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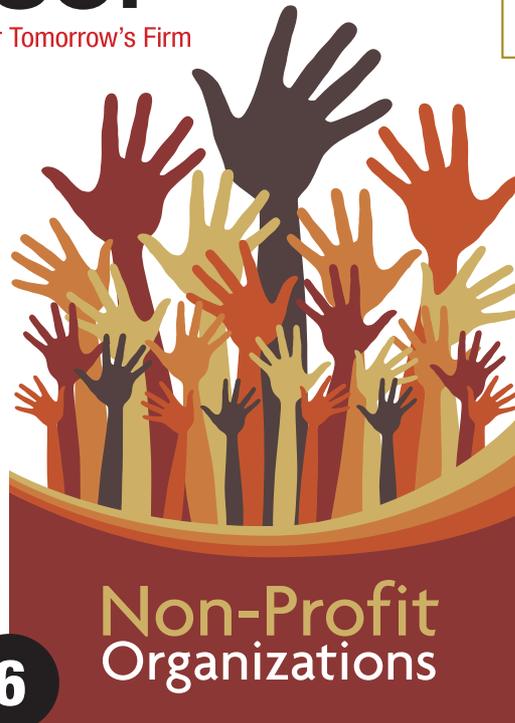
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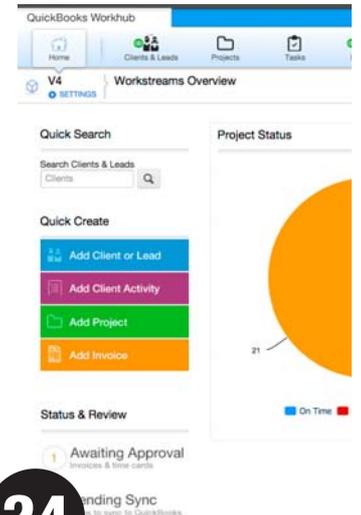
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“Where Do I Start?”

recently attended the New York Accounting Show put on by Flagg Management, generally acknowledged as the annual kickoff event for nationally recognized accounting conferences that provide continuing professional education and networking opportunities for members of our profession.

I attend many of these conferences during the year, often as a speaker, moderator, or panel member, in addition to helping to staff the CPA Practice Advisor booth on the exhibit hall floor. In my various roles at these events, I cross paths with many accountants and frequently ask what keeps them up at night. I also sit in on many of the education sessions and listen to the questions and concerns voiced by other attendees.

it’s not even too much of a good thing. It’s just kind of overwhelming.

Tell me one thing you’d like to change about your accounting practice, or your life - and more and more we’re lumping all of that together because we no longer discuss work/life balance (that’s so early 2000s) - today it’s work/life blend, or just life that happens to have work in it - the borders are down and thanks to easy communication and transparency in



There is a theme, a direction, a current that flows through every conference, every session, every weary pair of eyes that look around the lecture room and the exhibit hall, seemingly asking without saying out loud, “Am I the only one here who doesn’t know where to start?”

We are in the middle of a flood of solutions to our problems, tools to make our lives easier and better. In fact, we’re almost drowning in this tidal wave of technology. But don’t get me wrong - this isn’t a bad thing. And

social media (you *do* tweet and text, *don’t you?*), we really don’t know where work stops and everything else begins, because actually it doesn’t.

Name that one thing and I’ll give ten options for how to make the change. Or twenty. Or wait a few weeks and there will be more. Or hire a programmer and make your own *perfect* solution because that can be done too. Walk through the exhibit hall at a conference and listen to glowing descriptions and testimonials for products and services that will add

time to your day, customers to your client base, money to your bank account. You name the problem, and boy do we have solutions. Pick one, pick a few, try them for free.

And you *want* the solutions. You want them so badly. You want to be that accountant working from the beach on a tiny computer that runs your business for you. You can smell the sea air from here. It’s the getting from Point A to Point B that is the challenge. And so I challenge you to answer the question for yourself, “Where do I start?” Only you can pick the starting point that works for you. Lay out the path to that goal you are seeking, break it down into baby steps, and use the tools that are right within your reach to identify and remove one obstacle at a time. ●

— Gail Perry, Editor-in-Chief
Follow me on Twitter at @gaperry



Gail Perry is the Editor-in-Chief and a CPA. She is the author of over 30 books and she maintains a small tax practice. She earned a bachelor’s degree in journalism from Indiana University and studied accounting at Illinois State University before starting her professional career at Deloitte. Gail is the former publisher and editor-in-chief at AccountingWEB and is a former columnist for the Indianapolis Star. Contact her at Gail.Perry@Cygnum.com.

Publisher: Jim Baker

Editor-in-Chief: Gail Perry, CPA

Managing Editor: Isaac M. O’Bannon

Assistant Editor: Taija Jenkins

Columnists: David McClure

Doug Sleeter

Jim Boomer, CPA.CITP

Kristy Short

Randy Johnston

Roman H. Kepczyk, CPA.CITP

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National Sales Manager: Barry Strobel

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PO Box 3258, Northbrook, IL 60065-3258.

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Email: Circ.CPA@omedia.com

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How To Help Your Not-For-Profit Clients

The NFP segment of the U.S. market has historically been 5 percent of all businesses, but has grown to over 10 percent in the last decade. While business may be doing charitable, human interest or targeted work, this does not mean that the accounting software has to strictly comply with traditional NFP reporting for projects or spanning multiple years.

Lessons many of you have learned along the way is that many NFP businesses do great and noble work while others are shams. Some groups work extraordinary hours while others coast by on a few hours per day. There are a significant number of organizations supporting worthy causes that can barely make ends meet and that radically under pay their employees while volun-

teers serve the constituents in extraordinary ways, while others do little and make a lot. NFP doesn't mean that the organizations aren't making notable amounts of money or that the employees are poorly paid, as a number of you have discovered when performing audits, filling out form 990 or the supporting Schedule A.

What are some of the industries that are typically NFP? The list from Abila's web site represents the NFP market fairly well: Animal Welfare, Arts, Culture, and Humanities, Environmental Organizations, Faith-based Organizations, Government, Healthcare, Higher Education, Human and Social Services, Independent, Private and Charter Schools, National Organizations, and Philanthropic Organizations. Although controversial in some people's thinking, you should also add the structures currently used by political action committees to avoid paying tax, and other notable organizations such as the National Football League or the National Collegiate Athletic Association and most of the respective bowl games produced at the end of football season. Likewise, tribal governments and the rise of supporting gambling operations can be a source of much cash that has to be controlled and



Randy Johnston is executive vice president and partner of K2 Enterprises and Network Management Group, Inc. He is a nationally recognized educator, consultant and writer with over 30 years' experience. He can be contacted at randy.johnston@cpapracticeadvisor.com.



monitored. You see, NFP does not necessarily mean small with no money to spend or to be made.

So What Are The Most Important Systems to NFP Organizations?

This question quickly becomes very broad. In a strict sense, supporting the cause and the mission of the organization for the benefit of the constituents is the bottom line. This could be a membership group, a special or common interest, or one of the many other qualifiers under the tax code.

Generally, NFP organizations want their computer systems to

support: fund accounting including the tracking of hours and time in any given project, to track donors and support fund raising by development officers, and to accomplish the specific functions of their style of organization. My family has typically been involved in arts organizations that are NFP and provide local music or theatre opportunities and performances.

It is important to track the source of funds, the expenses, the cost of events and the number of people that are involved in the production and attendance at these events. In some cases, tickets are sold and these need to be tracked as well.

With the rise of web sites and internet sales, the ability to sell tickets or receive donations via the web has become much more important. Yes, we can still run NFP organizations without complex computer support, but as fund source or donor expectations rise, government reporting becomes more complex and accountability is expected, computer system tracking becomes mandatory.

Vendors are providing tracking applications that can scale up and down in the NFP industry. For example, long-term players like CYMA NFP, Open Systems TRAVERSE NFP, Dynamics NAV with the Serenic add-on, AccuFund, Aplos, Blackbaud, BUCS Fund Accounting by Donald R Frey & Company, DENALI NonProfit by Cougar Mountain, FUND E-Z, FundWare acquired by Blackbaud, QuickBooks Nonprofit, along with Abila that acquired much of the Sage NFP software including MIP, and now sell Elevate, MIP Fund Accounting, netFORUM, Fund-

raising Online, Millennium, Fund-raising 50, and Grant Management have all made successful businesses and products to support the NFP industries.

The youngest product on this list, Aplos, is a SaaS based product that can support very small NFP for accounting and donors. There are many more specialty products that could be named, but this is a good list of general products. For CPE purposes, www.accountingsoftwareworld.com/industry-solutions/not-for-profit maintains a list of current NFP products. If solid NFP accounting is needed by you or your clients, this list contains the best of the best.

How Can Systems Help the NFP?

Controlling costs, tracking projects, understanding donor interests and communicating with the constituents, volunteers and donors can make or break a NFP organization. Frequently, participants are there for the cause, and want to do the work, sometimes

A SYSTEM CAN DRIVE DOWN COSTS AND MAKE MORE TIME AND RESOURCES AVAILABLE FOR THE CAUSE.

at any cost. A system can drive down costs and make more time and resources available for the cause.

