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CPA Practice Advisor

EDITION

Today's Technology for Tomorrow's Firm

A Year in the Life of a
SALT Accountant

A Year in the Life of a
Payroll Accountant

2016 READERS' CHOICE AWARDS

The Next
Generation
Office

Simple Tools
to Boost
Productivity

APPS WE LOVE:
Personal Fitness

PRODUCT REVIEWS:

— Nonprofit Accounting
Systems

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Accounting Thought Leaders Tackle Firm Challenges at Symposium

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A Tech Message to the Accounting Profession: *We'll Be Here For You*

There was a time when the message going out to accounting firms was, **You need to embrace new technology – there are computer programs that can make your life easier. For years we heard, “You need technology.” New and faster hardware, smaller disks, backup systems (translate: tape drives and zip drives and copies of your disks stored somewhere offsite).** Maybe you had been using the same software program for a decade and were reasonably happy with it, but now it was Time For A Change and you had better get on board so that you can show your clients how savvy you are and be cutting edge and, most importantly, get the job done faster and more efficiently and with fewer errors.



Gail is the Editor-in-Chief of CPA Practice Advisor and a CPA. She is the author of over 30 books (including “Mint.com for Dummies” and “QuickBooks 2014 on Demand”) 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 newspaper.

Then the message changed to CLOUD and it got more forceful and we needed more advanced programs, *smart phones*, email addresses that don’t end in aol.com, a website for your company (seriously? You don’t have that YET?), and apps that could operate in the cloud, and the software companies and technology developers and accounting thought leaders seemed to be almost physically dragging the accountants along, trying to make sure they were aware of all of the wonderful solutions that were being offered if only people would open their eyes and minds to these treasures.

There was a *momentum*; you had to get on board and adopt new technology or you would be left behind, *left out*. There was a race among the developers of solutions to see who could be most effective in turning the heads of the members of the accounting profession, those stuck-in-their-old-ways number nerds who didn’t think they needed to update to this year’s new breed of fancy tech tools.

You could sense the urgency. Just

talk to anyone who was using any sort of new latest-edition technology and you would immediately feel like you didn’t know enough, were being excluded from the conversation, were being scorned because surely you couldn’t be providing the best service to your clients. And watch out, because that other accountant with the newer technology and the fancier web site and the *Twitter handle* was going to take your clients away.

And then we got to the present day.

The tone has changed, as has the message. I hear it whenever I talk with people who are tuned into technology and the accounting profession. Unlike for the past several years, it’s now okay to be wherever you are on the technology timeline. Software producers are going to continue to make changes and improvements in their products, but you don’t have to change if you don’t want to, and you don’t have to apologize or defend yourself if you don’t want the latest version, the newest app, the fastest phone. Do what is best for you, your business, your clients – and *you* get to define what you mean by “best.”

Technology will continue to evolve, as will you, but you can take a deep breath and move at your own pace, and new solutions will be there for you whenever you are ready for them. Stephen Kelly, CEO of Sage, explained it so well. “We are here for our customers. When they are ready to move, we will give them the technology and the training they will need. It must be done on their schedule, not ours.” ●

— Gail Perry, Editor-in-Chief
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Personal Fitness

By Gail Perry, CPA, Editor-in-Chief

When it comes to knowing and using the latest apps for fitness, we figured the best place to start is with our 40 Under 40 class of 2015. After all, these people are go-getters on the job, so it stands to reason that they will be organized about their fitness as well. We asked our under-40s to share their favorite apps that help them stay fit, and here's what we discovered.

Marjorie Adams of FOURLANE uses the **RUNNING FOR WEIGHT LOSS** application from Redrock Apps. "This application does interval training for running. It can start out with beginner, intermediate or advanced and basically gives you a timer for when to run, walk, or sprint. It also has a paid version that will change the tempo of your music based on your expected pace."

Roy Keely of Xcentric turns to **MYFITNESSPAL** and his Fitbit app to help him stay in shape. "MyFitnessPal has the best food catalogue and recipe builder of all the apps out there. Counting calories and understanding how much you burn is the only way to predict weight gain/loss. It takes discipline to log everything, but the app makes it easy if you are willing to put in the 60 seconds of effort 3-5 times a day you eat/snack."

Danetha Doe of Danetha Doe Consulting says **RUNKEEPER** is her fitness app of choice. "I love it because it allows me to track different types of fitness activities (such as running or biking). The app also allows you to customize workouts and set speed/distance goals."

"My favorite fitness app for 2016 is the **JAWBONE** iOS app that syncs with my fitness tracker," said **Kacee Johnson** of Blue Ocean Principles. "The app not only tracks all steps, sleep and fitness goals but it also is a calorie and water tracker. The app sends notifications of tips based on my trends, gives detailed reports and graphs on progress as well as weekly summary emails."

"For fitness app the one I like to use is **LOSE IT!**" said **Amanda Han** of Keystone CPA. "It helps to track calorie intake to control weight. Although it is not specifically designed to track exercise records, I do find it helpful in busy season because being aware of calorie count helps me to make healthier eating choices. So having a healthy salad instead of burgers and fries for lunch provides me with more energy in tax time."

Sometimes employers come to the rescue! **Kim Austin** of Intuit recommends **VIRGIN PULSE**. "Intuit does provide incentives for employees to use our corporate Virgin Pulse fitness app (they pay us for hitting certain fitness milestones & goals). The app syncs to most fitness devices (like a Fitbit), but I simply use the Virgin Pulse MAX to track steps, active minutes (running), sleep, and can track numerous other 'Healthy Habits' (such as how much water I'm drinking, what workouts I have done, or even what mood I'm in for the day) on the app. I've never been too worried about tracking steps or things, because I'm typically pretty active as it is, but the past few years has sometimes been eye opening to see that after a day sitting at a desk, you have barely taken a thousand steps. It's good to have those things revealed (and motivate you to go get that workout in, even when you don't feel like it)."

Adam Burnett of Wolters Kluwer is an avid runner, so he recommends two running apps. "**STRAVA** does a great job of blending fitness tracking with



social media. I use it to track my runs and my overall training, but more importantly to follow many friends and co-workers around the country and use their activity to motivate me to get out the door on the days I don't really want to. **RUNGO** is a mapping tool that lets you plan your runs/rides ahead of time and then gives you turn-by-turn instructions on the route you decided. I travel a lot so I'll plan my routes while sitting in the airport then use RunGo to run the route I'd planned. Before I had it, I would start off on the intended path but I would inevitably make a wrong turn and cut my run short or worse, get lost!"

Brian Friedman of Wolters Kluwer recommends **PELTON** and **7 MINUTE WORKOUT**. "For those who enjoy spinning, the Peloton app lets you participate in live spin classes from their NYC studio or watch thousands on demand. Just as the name states, the 7 Minute Workout app enables the busy professional to squeeze in an intense 7-minute workout quickly and easily."

