generations owning interests in a family limited partnership often creates challenges because of the different cash needs of different generations.
- D. The general partner's liability exposure can be eliminated by converting a limited partnership (LP) to a limited liability limited partnership (LLLLP)

New AICPA Standards for Forensic Services: What You Need to Know**10. Select the INCORRECT statement regarding Statement on Standards for Forensic Services No. 1 (SSFS 1):**

- A. SSFS 1 permits a member to opine that fraud has occurred if that's what the evidence supports.
- B. SSFS 1 prohibits a member from accepted a contingent fee arrangement.
- C. SSFS 1 does not prevent a member from following the non-authoritative AICPA practice aids for forensic services.
- D. SSFS 1 defines "forensic services" in terms of litigation and investigation

BUSINESS SERVICES

Business Valuations: Formal appraisals for Attorneys/CPAs/Clients.

Areas: Equity Compensation (IRC 409a / ASC 718), Estate & Gift (FLPs), Financial Reporting (Impairment Testing, Purchase Price Allocations), S-Corp. Conversions (built-in-gain tax), M&A, Marital Dissolution, Shareholder Disputes, Exit/Succession Planning. Contact David H. Hern, CPA/ABV, ASA, Sofer Advisors, LLC, 770-776-8852, david@soferadvisors.com

Peer Review: Kilpatrick, Rea & Associates, CPA, PC

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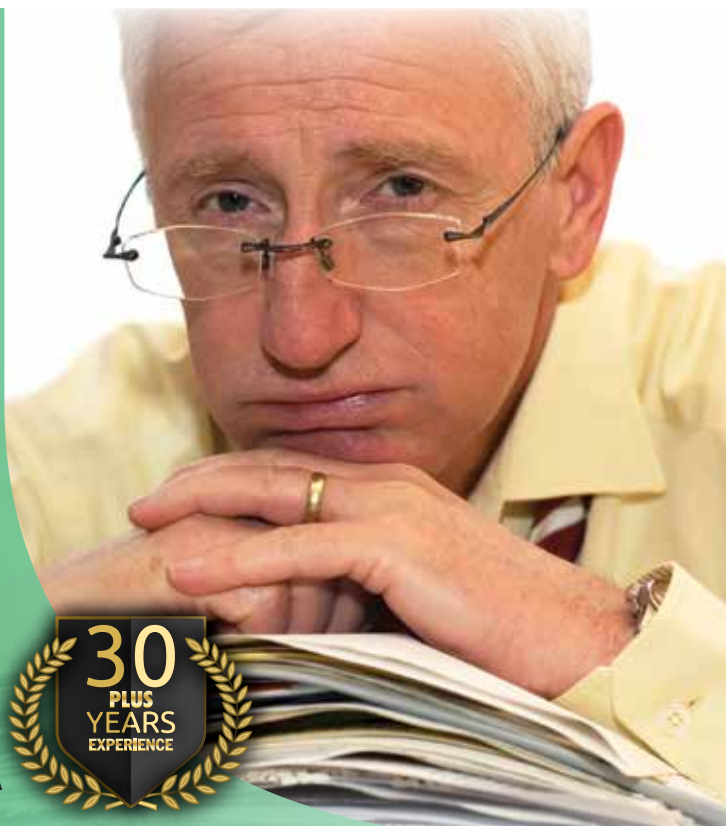


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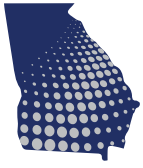
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