Tracking and controlling source of funds and expenditures allow the cause to move forward or to select projects of greater impact. In today's world of the proactive donor, accountability back to the donors is needed more than ever before. Further, it has become easier for NFP organizations to be created for a special short-term purpose and then to allow the organization to expire enabling fraudulent activity. As accountants, it may be hard for us to spot illegitimate organizations, but with the proper NFP system, it is easier to show that an organization is obtaining and using funds to meet their stated cause. We won't agree with or support every cause, but we do live in a country that enables legitimate causes to be

directly supported by individuals and organizations.

Better Results for Constituents and Donors

The right programs can provide better value for your NFP clients and their constituencies, donors and employees. Try to understand the needs of the organization, and how they function to determine if the system selected really meets their needs. Is there direct support for critical operational systems? Does the system help with visibility and transparency? Finally, can you structure the system to produce the appropriate reporting for governmental units, the board of directors, donors and the membership? It is a new world of proactive donors and members. Can you help them profit and carry out their cause? ●

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REVIEW SECTIONS

BASIC SYSTEM FUNCTIONS

- Installation
- General Navigation/Ease-of-Use
- Modules
- Scalability

CORE NFP/FUND ACCOUNTING CAPABILITIES

- Account Structure/Types
- Multiple Transaction Types
- Budget Management/Tracking
- Multiple Budget Types
- Donor Management/Tracking
- Grant Tracking
- Automatic Fund Balancing
- Multiple Year-End Closings
- Audit Trail
- E-Features

MANAGEMENT FEATURES

- Dashboards (snapshots)
- What-If Analysis & Budgeting Scenarios
- Security Features/User Roles
- Spending Control Functions
- Collections
- Fundraising
- Document Management Capabilities

FINANCIAL STATEMENTS & REPORTING

- Customization Capabilities
- Financial Statements
- FASB/GASB Reporting
- Endowment/Grant Reporting
- Reporting Export Options

INTEGRATION/IMPORT/EXPORT

- Data Transfer/Import
- Integration w/Vendor's Other Products
- External Program Integration
- Remote Accountant Access or Online Accountant Data Transfer Tool

HELP/SUPPORT

- Built-in Support Features
- System Updates
- Support Website/Documentation
- Training Options
- Live Support



Mary Girsch-Bock
Mary Girsch-Bock has been an accountant in the property management and healthcare industries. She now specializes in business and technology issues

and is an author of one book, several HR handbooks, training manuals, and other publications. She can be reached at mary.girschbock@cpapracticadvisor.com.

Nonprofits Need Strong Accounting Software for Effective Management

By **Mary Girsch-Bock**

In 2012, public charities – the largest group of nonprofits registered with the IRS – accounted for nearly three quarters of the estimated \$1.65 trillion dollars in nonprofit revenues received. In 2013, the nonprofit sector was the third largest workforce in the U.S., making up five percent of the Gross Domestic Product; contributing \$805 billion dollars to the U.S. economy.

Like any business, nonprofits need to monitor expenses, create a viable income stream, pay bills, and invoice and collect on past due monies. But unlike a regular business, a nonprofit also needs to manage multiple programs, track and maintain membership dues, manage grant funds from multiple sources, and track and manage donors.

There are several things to look at when determining the best software for a nonprofit organization. What is the source of its funding? Does it receive the majority of funding from government grants? If so, its needs would vary greatly from the nonprofit that receives the majority of its funding from private donors.

While there are several programs that can help manage all of these things, most nonprofits will need only a fraction of the features that many software products offer. If the main revenue source is from grants, it's imperative to get a system that can manage grants properly, accounting for all expenditures. If a nonprofit is program-driven, a software product that can help to manage those programs would be beneficial. That's why it's always beneficial to look at module-structured systems, where individual modules can be purchased, with others added at a later date.

The **size of the nonprofit** also matters. A small nonprofit with limited revenues will have minimal needs compared to the nonprofit that manages

multiple programs and grants. Likewise, a nonprofit that has a large membership base will require a different software product than the nonprofit that provides other organizations with grant funding.

The products reviewed in this issue vary as much as the nonprofit sector itself. While several are designed specifically for the smaller nonprofit, others offer an array of modules and features that can suit the needs of the largest nonprofit organization. We've even included a brief article on a grant management software product that is highly specialized and suited to nonprofits that handle multiple grants and grant budgets on a daily basis. **Scalability** is another consideration. While a nonprofit may be small today, what happens when that nonprofit experiences a growth spurt? Will the organization need to look for another product, or will they be able to scale up their current software?

Pricing is another consideration. While many larger nonprofits are financially viable, smaller ones may have limited resources to spend on anything that is not program related. To this end, the review also offers many software products that are affordable, even for financially-challenged nonprofits.

It's up to you and your client to determine which of these categories best suits them. This review focuses on the following areas:

• **Basic System Functions** – Here, we look at product installation and delivery methods. Is it available only as a traditional desktop system, or is a cloud-based version available? We also look at navigation: Is the product user friendly or confusing?

• **Core NFP/Fund Accounting Capabilities** – The heart of the review, here we look at the vital nonprofit functionality of each system including account structure, ability to track and maintain multiple bud-

gets, donor management tools, fund balancing, and grant tracking capability. Are multiple year-end closings available for various funds, and does the system have an audit trail. Finally, we look at electronic capabilities, including emailing of invoices and statements, remote access, epayment and ebanking features.

• **Management Features** – This includes the availability of management tools like dashboards, security, collections and fundraising tools. We also look at features such as budget analysis and what-if scenarios.

• **Financial Statements and Reporting** – Reporting is critical for nonprofits, so we look at the number of reports available, customization capabilities of those reports, and whether the product can produce nonprofit specific reports such as FASB 117 or IRS 990.

• **Integration/Import/Export** – Can data be easily imported or exported using this product? Does it integrate with other modules and with third party applications? Can users export reports and other data to Excel or other spreadsheet programs?

• **Help/Support** – This area remains one of the most important, particularly to new users. Does the product offer good help tools? Are there resources such as webinars and videos available for new users to review? Does the company offer training options and an affordable support plan?

Many of these software vendors offer downloadable demos for users to try out for themselves – a great way to determine whether the system offers necessary functions and to see if the user is comfortable navigating the system. While your clients' needs may vary tremendously, there's bound to be a product here that is worth exploring further. ●

NONPROFIT ACCOUNTING SOFTWARE

Abila - MIP Fund Accounting

2015
OVERALL
RATING

5

BEST FIT

MIP Fund Accounting is a good fit for mid-sized nonprofit organizations and government entities that have a need for comprehensive fund management and customization capability.

STRENGTHS

- Available in both on-premise or

hosted – cloud based version

- The Abila App makes it easy to access the system from anywhere using a mobile device
- Unbeatable selection of modules available
- Extensive fund management capability

POTENTIAL LIMITATIONS

- Product can be expensive depending on modules needed and number of users

SUMMARY & PRICING

Pricing for the product varies, with Abila providing quotes to potential users based on the number of modules and users needed. Online

access to the product is also available, with pricing available upon request. MIP offers nonprofit organizations an extremely flexible system that users can customize and add on to at their own pace. For those managing multiple funds, MIP Fund Accounting may be hard to beat.

www.Abila.com

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/12068685

Aplos Fund Accounting

2015
OVERALL
RATING

4.5

BEST FIT

Designed for smaller nonprofits with annual revenues of less than \$500,000, Aplos Fund Accounting offers users a cloud-based platform, easy system navigation, and a brand new Donor Relations module, making it easy to manage donor activity.

STRENGTHS

- Conveniently cloud-based provides easy access from anywhere
- System can be up and running quickly
- Affordable, with product support included in the subscription price
- Completely integrated system

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/12068327

POTENTIAL LIMITATIONS

- Limited reporting and customization capability offered
- Nonprofits could outgrow the system

SUMMARY & PRICING

Designed for smaller nonprofits with revenues less than \$500,000 annually, Aplos provides users with an easy to use, easy to set up

product that they can have up and running in hours rather than weeks. Affordable for even the smallest nonprofit, Aplos Fund Accounting starts at \$15.00 per month for a single user, or \$25.00 for unlimited users. The Donor Management module starts at \$15.00 per month.

www.Aplos.com

Blackbaud Offers New Cloud-Based Financial Edge NXT for Nonprofits

The Financial Edge NXT, from Blackbaud, is the next generation of software designed for nonprofit organizations. Due out in July of this year, The Financial Edge NXT is a cloud-based financial management solution for nonprofits, which will offer the same extensive list of modules currently available in the on-premise and hosted solution of The Financial Edge, but will be available using cloud technology.

At this time, the product is in early release, with limited release offered in June. The product is due to be released to the general public on or around July 1, 2015.

While the current hosted product offers easy navigation, The Financial Edge NXT offers users an enhanced interface that's highly intuitive. With the new design, users can access all data from a single interface screen that uses tiles; replacing the tabs that are used in previous versions of the system. Users can simply scroll down to a particular tile in order to access information as needed.

Once the user signs into the system, a 'What's New' feature will pop up, informing the user about any updates, upgrades, or additional modules that are currently available. Clicking on the Help function will bring the user directly to the Financial Edge website, where they'll have access to product support

options, user forums, the Financial Edge Knowledgebase, and updates/enhancements.