Brett Austin Cooper of TaroWorks doesn't use fitness apps per se, but **SPOTIFY** always accompanies his workouts. "I wouldn't survive without Spotify fueling my morning workouts/getting me through afternoon lulls."

Cathy Iconis of Iconis Group recommends three fitness apps. **DIETBET**

- "This App lets me bet on losing weight. I am currently in a competition with several of my neighbors to lose 4% of my body weight in a month. Whoever meets that goal gets a payout. It is a great motivation to lose weight." **FITBIT** - "I have both a Fitbit Flex and the Fitbit scale (Aria). I like how the App gives me a view of my progress over time. And, what a lot of people don't know is that you don't even need a Fitbit. You can download the App for free and use your phone to track your movements." **WEIGHT WATCHERS** - "I was a member in the past and am back on the wagon. It helps me track my eating activities and it now syncs with my Fitbit so it tracks my exercise as well. I can also quickly search foods on the go to make better choices."

Elizabeth Pittelkow of Arrowstream says that **ENDOMONDO** is her favorite fitness app. "I like that the app adjusts the calorie calculation for each sport. One of the most useful features of this app is the workout history it provides."

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2016 READERS' CHOICE AWARDS

By Isaac M. O'Bannon

The role of technology in modern accounting firms is paramount. Simply put, accounting professionals could neither provide client service nor manage their practices without a host of tech solutions.

In this, the 13th annual edition of the Readers Choice Awards, we invited our readers across the country to help us spotlight the programs they most respect and trust to help them run their practices and provide services to clients. From online systems for virtually all tax and accounting functions, to tax document automation and workflow management processes, as well as tools for client collaboration, mobile productivity and the office hardware they use.

We believe the Readers Choice Awards help accounting firms by giving them a way to share, professional-to-professional, what they believe are the most beneficial systems. After all, professionals need to stay

aware of technologies and best workflow practices in order to stay competitive in the constantly-evolving tax and public accounting space.

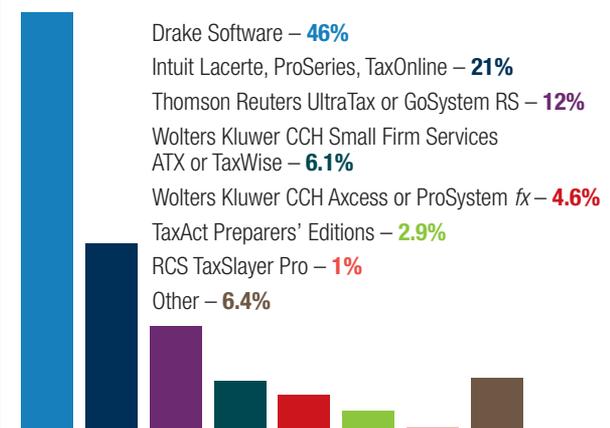
IN-FIRM TECHNOLOGIES

Federal/State Income Tax Preparation

Insight: More than 88 percent of our Readers Choice voters claimed a preference in professional tax systems, which reflects our readership: tax and accounting professionals. As such, the tax question is always the most anticipated. For 2016, the most popular systems were:

WINNER: DRAKE SOFTWARE (46%)

FEDERAL/STATE INCOME TAX COMPLIANCE



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Specialty Systems & Tax Prep Tools

Insight: Some professionals need advanced tools that may not be available (or as in-depth) in standard professional tax prep programs, particularly when it comes to state and local taxes, estate and gift taxation, and other specialties. About 25 percent of the nearly 7,000 total voters in had a preference among specialty tax tools.

WINNER: GRUNTWORX (45%)

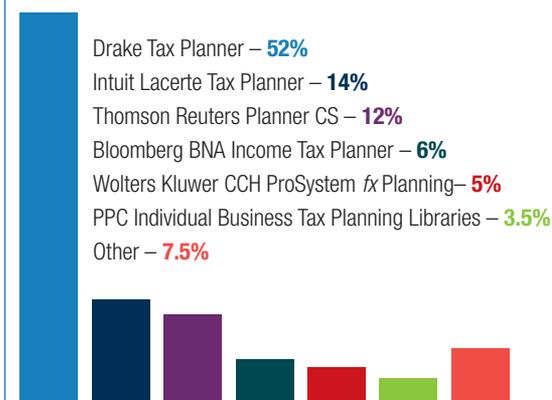
Runners Up:

- Bloomberg BNA 709 & 706 Preparer
- SurePrep
- DynaTax

Tax Planning Systems

Insight: More and more tax professionals and firms are offering proactive tax planning engagements for their clients. With recent major tax law changes (such as the Affordable Care Act and the new PATH Act), clients are understandably concerned and confused about their tax liability position, and tax planning

TAX PLANNING SYSTEMS



can help save money and calm nerves, setting the tax pro up as a hero. Although most professional tax systems include basic planning functions, more detailed scenario planning may require advanced functions that forecast many years in the future and with greater control over variables. About 60 percent of our voters this year selected a product in this category

WINNER: DRAKE TAX PLANNER (52%)

Tax & Accounting Research Systems

Insight: The new PATH Act (which made more than a dozen “extenders” permanent) and the ongoing effects of the ACA/ObamaCare has required new forms and reporting by both businesses and individuals. Tax research systems are an integral component of any tax-focused firm, particularly those with diverse and complex clients. While some of these systems integrate directly with preparation systems, others are stand-alone models. Just over 85 percent of our voters this year selected a preference in this category, with the top votes going to:

WINNER: THETAXBOOK

Runners Up:

- QuickFinder Tax Handbooks
- Thomson Reuters Checkpoint (RIA)
- Wolters Kluwer CCH Accounting Research Manager
- Intuit Tax Research & TaxAlmanac.org
- Parker Tax Pro Library
- Tax Talk Today
- Bloomberg BNA Financial
- TaxSpeaker

1099/W-2 Compliance

Insight: For businesses and tax professionals who have dozens, hundreds or thousands of W-2s and 1099s to prepare at the end of each year, the process can be a headache. If they turn to their accountant or tax pro, then you’ve got the joy of this tedious compliance task. Fortunately, there are many programs that can help automate not

only printing, but also mailing and electronic submission to federal and state entities. About half of this year’s voters selected a preference in this category.