Blackbaud expects The Financial Edge NXT to offer the same modules, features, and functionality currently found in the on-premise or hosted version of the product. Modules currently available include GL, AR, Accounting Forms, Accounting Queue, Advanced Budget Management, Advanced Security, Allocation Management, Cash Management, Cash Receipts, Consolidation Management, CounterPoint, Web Purchasing, Web Invoicing, Fixed Assets, Paper Save, Payroll, Point of Sale, Project, Grant & Endowment Management, Purchase Orders, Visual Basic for Applications, Application Programming Interface, Student Billing, School Store Manager, Electronic Funds Transfer, and F9 Financial Reporter. For those that need a separate fundraising module, The Raiser's Edge NXT will also be available via the cloud at the same time as The Financial Edge NXT, also scheduled for a July, 2015 release date. Integration with eTapestry, a fundraising application designed for smaller nonprofit organizations, will be available as well. As with the current versions available, users will be able to choose the modules they wish to purchase and add others at a later date.

Both The Financial Edge NXT and The

Raiser's Edge NXT will be accessible using a variety of devices including tablets and smart phones. One great feature built into the NXT products is the automatic configuration of data, depending on the device used. No more scrolling over to read full screens if using a smart phone – the system will automatically reconfigure the user interface to fit the screen of the device used.

Data entry screens are intuitive, with users able to look up data while entering information. Options to view additional data are available in all data entry screens, so someone entering a vendor invoice can choose to look up previous invoices paid to that vendor, while also processing a new invoice.

Call out options also populate various program areas, and serve to notify users that an action is needed, such as a past due payment needs to be processed, or an invoice entered will exceed budget totals. The product is highly customizable, and allows users to arrange boxes and tiles to suit their needs.

Reporting options have also been given an upgrade, with users able to drill down to originating data from any financial report. Over standard reports are available in the system, with all reports able to be fully customized as needed. Financial Edge NXT offers easy export functionality to Excel, with

users able to export the reports with a single mouse click.

Management tools such as dashboards and the visual chart organizer will provide nonprofit managers with the tools they need to stay on top of their organization's financial health. For those already using The Financial Edge, migrating to Financial Edge NXT is painless, with a conversion-free migration. Integration between The Financial Edge NXT, The Raiser's Edge NXT and all other Blackbaud products is seamless, and because the product will ultimately have an Open API, easy integration with other third party applications will be seamless as well.

While pricing for The Financial Edge NXT and The Raiser's Edge NXT are not yet available, there will be various subscription packages available including the Starter pack, the Essentials Pack, and the Pro Pack. Users will also be able to pick and choose the modules they need. So pricing will be very dependent on the needs of the organization.

Over the past decade, The Financial Edge has found a home at many mid to large sized nonprofits. With the reduced cost of using Financial Edge NXT (no dedicated IT personnel or server needed) smaller nonprofits may find the flexibility, scalability, and accessibility of this product hard to beat.

NONPROFIT ACCOUNTING SOFTWARE

Cougar Mountain Denali + FUND Full Suite Accounting

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/12068332

2015
OVERALL
RATING

4.75

BEST FIT

Cougar Mountain Software continues its tradition of producing affordable, scalable products for small to mid-sized businesses and organizations. Reviewed in this issue, Denali Full FUND Suite offers smaller nonprofits a modular software product that contains solid fund accounting capability, making it a good fit with organizations handling multiple funds. Available

in three versions, nonprofits can easily scale up to the next version when needed.

STRENGTHS

- Scalable, with three editions available
- Excellent training options available
- Reasonably priced
- Easy system navigation
- Integrates with Donor Management software

POTENTIAL LIMITATIONS

- Still requires batch processing

SUMMARY & PRICING

An excellent fit for small to mid-sized nonprofits managing multiple funds, Cougar Mountain Software offers users several pricing options to purchase Denali FUND, with pricing starting at just under \$1,800. Pricing for Denali's Full FUND Suite is \$5,913, and

includes GL, AP, AR, Bank Reconciliation, Purchase Order, Payroll, and Crystal Reports modules. Other modules are available at additional cost.

www.CougarMtn.com

FUND E-Z Nonprofit Accounting

2015
OVERALL
RATING

4.75

BEST FIT

FUND E-Z is a scalable nonprofit software product that is designed for small to mid-sized nonprofit organizations and NGO's. The availability of two versions of the product makes it easy for smaller users to scale up if necessary.

- Available in two editions – basic and pro
- Excellent optional fundraising module
- System can be up and running quickly
- System offers strong management and budgeting capability

STRENGTHS

- Intuitive user interface that is easily navigated

POTENTIAL LIMITATIONS

- Dedicated Grants Management module not offered

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/12068332

- Currently does not offer e-banking or electronic bill payment options

SUMMARY & PRICING

FUND E-Z Nonprofit Accounting from FUND E-Z Development Corporation is a solid, scalable nonprofit software product that is ideally suited to small to mid-sized nonprofit organizations and NGO's. Pricing starts at \$1,995.00

for a basic edition for a single user, with the fundraising module available for an additional \$995.

www.FundEZ.com

OneNFP Financials for Nonprofits

2015
OVERALL
RATING

4.75

BEST FIT

OneNFP Financials is available in two versions, making it a scalable product that can easily suit the needs of most small to mid-sized nonprofit organizations. The product offers excellent financial and grant management capability, as well as an add-on fundraising module, which can be used as an

integrated part of the core product, or as a standalone solution.

STRENGTHS

- 100% cloud based for user flexibility
- Available in two versions
- Excellent integration with Microsoft Office 365
- Excellent budgeting capability

POTENTIAL LIMITATIONS

- Not well suited for membership driven organizations
- May become costly for organizations with numerous system users

SUMMARY & PRICING

OneNFP Financials Lite is available for \$99.00 per month for a single

user. The Standard version begins at \$165.00 a month, with a cloud fee of \$49.00 per month charged as well. For nonprofits managing multiple funds or grants that need remote access, this spin-off of Serenic Software may be a good fit.

www.OneNFP.com

Serenic Navigator Nonprofit Accounting

2015
OVERALL
RATING

5

BEST FIT

Serenic Navigator from Serenic Software is a robust nonprofit product suitable for mid-sized to larger nonprofit organizations, non-governmental organizations and government entities. A completely integrated product, Serenic Navigator offers users solid financial management capability, along with an impressive selection of add-on modules.

STRENGTHS

- Product offers excellent customization capability
- Product is available in both online and on-premise versions
- Offers solid integration with Microsoft Office
- Excellent reporting and report customization

POTENTIAL LIMITATIONS

- Cost may be prohibitive for

smaller nonprofits with a limited budget

- Users will likely require significant training

SUMMARY & PRICING

Serenic Navigator offers larger nonprofit organizations with excellent customization and budgeting capabilities, as well as grant and donor management capacity. Pricing for Serenic Navigator starts at \$13,000, which includes

licensing for three users. The Extended Pack is \$12,000 for a single user. Organizations also have the option to set up limited users at a reduced cost. Online subscription pricing is around \$600.00 per month, and includes three full users and five limited users.

www.Serenic.com

NONPROFIT ACCOUNTING SOFTWARE

GMS Offers Complete Financial Management for Nonprofits, NGOs and Agencies

Grants Management Systems is a nonprofit accounting and financial management software designed for nonprofit organizations, NGOs, and government agencies that manage multiple grants or projects on a regular basis.

Offered as a complete accounting and financial management system, GMS offers users complete accounting functionality and contains GL, Cash Receipts, Budget Preparation, Cost Allocation, AP, Payroll, Timesheet Accounting, Financial Reporting, and Security features. New this year, GMS offers a lighter version of the GL and reporting system for organizations and entities that do not need AP, Payroll, and Cost Allocation functions. In addition to the accounting module, GMS also offers Revolving Loan Servicing Software. RLSS is designed for organizations that need to track data from multiple funding sources. RLSS integrates with the Accounting and Financial system, making it easy to keep track of loans from multiple sources.

GMS is designed to track all contracts,

grants, projects and programs. Users can choose to run GMS using Microsoft Access, or the SQL Service Package. GMS can also be set up to run on cloud-based virtual servers.

GMS is available in 1-2 user, 3-4 user, and 5+ user editions. Designed specifically for those managing grant funding, GMS does not present itself as fund accounting, rather as grant or project management software.

GMS offers a basic chart of accounts structure that uses a 5-digit code. Program elements (activities or components of grants) use a 6-digit code and are pre-linked to automate posting, a good way to limit errors while also controlling costs. Users can easily track data at multiple levels; cost center level, project level, and reporting level – resulting in comprehensive reporting options.

The GMS cash receipts feature allows users to easily code and enter revenue directly into the appropriate grant or project, making it easy to track data and budgeting for multiple grants and projects, even those with different funding periods.

Users also have a choice when handling cost allocations, including common costs, general and administrative costs, indirect costs, fringe benefits, leave costs, and various specialized cost pools.

Users can maintain five types of budgets in GMS: Program, Indirect Cost, Fringe Benefit, YTD Timesheet, and an Agencywide Budget, with budgets able to cross fiscal years. Users can attach relevant documents to all system budgets as needed.

GMS easily handles payroll transactions, and now offers Direct Deposit capability. Users can set up multiple pay codes for deductions, special pay, multiple departments, department positions, workers compensation, state tax, pay codes, leave type garnishment deductions, and multiple pay rates.