WINNER: DRAKE CLIENT WRITE-UP

Runners Up:

- AMS 1099-ETC
- Wolters Kluwer CCH SFS ATX and TaxWise
- 1099 Pro
- Tenenz Laser Link or TFP
- AccountantsWorld
- Greatland Yearli
- Real Business Solutions W2 Mate

Sales & Use Tax

Insight: Keeping up with state and local taxes can be simple for the smallest of businesses, but can also quickly grow cumbersome and complex, depending on nexus and many other factors, including sales tax holidays. For businesses that sell to customers across many states, the challenge can be too much to keep up with manually. That’s where sales tax compliance systems come in, helping track and manage compliance on a state-by-state basis, or for all of the 8,000 or so taxing jurisdictions across the country. About 40 percent of this year’s voters had a preference in this category, with the majority saying they use the websites of state taxing authorities to report sales taxes. For those who use a technology solution, the following products ranked best:

WINNER: CFS TAX SOFTWARE

Runners Up:

- Thomson Reuters ONESource Indirect Tax
- eFileSalesTax.com
- Avalara AvaTax or Trustfile

Sales & Use Tax Exemption Certificate Management

Insight: While this is somewhat of a specialty tool, it is critical for wholesalers or other businesses that sell for resale or to organizations that are tax exempt. About eight percent of our voters claimed a preference among these systems for their clients with exemption certificate management needs.

WINNER: THOMSON REUTERS

ONESOURCE EXEMPTION CERTIFICATE MGMT.

Runners Up:

- Avalara AvaTax Certs
- Vertex Inc. Exemption Certificate Manager
- Imaging Science Services Line Link

Write-Up

Insight: As more businesses and their accountants move to the cloud, write-up continues to evolve into a more proactive client service that keeps accountants more engaged in client accounting processes. (Note, cloud-based small business accounting systems are in a separate category below.) The most popular among this year’s voters:

WINNER: INTUIT QUICKBOOKS ACCOUNTANT

Runners Up:

- Drake Client Write-Up
- Thomson Reuters Accounting CS
- PC Software Accounting Inc.
- AccountantsWorld Accounting Power

Audit Engagement Tools

Insight: While A&A stereotype is of large businesses, even small organizations and nonprofits need audit services, and they are often provided by small accounting firms in their community. Engagement management systems are designed to streamline these functions, increase productivity, strengthen managerial oversight, and enforce controls. About 10 percent of this year’s voters selected a preference in this category:

WINNER: THOMSON REUTERS PPC SMART AUDIT SUITE

Runners Up:

- Audit Confirmations
- Wolters Kluwer CCH Knowledge-Based Audit
- CaseWare IDEA
- Capital Confirmation

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Payroll

Insight: Payroll is the largest category in each year's Readers' Choice Awards, and in our annual review of payroll systems. As many firms have taken back their clients' payroll functions from third-party companies, they turn to professional systems that help them manage multiple business entities with any number of employees. Most payroll systems have moved to the cloud in recent years, which means they are always up-to-date and the processes are very streamlined. The most popular programs this year were:

WINNER: INTUIT QUICKBOOKS PAYROLL, ENHANCED PAYROLL & FULL SERVICE PAYROLL

Runners Up:

- Paychex
- Thomson Reuters Accounting CS Payroll or myPay
- Run Payroll Powered by ADP
- AMS 1099-Etc A-T-F Payroll
- Gusto (formerly ZenPayroll)
- PC Software Accounting Inc.
- AccountantsWorld Payroll Relief

Business Valuation

Insight: Professionals offer valuation services to clients when preparing for the sale or transfer of a business, for litigation, lending and other purposes. A specialty niche, this category drew votes from about 10 percent of our voters.

WINNER: VALUSOURCE EXPRESS BUSINESS VALUATION

Runners Up:

- NACVA Business Valuation Manager Pro
- MoneySoft DealSense Plus+ & Corp. Valuation Professional

Practice Management/Time & Billing Systems

Insight: Practice management and billing systems is the second largest category in the awards, with many products offering a range of capabilities for managing modern tax and accounting firms. These range from systems with extensive tools for digging deep into firm productivity and analytics, to basic time-keeping functions. As with our reviews of these systems, we've divided them into two categories this year.

PRACTICE MANAGEMENT WINNER: THOMSON REUTERS PRACTICE CS

Runners Up:

- Wolters Kluwer CCH Access or CCH ProSystem fx Practice Mgmt.
- TaxWorkFlow
- AccountantsWorld Practice Relief

TIME & BILLING WINNER: OFFICE TOOLS WORKSPACE

Runners Up:

- Sage Timeslips
- TSheets
- TPS Software Time & Billing
- ImagineTime
- BQE BillQuick

Online Invoicing/Bill Payment Solutions

Insight: With an increasing number of small businesses and accounting firms moving to cloud solutions, many are seeking ways to streamline invoicing and online bill payment.

WINNER: INTUIT PAYMENTS

Runners Up:

- PayPal
- Bill.com
- Xero
- Sage Payments
- Bill&Pay
- FreshBooks

Client Portals

Insight: We have come a long way since the days when clients brought in shoeboxes of receipts and a floppy disk with their data files on it. (Hopefully you aren't experiencing this anymore.) Modern client communication is all electronic, and it makes sense that sharing data and files is, too.

WINNER:

EFILECABINET SECURE DRAWER

Runners Up:

- Thomson Reuters NetClient CS Portals
- Citrix ShareFile
- SmartVault
- Office Tools

Document Management & Document Storage

Insight: Document management and storage systems range from basic electronic file cabinets, to advanced systems that include robust client collaboration tools, archiving, retention functions and multi-worker productivity features.

WINNER:

DRAKE DOCUMENT MANAGER

OUT-OF-OFFICE

Favorite Form of Physical Exercise During Tax Season

Insight: Most of us know that we could lose a few pounds or get into better shape in other aspects. During the 12+ hour days of tax season, though, how do professionals find the time? The top responses:

WINNER: "WHO HAS TIME TO EXERCISE?"

- Jogging/Running
- Weightlifting
- Jumping to Conclusions



New Technologies for Professional Firms

Do you use smartphone or tablet apps designed specifically for tax and accounting professionals?



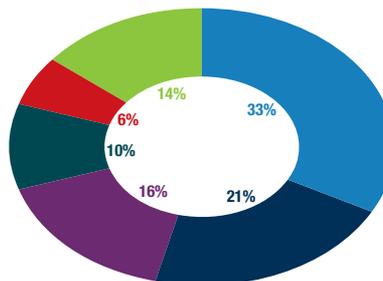
21%
(UP FROM
APX 19% IN 2015)



79%

How "remote" are you? How many hours per week do you work on client engagements or firm business while away from the office (at a client, at home or anywhere else)?

1. "My office is my home:" 33%
2. Less than 1 hour: 21%
3. Between 1-4 hours: 16%
4. Between 5-9 hours: 10%
5. Between 10-14 hours: 6%
6. 15+ hours per week: 14%



How "social" are you? Which social media tools do you use in conjunction with your work?



Runners Up:

- Thomson Reuters FileCabinet CS/GoFileRoom
- eFileCabinet
- Intuit ProSeries & Lacerte DMS
- SmartVault Document Storage
- Office Tools Practice Management Workspace

Document Management Utilities

Insight: Modern professionals also need specific document hardware for scanning and optical character recognition functions, fax capabilities and other features. These sys-

tems complement document management systems.

WINNER: FUJITSU

Runners Up:

- HP
- Canon
- Nuance
- cPaperless
- Tic-Tie-
- Calculate

Tax Document Automation

Insight: Twenty years ago, a seasoned tax professional could maybe handle 100 returns during the entire tax season, but with automation, some individual tax pros handle several hundred. The key productivity benefits of tax automation

systems is getting a client's engagement materials into an electronic version, then being able to manage the workpapers, import it into tax forms, and collaborate with the client throughout their engagements. No more cumbersome file cabinets with client documents.

WINNER: INTUIT TAX IMPORT FOR LACERTE & PROSERIES

Runners Up:

- GruntWorx Populate
- Intuit Tax Import for Lacerte & ProSeries
- Thomson Reuters Source Document Processing

- CCH ProSystem fx Scan
- Thomson Reuters Workpapers CS
- CCH Small Firm Services ATX & TaxWise PaperlessPLUS
- SurePrep 1040Scan Pro, 1040Scan Organize

Workflow Management Systems

Insight: Every firm operates differently, but they can all benefit from some best practices that help streamline internal processes. This can help tax and accounting firms realize greater productivity and profitability. We divide this work-

GENERAL BUSINESS TECHNOLOGIES

ASP/Hosted Solution Providers

Insight: Most CD-based software programs can be hosted, which gives users the convenience of web-based anytime/anywhere access just like a cloud-based system. These vendors offer software hosting services to accounting firms.

WINNER: THOMSON REUTERS VIRTUAL OFFICE CS

Runners Up:

- Cloud9 Real Time
- Right Networks
- Xcentric
- CPAASP/InsynQ

Outsourced Technology Services

Insight: Similar to a firm partnering with a local attorney or investment advisor for client services, some turn to specialty vendors who provide services that range ASPs to virtual

servers, digital fax systems, email management and even tax form preparation. The most popular this year:

WINNER: CLOUD9 REAL TIME

Runners Up:

- Right Networks
- Xcentric
- Network Management Group Inc.

Laptop and Desktop Computers

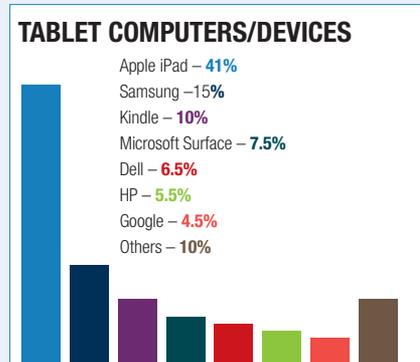
Insight: Professionals are brand-aware, and often stay with the same brand of computer for many years. Which brand do you prefer? There are many on the market, but a few regularly gain the most trust among accounting professionals.

WINNER: DELL

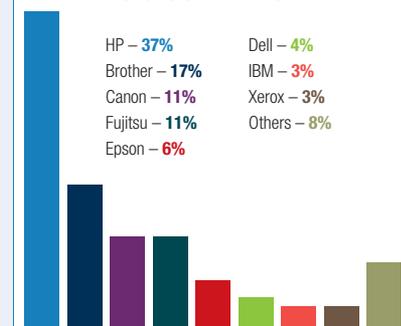
Runners Up:

- HP
- Lenovo
- Apple
- Toshiba
- Acer

Tablet Computers/Devices



PRINTERS & SCANNERS



Printers & Scanners

Insight: Printers are needed even in the "paperless" office.

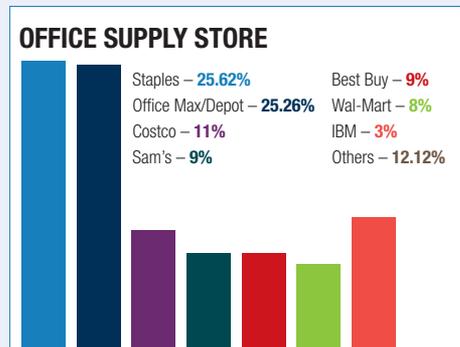
Smart Phone

Insight: Somehow, there are still a few Blackberrys out there. However, most accounting professionals seem to follow national trends when it comes to their mobile devices.



Office Supply Store

Insight: Where do you go for office supplies? Out of the more than 5,300 professionals who responded to this question, it was a photo finish, with Staples edging out OfficeMax by a couple dozen votes.



flow management category into two groups: Comprehensive Workflow and Other Workflow Tools, which are designed for aiding in specific tasks and engagements and for smaller firms.

COMPREHENSIVE WORKFLOW

WINNER: OFFICE TOOLS WORKSPACE

Runners Up:

- Thomson Reuters FirmFlow
- XCM Workflow
- TaxWorkFlow
- Wolters Kluwer CCH Axxess

Workflow

OTHER WORKFLOW TOOLS WINNER:

GRUNTWORX

Runners Up:

- eFileCabinet
- Thomson Reuters GoFileRoom/ Practice CS
- Intuit Tax Import for Lacerte and ProSeries
- Bill.com

Website Builders & Services for Accounting Firms

Insight: If you don't build it (and maintain it), they won't come ... Because prospective clients won't be able to find you. This category includes website building tools that are designed for accounting firms and may include small business, tax and financial content for visitors, as well as various calculators and email marketing functions.

WINNER:

DRAKE 1040.COM PREPARER SITES

Runners Up:

- Thomson Reuters Web Builder CS
- CPASite Solutions
- GetNetSet
- CCH ProSystem fx SiteBuilder
- AccountantsWorld Website Relief

SMALL BUSINESS ACCOUNTING SYSTEMS

Insight: While many accounting firms

are recommending clients move to the cloud, there is still a strong market for installed accounting systems, as well. These programs offer an array of business financial management tools, including bookkeeping, inventory, payables and other functions. There are several sub-categories in this group: Below are the top vote-getters in each category. Small Business Accounting

- Installed Programs

WINNER: INTUIT QUICKBOOKS DESKTOP

Runners Up:

- Sage One, Sage 50 or Sage ERP
- PC Software Accounting Inc.