The optional AP module can track information such as customer data and payment history, post cash receipts, track customer activity, and contains a customer inquiry screen. Users can create customer invoices or statements from the AR module as well. An

optional Purchase Order module provides easy management of all POs in the system, as well as solid tracking capability. An optional Fixed Assets module tracks depreciation levels along with relevant asset disposition detail.

GMS offers good reporting options, with the system providing a variety of reports during month end processing, including a Monthly Timesheet, General Ledger Activities, and Cost Allocations. Financial reporting options include a Balance Sheet, Revenue and Expenditures by Project, and Revenue and Expenditures by Program. Users can utilize an optional Report Writer module to develop custom reports using GMS data.

The 1-2 user core GMS system is \$3,500, with add on modules starting at \$1,200. Support is required for the first year of use, and GMS requires on-site training at the user's location, with 2-3 weeks of training typically required for a 1-2 user system.

For more information, including access to GMS white papers or to download a free demo, visit www.gmsactg.com.

SPONSORED CONTENT

FIRST-HAND

Making a Difference in the Community

Helping the community is something that drives Janet Saunders, and has led to her involvement with various community groups. Now, as the CFO of the Community Action Program Committee in Pensacola, Florida, she oversees the finances and organizational management of a group that runs a variety of programs for children, families, elderly residents and those who may need assistance in transitioning between residences or jobs.

The nonprofit is most well known for running the Head Start and Early Head Start programs in the area, with a main office and 16 satellite classrooms on area school district properties. The programs are focused on promoting school readiness and enhancing social and cognitive development of children through health, educational, nutritional, social and other services.

CAPC's other community programs include a young entrepreneurs academy, youth work certification programs, healthy living programs for seniors and disabled residents, weatherization, self-sufficiency classes, and even summer arts and enrichment classes.

With such numerous programs and a \$17 million annual budget funded by a variety of state, federal and

pass-through grants, managing the finances for the organization is a full-time job that requires a powerful nonprofit accounting system. Saunders, who has been involved with the organization since 1990, said they were non-computerized until 1995, when they decided to try more effective management techniques. She attended a local technology conference and discovered GMS Software and saw how much more effective they could be with the system. They bought the software in 1996 and have been using it since then.

"We really didn't need to convert any data, since we were running everything on paper," she said. "We just needed to get it all set up, and the representative from GMS helped us do that, setting up all of our accounts and programs and projects."

The GMS system is specifically designed for nonprofits, with a core general ledger package that includes cash receipts, GL, budgeting, monthly processing, cost allocation and month-end reporting. The system also has available AP and payroll functions, which CAPC relies on heavily, since it has about 190 full time staff. The system also helps manage the nonprofit's assets, which include multiple vehicles, computers and other equipment.

For year-end closing and reporting, Saunders said she really appreciates the peace of mind that she gets from using an optional service from GMS where an

experienced professional visits in person to close out the books, roll things over to the next year and print out all reports and functional statements for their auditors. The organization uses the regional accounting firm of Saltmarsh Cleaveland & Gund to do its audit work, and Saunders said the firm likes that the year-end close book is prepared in such a way.

"The best thing about GMS is that I can get any report anytime I want, and then I can easily customize it to include exactly the data I want," Saunders said. "It also has a full report writer, so that I can create new reports based on our needs and the information our board or other stakeholders need."

In the 20 years that the Community Action Program Committee of Pensacola has been using GMS for its accounting and nonprofit management needs, Saunders says that the program has always stayed up-to-date with technology and changing reporting needs, while being user friendly and easy to train new staff on. GMS staff include specialists in grant and contract accounting, which Saunders said also makes her feel comfortable with the advice and tips they offer her group. ●

Visit GMS Software Online at:
www.GMSActg.com

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EXPERIENCE.
RELIABILITY.
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For over 30-years, Grants Management Systems, Inc. has provided NFP organizations with experience, reliability and trust. GMS's cost-effective, fully integrated NFP accounting and financial management software includes:

- Integrated Cost Allocation
- Budgeting, Accounting & Reporting for Multiple Grant Years
- Integrated Payroll, Leave Accounting & Labor Distribution
- Document Attachment & Automatic PDF Reports
- Over 60 supplemental options to further customize your system including Report Writer, Accounts Receivable, Fixed Assets Inventory and Purchase Orders
- GMS also offers Revolving Loan Servicing Software

Services Offered:

- On-site training by nonprofit accounting professionals
- Continuing service and support by phone, live chat and email
- On-site assistance in year-end closing and audit preparation

"GMS software is an excellent accounting management tool for non-profits. The software allows users to track individual grant program revenues & expenditures with ease. GMS also utilizes current technologies to import and export to computer files eliminating the need to keep countless paper records, which is important in today's paperless environment. With quick response times and a knowledgeable staff, the support GMS provides is unmatched to other software providers I have been involved with."

- Sam Johnson, Regional Transit Authority

Visit www.gmsactg.com to download your free 90-day trial or call 800.933.3501 ext. 420 to schedule a live demo and receive pricing.

Why CPAs Should Embrace Mobile Marketing

By Becky Livingston

Believe it or not, accounting firms that focus on leveraging mobile technology in their practice are ahead of the curve. Mobile marketing is “the now” and the wave of the future. According to recent reports from Wolters Kluwer, CCH, BMO Wealth Institute, and the AICPA, mobile efforts rank in the top three initiatives best-practice firms employ.

Here are some simple things you can do to make sure your firm’s website and marketing efforts are moving in the mobile direction.

MAKE SURE YOUR WEBSITE IS MOBILE FRIENDLY. IN APRIL, Google deployed what’s called a mobile moniker that is assigned to websites on mobile and tablet searches. This alerts the searcher to the site’s mobile friendly design. Speak with your website administrator to ensure the site is mobile ready in 2015. You can test the site on tools, such as Google’s Mobile Friendly Testing tool.

CHECK YOUR FIRM’S WEBSITE ANALYTICS REPORT for the past 12 months to see how much traffic comes to the site from mobile and tablet devices. Then compare the report month-over-month to determine the increase in mobile traffic to your site. You should begin to see a pattern of increase, which will only continue to escalate as the year moves forward.

LOCAL LISTINGS. Google, Bing, and Yahoo! each have a free, local listing feature you can use to display your firm’s geographic location, hours, services, and more. This listing will appear on mobile and desktop devices whether your website is mobile friendly or not.

APPLICATIONS. More and more applications clients want and need are being offered on mobile devices. You, too, may leverage those apps. Think about expense reporting, accounts payable and receivables, and even mobile/cloud document uploading and downloading features. Providing an added value to clients via anytime/anywhere applications is a win-win for both you and them.

EMAIL. Check your current email template on mobile devices. If you have a multi-column email template, test it using the applications mobile preview feature—both Constant Contact and MailChimp offer this feature. Also, if you send emails to



clients, make sure the font size and formatting are easy to use on a mobile device. If not, consider a single-column format for future campaigns.

CONTENT CREATION. Developing content in mobile-friendly formats is important. Consider video, images, blogs, and lead generation forms you can use to market your firm’s services, resources, and tools. The more mobile friendly your firm’s content is, the better chance it has to

be shared, liked, commented on—all helping to increase your brand and influence your firm’s search ranking.

Mobile technology will continue to move forward, even to wearables. Your efforts to keep your firm moving forward may depend on this technology as well—if not today, in the near future.

What questions do you have about developing a mobile-friendly marketing strategy for your firm? ●



Becky Livingston has more than 25 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. Connect with Becky’s firm on Facebook, LinkedIn, Google Plus, Pinterest, and YouTube.

Join the conversation in CPA Practice Advisor’s LinkedIn group: www.linkedin.com/groups/cpa-practice-advisor-3927201

Great Storytellers Get The Girls

Well, not really the girls, but they do get a lot of attention—in this, the era of content marketing. Developing magnetic stories (content) is how companies convince overwhelmed, information-overloaded end-users that there is something worth their time and attention. It's how they pull consumers in; how they make them pause, even for a brief moment, to listen to what is being said about their product or service.

The folks telling these captivating stories aren't holding some great secret. The fact is that anyone can tell a story. Yes, *anyone*. And that includes accounting professionals. The greatest of storytellers have simply taken the time to define what makes their product or service outstanding, jotted down the

juiciest nuggets, and developed a compelling plot. You can do this, too. We all can.

You don't have to be a gifted writer to develop good content. You do, however, need to understand the basics. The following tips were fashioned to help you channel your inner storyteller...no matter how deep you think she may be buried.

Everyone can tell a story

The first and probably most important step is recognizing that everyone can be a storyteller and has good stories to tell. Take yourself out of the accountant role for a moment to understand that, as individuals, we tell personal stories all the time—about our kids, sporting events, or humorous mishaps for example. Telling stories is an integral part of our lives; it's how we connect with other individuals. The same is true for how we talk about our businesses—how we spin the tale of the company's history or services offered. To get you started, considered a few questions to ask yourself and others. Any one of these can easily spark a story idea:

- Why did you start your firm?
- What was the passion behind it?
- What memorable experiences have you had as an entrepreneur?

- What pain points did you encounter and how did you overcome them?
- What pain points did you identify for your clients and how did you solve their issues through your services?
- What are the biggest lessons learned?

On first glance, these may seem like simple questions, but they can unleash a world of information once you really dig in. Coming up with a good story is like meeting a cool new person—you can't uncover their level of coolness without asking a few questions.