SMALL BUSINESS ACCOUNTING

- WEB-BASED WINNER: INTUIT

QUICKBOOKS ONLINE/ONLINE

ACCOUNTANT

Runners Up:

- Thomson Reuters Client CS
- SageOne • Xero

RETAIL ACCOUNTING/POINT-OF-SALE

WINNER: INTUIT QUICKBOOKS POINT-OF-SALE

Runners Up:

- NetSuite OnSite POS
- AccuPOS Retail POS
- Vend POS
- Wasp Barcode

NOT-FOR-PROFIT ACCOUNTING

WINNER: INTUIT QUICKBOOKS

PREMIER NONPROFIT

Runners Up:

- Blackbaud Financial Edge or Fundware
- Open Systems TRAVERSE

- Abila MIP Fund Accounting

- Aplos Software

FIXED ASSET MANAGEMENT WINNER:

THOMSON REUTERS

FIXED ASSETS CS

Runners Up:

- Intuit ProSeries Fixed Asset Manager

- ProWare Asset Keeper

- Sage FAS Asset Accounting

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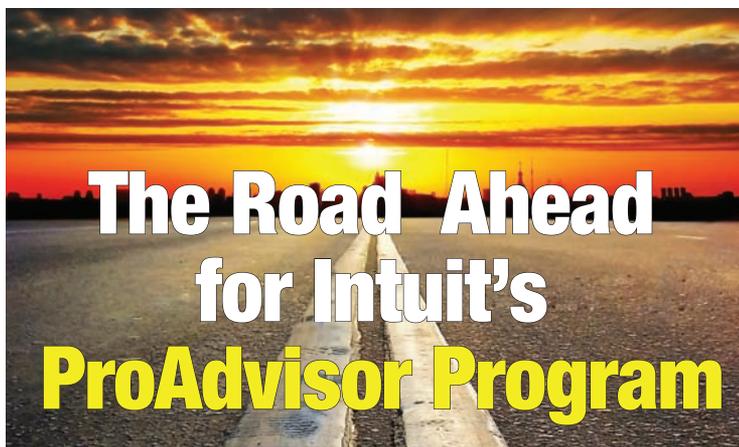
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ate last year, Luis Sanchez, the leader of Intuit's ProAdvisor Program, transitioned to a new position within the company, passing the ProAdvisor torch to Chris Hamilton to lead the way.

Hamilton has been busy carrying on the initiatives that were already in place for the ProAdvisor Program, while simultaneously planning for the program's future.

As Global Leader of the QuickBooks Online Products Initiative Team, Hamilton is most excited to work up close and personal with some of QuickBooks Online's biggest advocates and product leaders.

"I have a lot of passion for our clients and customers, and I'm really looking forward to continuing to connect with ProAdvisors. Luis Sanchez achieved great things with the ProAdvisor Program, and I want to continue to double-down on the work that he started when he was in this role," said Hamilton.

Under Sanchez' reign, the QuickBooks ProAdvisor program saw tremendous growth, more than doubling the number of QuickBooks ProAdvisors to 130,000 worldwide. Intuit has also launched and revamped several versions of QuickBooks Online, as well as various ProAdvisor certifications and training. Hamilton has no plans to slow down this momentum either. He plans to continue to explore and roll out new approaches and offerings for the ProAdvisor Program, including

a new QuickBooks Advanced Certification that will launch on March 28, 2016.

"The areas that the team has focused on in the past have been spot on and we will continue to focus in those areas. As a result of their efforts, we have award-winning training and certification opportunities. We are also working on increasing the number of partnerships with third-party apps in efforts to help accountants grow their practice online," said Hamilton.

Intuit has built an entire ecosystem focused on helping accountants and their clients get onboard with their third-party app partners to eliminate pain points for small business owners. It has also worked hard to create a harmonious and seamless experience within this ecosystem. The ProAdvisor program is closely aligned to helping accounting firms become a Firm of the Future. Intuit has worked to deeply integrate its ProAdvisor program into QuickBooks Online Accountant and plans to continue to do so in future versions. Every aspect of the integra-

tion between QuickBooks Online Accountant and the ProAdvisor Program leverages one of the three pillars of a Firm of the Future: embracing the Cloud, being a trusted advisor and staying connected. In fact, Intuit's Find-A-ProAdvisor directory helps ProAdvisors connect to new small business clients.

"The whole idea behind getting connected and growing your practice is about ensuring that accountants have a presence online. Firms need a website because, as Jim McGinnis has said, 'The web is the new lobby.' That's why we are focused on revamping our online directory to not only help find leads for accountants, but also the best possible match between small businesses and accountants. It's really all moving toward the Firm of the Future," said Hamilton.

One of the many benefits available to ProAdvisors who are already using QuickBooks Online Accountant is free for life licenses for using one of their partner apps and discounts that they can share with clients. Intuit encourages ProAdvisors to get connected with the apps because they can get deeper insight into their clients' workflows that previously may have been unavailable. Another benefit is being able to see firsthand how these apps work before recommending them to clients.

"We are thinking very deeply about how we can continue to invest in our ProAdvisor offerings, along with the entire QuickBooks experience for our customers. As they continue to grow their businesses, we want to empower their accountants to move to QuickBooks Online Accountant, if they are not already using the software. The deep integration between our ProAdvisor program and QuickBooks Online Accountant provides great benefits that can help accountants take their firms to the next level to become Firms of the Future," said Hamilton.

Intuit is also investing in the mar-

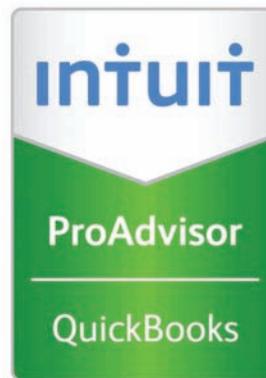
keting resources and tools it provides to help accountants get online and build their practice. The resources are designed to give accountants best practices for social media and focus on building and establishing a business presence online, as well as tips for gaining followers and following others.

While Intuit is investing in its programs and infrastructure, the occasional setback does happen. However, Hamilton explained that while Intuit is committed to being quick and responsive when adversity strikes. When the company received complaints of spam, it took swift action to reduce phishing attacks against its customers. One of the solutions is the ability for ProAdvisors to completely hide their email address from the Find-A-ProAdvisor directory, opting to be contacted through a form instead.

"Security remains a very high priority for us. As such, we take security and phishing and spam schemes very seriously. Since learning of the issues, we have implemented a variety of phases to ensure that ProAdvisors' data is secure. We are monitoring our systems daily and we have seen the percentage of phishing emails drop tremendously. Our customers can rest assured that our eyes are squarely on the issue and we are continuing to combat it," said Hamilton.

"The market is constantly shifting, which is why being a Firm of the Future is so important. You have to be ready and willing to embrace the change that's coming. For us, that means continually talking to ProAdvisors and putting our ear to the ground. We want accountants to know that we're listening, and if we're not meeting their needs, we want to hear about it," said Hamilton.

For more information on the ProAdvisor program, the new certification, as well as FAQs, visit the Intuit Accountants News Central (<http://blog.accountants.intuit.com>). ●



Simple Tools for Productivity

The Consumer Electronics Show (CES) introduces a variety of new products and technologies for consumers and businesses. While CES receives heavy national reporting and is the source of thousands of articles, looking for tools that can improve the practice of accounting is the focus of my efforts at the event.

It was clear that in 2016 and beyond, a few trends are obvious: higher speed 5G cellular and networks, resolutions and brightness that improve the images we see on cell phones, tablets, computers and monitors, better and faster storage, as well as improving the fundamentals of interfacing with our devices with voice and typing. All can be expected this year and beyond.

Low Cost Improvement in Productivity

New ideas for common devices have created solutions you should buy. For example, Matias from Ontario, Canada, has developed a stand called the iRizer for use with computers, tablets and phones that is simple and should be included in everyone's portable kit. iRizer holds devices at various angles to ease use, reading, and ergonomics. The angles that can be set in the iRizer product makes any situation where you are trying to be productive much simpler. At the extremely low price point, we'd recommend trying a few and then making this product part of everyone's standard equipment.

Just as interesting was a series of keyboards. The founder and engineer explained how the manufacturer of "positive click" components had stopped making these items, and we lamented the loss of the old

Keytronics and IBM keyboards.

Matias had to create new generation key switches themselves. They created three different keyboard switches, which you can see in the two accompanying pictures. One key switch model makes noise with a strong, positive touch, and one has a strong, positive touch, and one has slightly less pressure needed for people with arthritis issues. If you prefer flat style keyboards, the company makes these as well.

Another winner from this year's CES is the Logitech MX Anywhere 2 mouse. If you have mobile workers you want to put the best mice in their hands. The mouse is very precise and works on any surface, including glass. Logitech mice are available in a variety of ergonomic configurations.

For desktop mice, you might want to consider products like the Performance Mouse MX or the MX Master. Remember that on mice, you are looking for high precision, but a single mouse model does not fit everyone's needs. You'll want to offer multiple options.

A practical solution to portable, encrypted storage was LINK by Fasetto. This portable Solid State Drive is available in 256GB or 2TB models. Connections are made via 802.11ac technology, and the unit can have up to 36 users attached. These connections can be used as central file rooms by auditors, for streaming video or as storage for

digital cameras. The small size and strong security make it an option for anyone who has to carry files and share them securely. However, the LINK was not the only major storage improvement in this year's CES. Samsung announced a number of high performance Solid State Drives completely eclipsing the old performance of 20,000 IOPS (Input/Output Operations Per Second). Some enterprise SSD models are now delivering 1,000,000 IOPS.

Another vendor that has delivered multi-monitor technology for years is DisplayLink. DisplayLink included new products for multiple 4K monitor attachments with various landscape and portrait orientations. The new unit supports connections from tablets and phones such as the iPad/iPhone as well as from computers at the same time. The vendor has innovated in USB Type-C, Thunderbolt and 4K connections with hardware and software upgrades this year. It is clear that 4K technology for monitors and phones will become common.

It is also clear that 4K TV products are simply a bridge to the new generation 8K SUD TV offerings. The 8K sorting table shown by Panasonic will be a superb collaborative tool. The 4K SmartKapp marker board for collaboration can double as a large screen touchscreen monitor while providing multi-site collaboration. I'm hard pressed to



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Various technologies from CES.





A CES attendee looks at mobile devices.

Imagine a CPA firm that has any clients as guests in a conference room that wouldn't own one or more of these presentation boards.

Intel's opening keynote for the conference was packed with all sorts of technology. You can read about it from other sources. For accountants, the new SkyLake processor chip is making all current generation computers faster. The facial and object recognition of Intel's RealSense will get quite a bit of press this year as

products using the technology are released. The RealSense camera is the only certified login device for the new Windows 10 Hello feature besides the Microsoft Surface. You'll note my face was scanned and placed on the large statue in the Intel booth using this technology. Intel has shipped their TrueKey password management which is sufficient for personal passwords, but won't be ready for use by accountants for business purposes until sometime in 2017.

We have admired YubiKey since it first came out 8 years ago, and there is a new version that has been released. This hardware token helps lock up passwords with multi-factor authentication. The hardware fob is relatively low cost, and makes password management products like LastPass more secure by enabling multi-factor authentication.

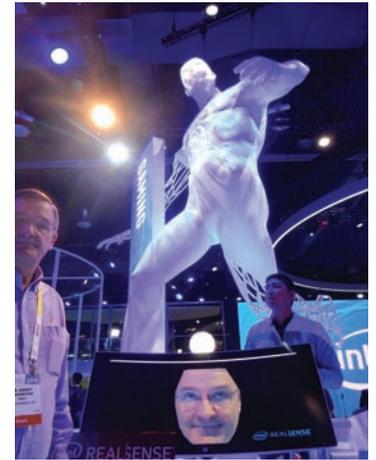
Higher performance home wireless from new consumer grade products like TPLink, Belkin LinkSys, DLink and Amped were

also everywhere at CES. As we suggested in 2014 and emphasized in 2015, it is time to replace all older 802.11b/a/g/n hardware with the new 802.11ac/ad units. These result in higher throughput to computers, tablets and phones as well as providing better security. Business 802.11ac is commonly available now.

Buy the Right Supporting Technology

Many of us buy expensive tablets, computers and other components trying to give our users a better experience. Some of the upgrades named above are less than \$100 and a simple tool like the iRizer is only around \$40. While you may be thinking that if you are working in the cloud, hardware doesn't matter, that may be only partially true.

Hardware doesn't matter as much, but if it is slow, hard to use or is doing damage to your team members because of poor ergonomics, hardware matters a lot. If you skimp on



Randy Johnston at CES 2016.

hardware for your team members, you are paying for this in lost productivity. Consider all hardware and software components for your users, and pick appropriate solutions to maximize their productivity. ●

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CES 2016: Future Gadgets

The year started off with a bang as we cruised the aisles at the annual Consumer Electronics Show in Las Vegas with 170,000 other technology adventurers. CES is the largest consumer electronics show in the world where the latest gadgets are launched and provides an opportunity to preview the products and trends that could impact consumers in the near future. 2016 was another record setting year with over 3,800 vendors spread out over 2.47 million square feet of show floor (that's a lot of walking!). After three days of press briefings and product announcements, we highlight our list of the top accounting related technologies and trends that could one day make their way into your firm.

Thin is In: Lenovo unveiled the **Yoga 900s** laptop/tablet hybrid which they compressed into a half

inch thick form factor when either closed or flipped into tablet mode. This device is hailed as the “world’s thinnest convertible laptop,” and while it may be slightly heavy at 2.2 pounds, this is because of the solid feel of the hinge which allows the keyboard to fold completely under the screen to function equally well as a tablet. This product could be a “tweener” unit between tablet and laptop when you need a little of both, with the only negative we felt being that the keyboard is so thin, you need to have a light touch when typing.