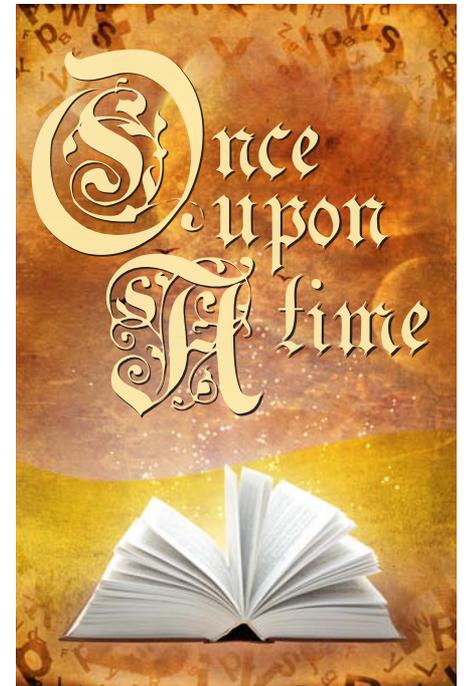
Keep your eye on the client

At the heart of your story should be, well, your heart—your clients. These are the people that keep your business pulse pumping. Think about their needs and interests—the very people who will, hopefully, be consuming your stories. Ask yourself: “What stories would they want to hear?” Great storytellers make a connection with their audience, and the best way to connect is to put your clients at the center of your plot.

And don't forget about *where* to publish your content. Knowing the channels where your clients tend to consume content is important. For example, posting all your content to your website only restricts your readership, especially if you have clients who get a lot of information from Facebook or Twitter. The best advice is to spread it around and put your content into as many channels as you can (e.g., Facebook, Twitter, Google+, a dedicated blog on your website, etc.).

Collect, review, recycle

If you look intently enough, you'll find fantastic stories everywhere. In the age of content marketing, businesses are taking great strides to develop helpful, useful information, and publishing it all over cyberspace. Review other firms' stories for inspiration. You should also be collecting ideas internally from your



employees, clients, and vendors—even ask family members. Pose a simple question: “What do you think makes our firm great or different from the others?” Ask a variety of people, and you'll get a variety of answers—all good stock for a bigger and better story.

Just do it

The biggest obstacle for most people, even experienced writers, is getting started. No one likes the cold reflection of a blank monitor. You just have to jump in and start writing your ideas down. Start simple. You could, for example, begin with telling the story of why you started your firm or why you've made recent changes. Did you identify a problem and want to solve it? Are you a passionate entrepreneur who wants to make the profession better? Are you running a technology savvy firm to meet the needs of a digitally driven client base? Do you have a mission to bring sexy back? Whatever your story, no one knows it better than you. So tell it. People will listen.

No sugar coating here. It will take work; and it may even take a village (remember to talk to those around you for ideas, staff, vendors, family), but you can be a great storyteller if you put your mind, and keyboard, to it. ●



Kristy Short, Ed.D, is president of *rwc360, LLC* (rwc360.com)—a firm dedicated to providing branding, marketing, and public relations services exclusively to the accounting profession. She is also a professor of English and marketing. Reach her at kristy@rwc360.com.

Negotiating SALT Credits and Incentives with Multiple States and Localities

By Kevin Kennedy, CPA, JD

With the economy finally showing some signs of life, businesses are looking to invest and grow. When you talk to your clients, don't forget to ask them about their planned capital spending, hiring plans and training needs. Almost every state (and many counties and municipalities) has resources to help – with everything from tax credits based on a percentage of capital spend, to retention of withholding taxes, to cash grants to offset training expenses, and everything in between. But each entity has different rules and standards to qualify for incentives.

Of the 43 largest urban areas, 15 involve overlapping state lines. Kansas City, for example, includes two states, 14 counties, and at least 24 cities with more than 10,000 residents each. Being in or near such an area provides both rewards and risks for growing companies looking for some help from economic development agencies.

Based on my experience of dealing with multiple economic development authorities regarding a single project, I have developed 5 rules of the road;

1. Timing is everything
2. Maintain relationships
3. Integrity is key
4. Keep all parties informed
5. To best represent your client, you must leverage one against the other

Timing is everything

Rule #1 is actually critical in all credit and incentive projects – not just those

involving multiple jurisdictions. But it is so important that it needs to be emphasized in all discussions of credits and incentives.

Many, if not most, credits and incentives are based on a “but for” test. Economic development agencies only want to provide a benefit if it is needed to get the deal done. Therefore you must get ahead of the game – if your client has already signed contracts related to an expansion, or started hiring people, or issued a press release announcing their decision – it becomes much more difficult (if not impossible) to get incentives to which the company might otherwise have been entitled.

Maintain relationships

To be successful, you have to maintain relationships. It's important to figure out who the providers are and keep in

touch with them. Most economic development agencies put out newsletters or announcements – get added to their mailing lists.

When it's time to negotiate, provide as many details as you can – the projected capital spending and expected job growth over the next 3 – 5 years, the training and workforce needs of the company, the types of benefits the company offers its employees, etc.

Use the expertise of the economic development agencies – do not assume that the best known programs are the only ones available. Many states have very targeted tax credits. Companies who make capital investments within these economically distressed areas receive enhanced credits and incentives.

Always ask if something else is available. The initial offers will contain statutorily mandated incentives, discretionary incentives may not have been included with the initial offer.

Integrity is key

If you find out your client is considering making a significant capital investment but there is no way that the client would ever move the business, go to the economic development authorities for the current location and see what they can offer. While you won't be able to create a bidding war between two cities/counties/states without a relocation in play, economic development agencies really are trying to help local businesses in any way they can and might be able to offer an incentive.

Furthermore, many credits and incentives are statutory in nature – if you meet the requirements (and ask



for them ahead of time), you qualify. Additional discretionary benefits are less likely, but the statutory benefits can be quite substantial.

Keep all parties informed

When I am dealing with multiple jurisdictions, I try to schedule calls with them (independent of each other) on a regular basis. That allows me to keep them informed of the status of the project, helps to avoid missing any deadlines (offered benefits sometimes have an expiration date), and allows them to possibly sweeten the pot as time goes on, or let me know of additional benefits that might be available.

In a situation where two or more economic development agencies have offered proposals, once the choice has been made you need to inform all sides – both the state/county/city the project is moving forward with, and the “losing” jurisdiction. The losing jurisdiction may want to know what the deciding factors were, so that they can adjust their approach in future competitions if needed.

Use leverage

Finally, when you are truly in a position to leverage one offer against another, you must do so – just to zealously represent the interests of your client. Many states have lesser-known programs they can utilize in special situations (including cash grants) – and one of the key factors for using them is if the project has a legitimate opportunity to be lost to another state. ●

3 Tips to a Better SALT Engagement Letter

By Gail Perry, CPA

When you and your clients agree on the services you are going to provide, there should be an engagement letter that summarizes those services and the expectations of both you and your client. Not only does this ensure there will be no confusion as to what services are to be performed, the engagement letter actually serves as a contract should there be dispute over the services at some point in the future.

The engagement letter not only sets out what services you will provide, it lays the groundwork for the client's role in making those services achievable. You can describe your plan to prepare tax returns, but that plan is contingent on the client providing you the necessary information so that you can prepare those returns correctly. No info from the client, no tax return from you. And you are protected from liability when the signed engagement letter spells out the need for the client to be a participant in the data collection process.

There are plenty of accountants who don't think the engagement letter is necessary, or who send a boilerplate description of services without expecting to receive a signed acceptance of the letter back from the client. Keeping fingers crossed that a lawsuit won't occur is not the best way to do business.

Protect yourself from risk and at the same time inform your clients of exactly what they should expect from you, and you'll all rest easier at the end of the day.

Many of your engagement letters will read the same because you probably provide the same or similar services to most of your clients. However, you'll want to fine tune the engagement letter if you are working with clients on state and local taxes (SALT). Here are some specific points you'll want to include:

State and local tax laws are subject to change. The SALT arena is volatile, laws and rates change frequently. Indicate your expectation to stay current with those legislative changes, but also mention that new laws might mean additional discussion and an amended engagement letter will follow.

Client might start or stop doing business in a taxing jurisdiction.

MAY SALT Checklist

- ☑ Review engagement letters with SALT clients to make sure you are protected from risk (see accompanying article).
- ☑ Create a checklist to use with clients to discuss their SALT-related plans for the year ahead, including planned capital expenditures, hiring plans, and training needs.
- ☑ Determine potential for negotiating SALT-related credits and incentives with taxing jurisdictions, and then develop plan for moving forward with these negotiations (see accompanying article).
- ☑ Update your calendar with SALT continuing education opportunities for the months ahead.
- ☑ Make sure you are on mailing lists for SALT news in all states where you have clients doing business.

If the client expands business to a new taxing jurisdiction or no longer does business in an existing jurisdiction, the terms of the engagement letter might have to change. Be sure to stipulate what your agreement covers in terms of potential changes in the client's business operations.

What will happen in the event of a SALT audit? Be sure to indicate that extra time and additional fees might be involved should there be a SALT audit. Explain your role in

representing your client before state and local tax authorities, and mention there is no guarantee of results.