Upgrade Your Headset: Talking on your smartphone, participating in video conferencing, and listening to webinars are all part of a CPA’s normal work day and most of us have different devices to accommodate each of these communication needs. Plantronics showed off their **Voyager Focus UC Headset** which allows you to replace your office computer and smartphone headsets with one unit that can easily switch between your PC and taking a call on your smartphone when in the office. The latest iteration of this headset combines stereo sound with



Roman Kepczyk poses with a Star Wars Storm Trooper replica at CES 2016.



active noise cancelling technology that erases all those ambient office noises and allows you a mobile range of almost 100 feet (so you can grab that second cup of coffee while listening). It also has a helpful automatic mute feature if you have to

take the headset off and an audible reminder if you try to talk when in mute mode.

Improving CPA Productivity: Study after study is pointing out how really bad sitting all day is, which unfortunately, most CPAs are guilty of. 2016 appears to be the year when Corporate Wellness takes precedence with wearable fitness providers such as **Garmin** upping their game to combine comprehensive wellness programs with their **Vivofit**, **Vivosmart** and **Vivoactive** devices to monitor and measure if



Roman H. Kepczyk, CPA.CITP is Director of Consulting for Xcentric, LLC and works with accounting firms to optimize their internal production workflows within their tax, audit, client services and administrative areas. His *Quantum of Paperless Guide* (Amazon.com) has been updated with paperless benchmark statistics and outlines 32 digital best practices all accounting firm partners need to understand.

TECHNOLOGY // PRACTICE

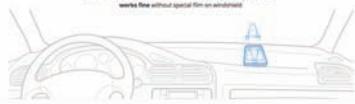


your workforce is getting more active. Also, helping CPAs get out of their chairs are products like the **Lifespan Walking Desk**, Loktek Cycling Desk, and the Autonomous Automatic Standing Desk. We are seeing more and more standing desks in firms and switched to one earlier this year and can attest to the improved productivity.

Getting There Safely: A major section of CES covers automotive technology and while self-driving cars in our own garages are still a few years out, a couple of tools that your auditors will soon be able to take on the road are the **ADAS One** driving sensor and the **Hudway** heads up display. Hudway allows you to turn your smartphone into a heads-up

No additional equipment required

Just put the phone on the dashboard. Does not require any projection, works fine without special film or windshield.



display to be placed on your dashboard so you can more effectively utilize its GPS, as well as a special feature that allows you to download route maps to assist when driving in very low visibility conditions. The display will also show the vehicle's current speed and distance to the next turn which is done by downloading their app so your smartphone screen can be mirrored without taking your eyes off the road. ADAS One also takes advantage of the latest forward looking sensor technology being built into vehicles by adding after-market versions for your current car to warn you of obstacles when driving.

Tougher Screens Make Tougher Desks? Corning's **Gorilla Glass** has



made a name for itself for tough smartphone and tablet screens that withstand brutal drops and scratches while still being able to interact with applications by touch. Their latest screens are not only large enough to become your car's digital cockpit, but to even become your desktop. Image your desk surface being a giant screen with applications running so you could collaborate with clients on their business needs, making the most of that space.

Being There When You Physically Can't: Robotic Techs were one of the fastest growing consumer categories and mobile robots from **BeamPro** and **Double Robotics** allow you to see what is going on in the office by controlling a robot that has video conferencing built in so you can be at two places at one time. However, on the consumer side a product called **Orbii** was the one that gave us a smile. If you saw the latest Star Wars movie, you will

realize this robotic ball with sensors and cameras is the precursor to the endearing BB-8 droid!

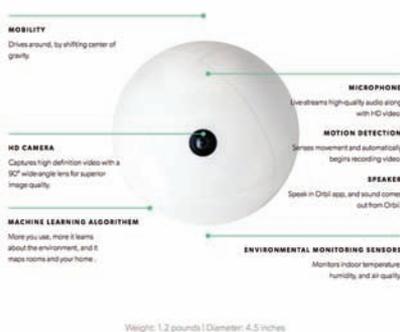
Gotta Have It: Each year there is a product that you just have to have and this year it is the **Ehang Personal Flying Drone**. This product combines the best of Google's autonomous cars with Amazon's delivery drones. Imagine a world where you get into a copter-drone, plug in the coordinates of where you want to go and the onboard computer safely delivers you there, while you clear your morning email. Ehang is a "life-size" version of our favorite obstacle avoidance drone which we found during Intel's key-



note presentation. The Yuneec Typhoon H drone incorporates Intel's 3D Real Sense technology which makes it virtually impossible for a drone to run into any obstacle. This \$2,000 HD-camera equipped drone will be available later this year and follow you around the office to record all those crazy auditing adventures.

Consumer electronics continue to evolve and push the envelope of what is possible and while many of these technologies are on the "bleeding edge," those that are the most useful in your homes may one day make it into your offices. Have a great busy season! ●

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STAFF SUCCESSION PLANNING IS CRITICAL TO ACCOUNTING FIRM SUCCESS

By Paul McDonald



Have you ever thanked someone for a job well done by saying, “I don’t know what we’d do without you”? Well, in a well-run public accounting firm, managers do know what they’d do if an employee left the team. They have succession plans in place. Creating contingencies for the replacement of staff members — be they Baby Boomers leaving for retirement or workers heading to another role — is essential to the long-term success of your firm. That’s why it should never be left to chance.

Not Just for the C-suite

The focus of succession planning has traditionally been the top of the organizational chart, as that’s where most of the major business decisions are made. However, the loss of a staff member at any level can have ramifications in terms of productivity, workflow and customer service.

In a recent Robert Half Management Resources survey, only 10 percent of accounting and finance professionals said someone at their organization could easily take over their job if they quit, while 50 percent said the company would need to make a new hire. That finding should give employers pause. When it takes an average of four to five weeks to fill an open accounting position, that’s at least month of being short-staffed. So what steps

can you take to ensure stability and continuity in your firm?

A Winning Succession Planning Strategy

The new year is an ideal time to review and update your succession plan. Here are some actions you can take in the next few months:

- **Prepare a strategy for every position.** Every employee plays a role in the firm’s success, so include all staff members when creating your succession plans. Consider what knowledge and skills you would lose if each person left tomorrow and how you would fill that role. Be creative in your thinking. For example, instead of merely shuffling around employees, might it be better to divide one job among two or three accountants? Another possibility is to have a worker

Few Employees Waiting in the Wings

Research Shows Succession Plans Frequently Lacking

Could someone at your company easily step in and do your job if you quit?



50%

No, the company would need to hire externally



40%

Yes, but training would be required



10%

Yes, someone internal could easily step in

Source: Robert Half Management Resources online survey of more than 1,100 accounting and finance professionals

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take on half of the duties and bring in a skilled financial consultant or temporary professional to handle the rest as you search for a full-time replacement. This person-by-person succession planning will take time and thought for you and other managers, but the peace of mind it affords is well worth the effort. When you do lose someone, as inevitably happens, your

THE LOSS OF A STAFF MEMBER AT ANY LEVEL CAN HAVE RAMIFICATIONS IN TERMS OF PRODUCTIVITY, WORKFLOW AND CUSTOMER SERVICE.

firm won't be thrown into a panic.