Engagement letters should be prepared and signed annually by a representative of the accounting firm and also the client representative. If you're new to using engagement letters, you'll find it worthwhile to consult with your attorney or your liability insurance representative to make sure you're using language that will protect you. ●



How to Market to Payroll Clients

By Taija Jenkins

Running a successful payroll practice is about more than just the services you provide; it's also about *selling those services*. Sure, you may be one of the best, but how will anybody know that if you or your clients don't tell them? Word of mouth is definitely one aspect of marketing, but it often takes more than that to comprise a good marketing campaign. Marketing initiatives should also include a nice mix of digital and print content.

Review your marketing collateral to make sure it's up-to-date. Check ads, brochures and client communications for outdated taglines, phrases, logos, etc. If you've recently added services or won any awards, include them in your marketing materials and use marketing content that your payroll software provider may provide as well. While these may not be personalized for your practice, they can make great supplemental material to further explain the features and benefits of the software your practice uses.

Identify your target demographic very early on. Know who you are marketing to and what industry they serve. Identify their pain points and how your practice resolves them. Emphasize the qualities that set you apart from your competitors. Do you serve a niche market or have specialized services? Have you been around longer than competitors? These are qualities that make you unique and explain why both current and prospective clients should choose you over the competition.

Practitioners are often tempted to focus all marketing campaigns on gaining new clients. **However, it's important to remember that you must market to existing clients too.** Failure to reach out could lead to them becoming *former* clients.

Besides keeping you on their mind, marketing materials are a good way to let clients know about existing or new services that they aren't currently using.

While there are lots of different marketing strategies you can employ, **the first priority should be your website.** It is considered your businesses virtual office door and, as such, should be accessible to your clients and prospects however they step "foot" on your doorstep. You need to have a website that is both visually appealing and easy to navigate. It should contain all the information that visitors would look for – most importantly, easily accessible contact information. Not including key information is missing an opportunity to market your business to prospects. Your website is also primarily where clients and prospects will sign up to receive newsletters and other emails from your practice.

Your website should also be mobile-ready. As more business owners look to manage their businesses on the go, it's likely they will also access parts of your site from their mobile devices. Payroll articles and resources, client portals and general information about your practice are some of the important pages that should be optimized for mobile. Having a mobile-friendly

portal website is especially important if you provide a payroll portal to your clients' employees. As businesses move to become more green or paperless, they will also look for practitioners who can assist them in going paperless in payroll as well.

As mentioned above, email is a great way to expound upon your website marketing efforts. Through email, you can send out digital newsletters and keep the lines of communication open between clients.

Having a regular eNewsletter often goes hand-in-hand with website marketing efforts because you can house an archive of past newsletter issues on your site. A common practice is to tease articles in an email blast and include links for readers to "Read More" on your website. Newsletters are a great way to showcase your expertise on payroll-related topics and issues while driving traffic back to your site. Newsletters can be targeted specifically to clients or to anyone that subscribes on your website.

Similar to newsletters, email blasts also drive traffic to your website while allowing you to focus on a singular payroll topic or issue. They can serve to provide further expertise on topics that are of interest to your clients. **Emails are also a great tool to encourage prospects to revisit your site or come in for a consultation.** Personalize emails to remind clients to take certain tasks, such as verifying employee payroll information.

It is a must nowadays to have a strong social media presence. Your practice doesn't need to be on every social media network. In fact, it would be nearly impossible to be socially active on *every* network. Instead, focus your efforts on the sites where your target demographic

has the strongest presence. It is way more effective to have an active presence on a few networks than to be omnipresent. Network activity may vary by industry and user intent. While businesses have found success across multiple networks, LinkedIn still remains the number one account for B2B activity.

Creating and maintaining a blog or videos can enhance your firm's social media presence by providing self-authored content to share with and be shared by your connections. Blogs are a good way to address payroll-related frequently asked questions or share tips to help your clients get the most out of the products and services you provide.

Lastly, industry and community involvement are inexpensive ways to market your practice. Sponsoring or hosting charitable events gets your firm's name out into the community while also supporting worthy causes. You can also provide branded items, such as pens or coffee mugs, that serve as additional marketing and advertising.

Whatever marketing initiatives your firm decides to employ, it's important that you test and measure your efforts to determine what's working. Tailor messages to the audience that you are targeting and measure which words, colors, fonts, designs, etc. resonate the most with your clients and prospects. This will help you identify where best to focus your efforts and which initiatives should be discontinued.

A great marketing campaign will consist of both digital and print collateral and target existing and prospective clients. It will appeal to your audience both visually and emotionally, but most importantly, it will emphasize your strengths while setting you apart from the competition. ●

A Year in the Life of a
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Helping Your Clients Plan for Retirement

By Taija Jenkins

All things must eventually come to an end, including employment. However, thinking of the end isn't something that we like to do, even if we must. The same holds true for your clients and their employees. While your clients know that their employees will eventually leave their business – either for another company or retirement – it may not be a reality they are prepared for. While businesses may not always foresee valued employees leaving for employment elsewhere, they can foresee and, with your help, plan for employees' retirement.

When employees are nearing retirement, businesses tend to focus on succession planning and transfer of information. However, **retirement isn't just a business management concern.** It's important that businesses consider the implications on payroll, which start long before an employee decides to retire. Most companies offer some sort of retirement benefit to their employees, including 401(k) matching. Employee contributions and company matches are handled through the payroll process even if the actual retirement funds are handled by a third-party.

New hire onboarding and open enrollment are popular times for employees to sign up for or adjust contributions to their retirement plan. However, most plans allow employees to make changes at any time. **It's important to make sure your staff is properly processing these changes and working with your clients on any issues that may arise.** If client employees don't manage retirement benefits directly through your portal, make sure your systems are set up to automatically receive and process changes made on third-party sites.

Work with your clients to provide ongoing retirement education, for both them and their employees.

It's possible they may not realize or even think about the ways in which retirement will impact the payroll aspect of their business. Provide them with materials to share with *their employees* about retirement benefits. Employees that understand their retirement options are more likely to enroll and contribute to those benefits. Clients also need to understand their role in the retirement process. Make sure you communicate with them your expectations and their duties in managing the process.

Since many employees choose to continue working after they are eligible for retirement, it can be hard to predict when they may actually retire. Some may choose to retire as soon as eligible, while others may choose to change their status to part-time or temporary. For example, some employees may be able to contribute more to their yearly plan or qualify for a higher company match. Communicate with your clients when they have employees that become eligible for retirement or changes in retirement benefits to help them succession plan.

When employers learn of an

employee's intent to retire they should notify you so your staff can begin the process. Payroll contributions and company matching will need to end. Depending on the integration between your clients' payroll and retirement benefits system, this may or may not be a seamless process. If your practice provides both payroll and retirement services, you will need to make sure that any changes in one system is properly reflected in the other.

While retirement usually signifies the end of the working relationship between your client and their employee, it isn't always permanent. If a client rehires a retiree, you need to work with them to determine what, if any, impact this will have on retirement benefits and payroll withholdings. Will service time rollover from the previous employment? Consider any changes that will need to be made from a payroll standpoint. Make sure your payroll systems are configured to properly handle this situation. **The stop and start of retirement benefits and changes in employment status can lead to glitches or even human error.** Make sure any payroll changes are processed accurately.

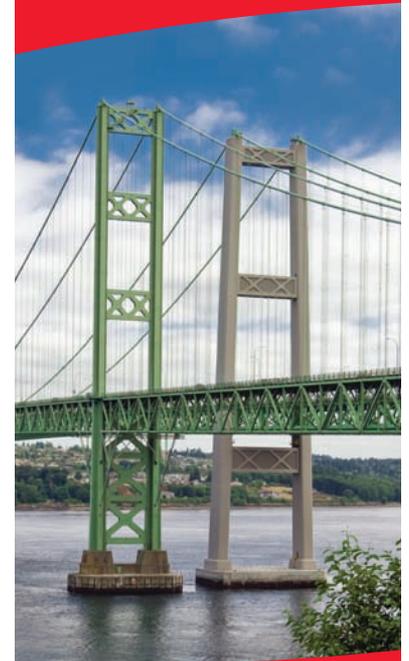
It's important as a payroll practitioner that you help your clients manage their retirement process, particularly if you manage their retirement benefits in addition to payroll. Changes will occur at every level, and it's likely your clients will be busy worried about succession planning and the transfer of knowledge to other employees.

Read more and see the monthly payroll checklist at:

www.CPAPracticeAdvisor.com/12068927



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10 Lean Six Sigma Audit Considerations

The application of Lean Six Sigma principals has helped countless organizations objectively re-evaluate and streamline their production processes. Lean Six Sigma is a consulting methodology gaining favor in the accounting profession for its focus not only on fostering operational efficiency, but also improving audit quality and client interactions with the firm, which in the end helps grow the audit practice. Traditional audit practices can take advantage of the lessons learned from firms that have implemented “Lean” processes and below we point out ten opportunities for firm consideration:



Roman H. Kepczyk, CPA.CITP, is the director of consulting for Xcentric, LLC, and works exclusively with accounting firms to implement today's leading best practices and technologies. Roman recently updated his “Quantum of Paperless: A Partner's Guide to Accounting Firm Optimization,” which is available at Amazon.com and a Certified Lean Six Sigma Black Belt.

1 ENGAGEMENT PLANNING: A cottage industry of audit re-engineering firms has proven that engagement planning at the front end of the engagement is a key component of audit success. This requires the core partner, manager, and field auditors present in the planning meeting, which promotes the development of a comprehensive and customized audit program for each client instead of doing it the “same as last year.” Lack of team planning often results in significant rework after the engagement has started. In most cases, the client engagement partner and niche manager have specific client/risk knowledge that would impact the design of the work program, which can impact field procedures and point out to audit staff the high risk areas. Firms that have multiple engagements in the



same segment have found that planning these engagements at the same time helps optimize their time as well as educate the seniors on directing the process. Lean principles point to taking the time to plan thoroughly before the engagement starts so everyone knows what is expected and minimizes later rework.

2 ENGAGEMENT MEASUREMENT: We've all heard the saying “what gets measured, gets done,” so what KPIs (Key Performance Indicators) are utilized within your audit practice to manage engagements? Oftentimes, there is an engagement budget and expected hours, which are only looked at when they are busted. Lean Six Sigma success relies heavily on measuring key audit metrics that consistently point to engagement success. The easiest metrics to track are “discrete” measurements, meaning they can be answered with a “yes” or “no.” Within each engagement, firms can track whether or not the client provided the documents required on time, was the field work completed on schedule, and was the report delivered according to the date agreed upon with the client. Lean Six Sigma also utilizes “continuous” measurements that quantitatively track information such as number of days from completion of field work to final review, hours

over/under budget, and profit margin on the engagement which are ideally reviewed after completion to determine where the firm should do more audits and where there needs to be improvements in the process.

3 CLIENT PLANNING: We rely on clients to provide us with the necessary information before the audit begins and the firm should get agreement from the client that they will have all information to you by an agreed upon date, or “they” will be responsible for delaying the delivery of the engagement. This may entail having to re-educate the client on the firm's portal and how to provide information, but this information should be recorded by the firm as well so that new staff learn to utilize these standard tools. Having ALL documents and client personnel available at the start of the engagement is critical to minimize false starts and delays, which negatively impacts the start of the next engagement, which makes scheduling a continual nightmare.

4 REALISTIC PLANNING: One of the more significant issues with planning is that firms schedule engagements end to end without any room for planning and

wrap-up. This often results in field work not being completed and components pushed off to a later time when team members may not be readily available, and it forces them to pick up and put down the same report over and over again with minimal progress. Scheduling “wrap up” days in the office where personnel can focus on completing the engagement and take care of other administrative requirements helps build a buffer, allowing the firm to stick to the next start date. An important part of planning is to be realistic and not to force a new engagement opportunity between existing scheduled engagements when there is no wiggle room available. Forcing more work into an already full schedule is one of the major causes of auditor discontent.

5 APPROPRIATE STAFFING: Another Lean Six Sigma tenet focuses on insuring that the right number of “needed” personnel are on the job. While firms may require more staff for inventory observation, are all the personnel required to be at the client site for the entire engagement or can they perform portions of this engagement back in the office if the work is fed to them from the staff in the field? For personnel that are only required for a portion of the day, work can be performed from the office utilizing remote collaboration tools (Skype, Lync, FaceTime). The hours saved by not having to commute to/from client sites can be spent doing productive audit tasks.

6 PRIORITIZED FIELD PROCESSES: Part of the engagement planning process should include risk assessment which prioritizes the most important areas of the audit and identifies those that may be the most difficult. These should be prioritized first so that work can be completed and reviewed while still in the field, allowing the audit staff

to work on the easier steps (instead of doing the easy steps the first few days of the engagement and then having to scramble to complete the more challenging steps near the end).

7 FIELD REVIEW: Lean Six Sigma promotes quality review/completeness before passing on any work, which suggests that the review process begin while the audit staff is still in the field. Clearing the more complex components of the audit while the staff are onsite allows the reviewer to get insight and provide corrective direction with the goal of having a draft of the financial reports and footnotes completed in the field. With the collaboration tools mentioned above, the reviewer can connect from offsite locations to review the work and communicate with the staff without having to be onsite.

8 CENTRALIZED DATA SET: For most metropolitan/suburban audits, we see auditors getting reliable Internet access more than 90 percent of the time, allowing the audit binders to be centralized in one location and independently accessed by everyone working on the engagement, regardless of their physical location. Today’s Citrix, RDS (Remote Desktop Services), and web-based (Thomson AdvanceFlow) audit applications allow for all audit workpapers to be securely accessed by any team member with a reliable Internet connection and the appropriate credentials. The benefit of this is that one audit data set within the firm minimizes the impact of a stolen or crashed computer, and allows everyone to work on the data concurrently. Core Lean Six Sigma analysis techniques point to the importance of keeping work easily accessible, standardized, and free of clutter which can be optimally done when working on one central data set.

9 STANDARDIZED FORMATS: Standardization of report formats is another key tenant to promote “Lean” efficiency. Too often we see staff having to learn the financial report preferences of specific partners so that their audit will pass that partners unique review requirements. This makes it harder to train new staff as well as to share staff amongst different engagements, so creating a firm standard for financial reports promotes firm efficiency. With the standardization of the editing tools within Word and Excel, firms are pushing the initial creation of all financial reports while onsite so they become part of the field review. Cosmetic quality control is then done by an administrative person back at the office prior to final delivery.

10 CLIENT DELIGHT: A final tenant of Lean Six Sigma is to focus on optimizing the audit client’s experience from “their”

viewpoint. With traditional auditing this can be a stretch as auditors are often seen as an intrusion into the client’s ability to get their day to day work done. Every team member should be given the responsibility to identify at least one opportunity for the client to improve their business. These ideas can be consolidated at the end of the engagement and presented to the client as a “value add.” Inviting the client to lunch a few months after the engagement to follow up on these ideas is a way to transition the relationship to a “consultative advisor” status which helps the client’s business, instead of an audit engagement which is to be endured.

It’s important for firms to debrief their current processes at least annually to identify opportunities for improvement and the introduction of Lean Six Sigma provides a fresh perspective. We suggest you discuss the ten processes above and determine which single item would have the greatest impact on your audit practice and then push that through completion. A successful first step often leads to confidence in trying another. ●

A successful first step often leads to confidence in trying another.



An Accountant Testifies to Profitability of Forensic Accounting

By Kristy Short, Ed.D

Mike Meilinger, CPA and owner of Meilinger Consulting, P.C., recalled how his first forensic accounting case changed his professional focus. “After testifying for the plaintiff ten hours during the trial, the judge agreed with my assessment and ruled for our client. The decision was eventually appealed by the defendant all the way to the South Carolina Supreme Court. In the end, the Supreme

Court agreed with the trial court’s assessment and ruled for our client.”

At the time, Meilinger was a partner in a traditional tax and accounting firm, where he worked a great deal in tax. After the positive experience with his first forensic case, he handled a few more. Eventually, he realized that this was the type of work he wanted to pursue full time.

“I became very passionate about forensic accounting, and I knew that I wanted to pursue it. These cases can go on for years and require total focus, so I knew that if was going to be successful, I needed to dedicate my time to it. It was then that I sold my interest in my previous firm and started Meilinger Consulting.”

In 2007, Meilinger launched Meilinger Consulting, P.C.—a boutique firm that specializes in litigation, valuation, and high-end tax consulting.

“When I sold my accounting firm, I had a non-compete agreement for five years. Now expired, we have a few high-net worth, high-income clients for whom we prepare returns and perform tax planning. About 35% of the firm’s revenue comes from these business clients. The other 65% of revenue is from our litigation work, which can be very profitable.”

Forensic accounting has been very good to Mike Meilinger. Since 2007, the firm has experienced tremendous growth, which he credits a great deal to building a strong referral program. However, he also admits that developing his referral base was not easy.

STATS AT A GLANCE

Firm launch: 2007

Total employees: 3 F/T; 3 P/T

Office Location: Greenville, SC

Firm description: Boutique accounting firm specializing in litigation, valuation, and high-end tax consulting

Technology & Service of Choice: QuickBooks, CCH, Microsoft Word and Excel, Chrometa, Asana, Build Your Firm

Evidence of what dedicated marketing and planning can do

“Attorneys are a very hard group to market to. It’s difficult to get their attention and get in front of them. I knew we needed help to reach them,” said Meilinger.

One vendor that helped the firm get noticed was Build Your Firm, Inc. “They developed our website and helped us with SEO [Search Engine Optimization]—two things I didn’t know a lot about. With the help of Build Your Firm, our site has really moved up in search engine rankings,” Meilinger stated. “I also took marketing and management workshops, which helped me better manage my firm by assigning every client a manager and marketing our services much more effectively.”

The firm’s website has served them well—developed as the primary marketing tool. “Recently, I had one new client walk in for a consultation with a \$5,000 retainer check written. He was already sold on our services by just reviewing our website,” said Meilinger.

According to Meilinger, another core element of success is persistence. “You have to be vigilant about communicating with attorneys. You also have to give away a lot of free information. I knew that the more I educated attorneys, the more likely they would be to contact my firm.”

And his persistence paid off. Today, Mike Meilinger has a strong referral program in place. “Once you’ve successfully completed a case for an attorney, [he/she] will continue to refer work to you and refer you to other attorneys.”

Equally important to the firm’s success was proper planning—which included building the right team and adopting the right technology. On the litigation side, Meilinger Consulting takes advantage of Microsoft Word and Excel to maintain volumes of forensic documentation. On the tax side, the firm uses CCH tax planning software and

QuickBooks. Additionally, the firm uses Chrometa to track their time and Asana for project management for both litigation and tax.

Asana in particular has transformed the way Meilinger’s team communicates and works together. Chrometa, according to Meilinger, “Is a multi-tasker’s dream because it tracks a multitude of projects and tasks that my tech team and I touch on any given day.” He added, “We are happy with the broad technology system we’ve developed. It helps to streamline work and maintain organized files.”

In terms of staffing, Mike Meilinger is the first to say that the right employees make the firm.

“People are the most important asset. If I didn’t have my team behind me, I wouldn’t be as successful. You have to make time in your planning efforts to identify and hire the right people.”

Closing Arguments

Building a firm within a new vertical market isn’t easy; it takes focus and dedication. It also takes passion for what you do, and Mike Meilinger stands out as a zealous professional who truly believes in his work. “I look forward to working with clients and helping them to understand,



settle, or litigate their cases. I’m very passionate about providing these services to my clients.”

Over the past few years, Meilinger and his staff have labored greatly to build the boutique firm. Dedicating time to marketing and building a strong referral program, recruiting qualified staff, and implementing the right technologies to support workflow—Meilinger Consulting is a forensic force to be reckoned with. With an ever-growing client base, it’s safe to say that there is no (reasonable) doubt that Meilinger is positioned for ongoing success. ●

If you’d like us to consider sharing your firm’s story of innovation in a future issue, email Kristy Short and let her know.



Kristy Short, Ed.D, is president of rwc360, LLC (rwc360.com)—a firm dedicated to providing branding, marketing, and public relations services exclusively to the accounting profession. She is also a professor of English and marketing. Reach her at kristy@rwc360.com.

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QuickBooks Workhub Helps Accountants & Small Business Owners Streamline Business Management

For many business owners, managing the backend of a business is often as much work as providing their own services and products. Simply streamlining these processes can alleviate many of their pain points, but it can be a hassle to get all of their programs to play nice.

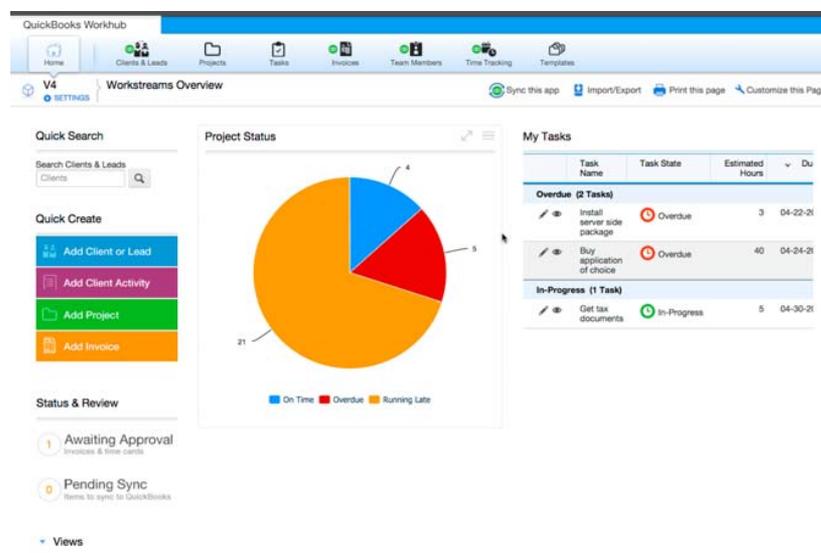
Insert QuickBooks Workhub. Now, business owners can manage all of their backend processes from one central hub. Workhub is built off of Intuit's QuickBase platform, but is designed from the ground up to meet the unique needs of small- to medium-sized business owners. Similar to every other app in the QuickBooks Online ecosystem, Workhub's deeply integrates with QBO, eliminating the need for double and manual entry.

"We build and update our applications based on the feedback we receive from our customers to ensure we are effectively solving their biggest pain points. In talking with our customers, we found that they are constantly piecing together a number of software and paper solutions to run their business. Some business owners use up to 17 different solutions," said Gideon Ansell, experience design manager for QuickBase.

With the new QuickBooks Workhub business owners can easily manage prospecting and sales, track staff activity and time, draft invoices and more. Users can create custom fields, charts and reports, allowing them to tailor the solution to their

specific business needs. The solution also offers a role-based user interface that ensures all users have access to everything they need, as well as only

problem for every business, so we've built an ecosystem that allows them to expand upon our solutions. The integration with QuickBooks



the things they need access to. This helps eliminate issues that may arise when unauthorized personnel manage important data.

"Workhub helps maximize business owners' internal control by allowing users to get meaningful insight into their business, such as what their team is doing, the status of their prospect pipeline and estimates versus actuals. We know that we're not going to solve every

ensures we deliver a single solution for running their whole practice," said Ansell.

Intuit is focusing on small- to mid-sized professional services companies with the rollout of its Workhub solution. The solution is targeted directly to accounting firms that already use QBO or QBOA. The company has spent the past year making sure to build out functionality that is crucial to successfully

running a small business. Oftentimes, the needs of small business differ greatly from those of larger businesses. As a result, many one-size-fits-all solutions contain a lot of features that are generally useless to small businesses.

"There are a lot of expensive solutions in the marketplace today with bloated features that companies don't need, while also missing what they do need. It creates a lot of time-consuming busy work for business owners. Our philosophy is that the solution ought to work for you, not the other way around. And, that's what we've created with Workhub – a solution that works business owners the way they work," said Ansell.

Workhub gives users the flexibility to add any information that is important to their business. They can add simple definitions to categories and pin data to their customizable homepage. Search functions allow users to filter by client leads and see current projects, tasks and status for each client. Client information also syncs with QuickBooks and users can add any additional information that isn't available, such as authorized client logins and the accounting software used in their business.

Users can also add information that isn't related to a business' finances, such as T-Shirt sizes or client appreciation gifts.

Users can track team members, assigning specific roles and different priorities. Roles such as user, manager and owner all have different authorizations and access levels. ●

Continue reading online at: www.CPAPracticeAdvisor.com/12071280

Is Your Firm Using Electronic Signatures?

So you think you're a progressive firm, right? You're committed to going digital and eliminating, or at least minimizing, paper. Your engagement letters are all electronic and are emailed to clients and prospects for signature.

Now think about the steps you've asked your client to do in order to complete this task. Open the document, print, physically sign on the line, scan it back into digital format, attach it in an email and send it back. Yes, these steps aren't overly demanding and likely won't lead to any workers comp claims, but they

are cumbersome and completely unnecessary.

An Easier Way

Technology has once again simplified the entire document signature process. Electronic signature tools allows the document, whatever it may be, to be signed anywhere, anytime via a computer, tablet or smart phone. Clients simply open the document and tap to electronically apply their signature. And your firm has the benefit of tracking the signature status as well as the ability to easily send reminders. You can also automate the process for obtaining multiple signatures on a single document and monitor the progress of the signature chain.

Shorten the Cycle

By eliminating the obstacles required to sign a document we increase the likelihood of success and shorten the cycle. When it comes to sales, shortened cycles are always better because it frees you up to focus on more prospects, reduces the chance the potential client will change their mind and limits the opportunities for a breakdown in the sales process.

Another way the electronic signature process helps you expedite turning proposals into signed engagement letters is that you can catch prospects while they are in a buying mood. If you're face-to-face



they can sign the engagement letter right on your tablet. Even over the phone, you can send the document for esignature and have them sign while you're still on the line.

Changing Expectations

Consumerization of technology is changing the expectations of employees and clients. With mobile devices readily at our fingertips, the ability and expectation to be able to complete tasks on-the-go is growing. This has been happening for quite some time in other industries such as real estate, mortgage, healthcare and insurance, but it's just now starting to gain traction in the accounting profession. If you've purchased a house recently you have probably experienced the convenience of signing documents electronically. As this technology becomes more pervasive in our everyday lives, the expectations will only grow stronger.

More than Just 8879

Significant time and resources are spent every tax season managing the process of gathering client signa-

tures. For the last couple of years many accounting firms have taken a wait-and-see approach to electronic signatures as they waited for IRS approval on Form 8879. Last year, by accepting electronic signatures, the IRS cleared the way to eliminate the archaic and counter-productive process of requiring a taxpayer to physically sign Form 8879 in order to electronically file their tax return.

Firms are also seeing benefits from using electronic signatures in the engagement letter process with clients and internal workflow documents. Other firms have used them to get their partner agreements signed in multi-office situations where they were previously mailing paper documents around. In doing so the firms are recognizing significant efficiency gains.

If your firm has not looked into esignature tools or has been taking the wait-and-see approach, I would encourage you to grab this low hanging fruit. It will improve efficiency, shorten the signature cycle and improve the overall signature experience for clients, employees and yourself. ●



Jim Boomer is a shareholder and the CIO for Boomer Consulting, Inc. He is the director of the Boomer Technology Circles™ and an expert on managing technology within an accounting firm. He also serves as a strategic planning and technology consultant and firm adviser in the areas of performance and risk management. In addition, Jim is leading a new program, The Producer Circle, in collaboration with CPA2BIZ and the AICPA.
jim.boomer@cpapracticeadvisor.com

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