- **Lay the groundwork.** Succession planning is not just about what happens after someone leaves. Managers must also have an ongoing commitment to leadership training and other forms of professional development. Once you've formulated your plans, consider what coaching and preparation would-be successors need. This strategy nicely complements the career-path conversations you should be having with each team member.
- **Recruit for the future.** When hiring, take a long-term perspective. Remember, you're not just filling a position, but also preparing for the firm's future success. So as you sift through resumes and conduct interviews, look for in-demand leadership traits, in addition to the relevant accounting skills and experience. Taking this approach is helpful when recruiting recent graduates and other entry-level accountants as well. Generation Z

employees expect to progress quickly in their jobs and are attracted to employers that demonstrate a commitment to career pathing, according to recent research from Robert Half and Enactus.

- **Create opportunities to shine.** Sometimes it's difficult for future leaders to realize their full potential — and for you to recognize it — if they don't have a chance to show what they are capable of. To find those diamonds in the rough, open up project-based leadership roles to your entire staff. And don't be afraid to approach promising candidates. For those who are a little shy, a nudge from

management may be what they need to build up their confidence, tackle a new challenge and become a polished leader. What's more, by seeing how employees perform in real-world situations, you'll have a chance to test the feasibility of your succession planning.

Losing a key person can be a blow to any public accounting firm, but the effects can be mitigated if you anticipate and prepare. So take a fresh look at your succession planning efforts, and make sure you're ready for whatever challenges the new year holds. ●



Paul McDonald is senior executive director at international staffing firm Robert Half. He writes and speaks frequently on hiring, workplace and career management topics. Over the course of more than 30 years in the recruiting field, McDonald has advised thousands of company leaders and job seekers on how to hire and get hired.

2016 Review of Nonprofit Accounting Systems

By Mary Girsch-Bock

There are an estimated 2.3 million nonprofit organizations currently operating in the U.S.; one nonprofit for every 175 Americans. Some of these are one-person operations, but 1.6 million of those nonprofits are currently registered with the IRS.

While smaller nonprofits may feel that they can get by without nonprofit software, using spreadsheets to monitor organizational activity, this process is not recommended for any small business owner, particularly the nonprofit, where additional detail, such as donation amounts, donor information, program details, membership details, and grant and fund budgets need to be tracked.

Today, while many nonprofits continue to struggle with spreadsheets, recent surveys have shown that many nonprofits are finally starting to see that there is a wealth of products available that can make their job considerably easier. Is your client using one product to manage organizational expenses, another to track donors, and still another to create budgets and financial statements? This is a common occurrence in many nonprofits, where systems are typically older, and have been purchased as needs have arisen. The result is that none of the software systems 'talk' to each other, increasing the need enter information two and sometimes three times.

So what would be the best software for your client's nonprofit organization? Are they primarily funded by grants? Are those private foundation grants or federal/state grants? Do the majority of their funds come from private donations? Or are fundraisers and other events held in order to raise money? Is your client's organization a membership organization, where tracking membership dues are necessary? Do they rely on volunteers to handle a lot of the jobs needed in the organization?

By determining the needs of your client's nonprofit first, identifying the software product best suited to their

organization will be a lot easier. Knowing that funding comes from grants means that you'll only have to look at software that offers grant management capability. If the organization is donor driven, a donor management tool is imperative. If the needs of the nonprofit are changing or unclear, modular software might be a better option, as modules can be added as needed, without the fear of outgrowing the product.

The products included in the nonprofit review range from small 1-2 user systems to sophisticated products that only the largest nonprofits could take advantage of. An excellent grant management product is also discussed in the review.

The areas we looked at in this review include the following:

Basic System Functions - this addresses everything from ease of navigation to modules included in the product, along with deployment method: on premise, online, or both.

Core NFP/Fund Accounting Capabilities - which addresses the most important aspects of the product, looking at everything from account structure, along with the ability to support flexible account structure and multiple segments? We also look at the ability to create and manage multiple budgets, automatic fund balancing, and grant management capability. Audit trail functionality is also addressed, as is the availability of electronic features such as online bill payment, the ability to email invoices and statements to recipients, the ability to accept electronic payments, remote access, and ebanking capability.

Management Features - looks at the availability of management tools such as financial dashboards, advanced security, collections, and additional fundraising activities. It also looks at more advanced budget capability including in-depth analysis and the ability to create what-if scenarios.

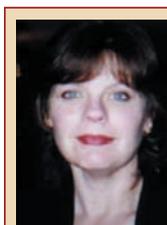
Financial Statements and Reporting - looks at the kind of reports that can be produced by the system, as

well as the ability to further customize system reports.

Integration/Import/Export - in this section import/export options are explored. Can information be exported to Excel or other spreadsheets? Can reports be exported as PDF's? Can information from other applications be imported into the system?

Help/Support - An area of particular importance for new users, we look at the tools provided to make the transition to a new product easier. Are there videos, webinars, or instructional tools available for new users to reviews? Is the 'help' function strong? What are the training options, and how are those training options delivered?

It's important to remember that many other factors can play a role when determining what software is best for your client including ease of use, final costs, and ability to add/upgrade the system when necessary. Most of the products in this review offer online or downloadable demos that potential users can try out prior to making a decision. And why there's no doubt that needs of two nonprofits will never be the same, no matter the other similarities, these reviews can help lead the way to the best solution for your client. ●



Mary Girsch-Bock

Mary Girsch-Bock began her career as an accountant in the property management and healthcare industries. She is now a freelance writer specializing in business and technology issues and is the author of her first book,

several HR handbooks, training manuals, and other in-house publications. She can be reached at mary.girschbock@cpapracticeadvisor.com.

	BASIC SYSTEM FUNCTIONS	CORE NFP/FUND ACCOUNTING CAPABILITIES	MANAGEMENT FEATURES	FINANCIAL STATEMENTS & REPORTING	INTEGRATION/IMPORT/EXPORT	HELP/SUPPORT	OVERALL RATING
Abila MIP Advance	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
AccuFund for Nonprofits	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Aplos Fund Accounting	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Araize FastFund Nonprofit Accounting	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Blackbaud Financial Edge NXT	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Cougar Mountain Denali + FUND Nonprofit Accounting	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
FUND E-Z Nonprofit Accounting	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
OneNFP Financials & OneNFP Fundraising	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
QuickBooks Online Nonprofit Version	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Serenic Navigator Nonprofit Accounting	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★

NONPROFIT ACCOUNTING SOFTWARE

Abila MIP Advance

2016
OVERALL
RATING

5

BEST FIT

MIP Advance is a true fund accounting solution well suited for mid-sized nonprofits and government entities that manage multiple funds and require advanced reporting capability.

PRODUCT STRENGTHS

- Available as a cloud-based product or installed on-premises

- Product offers a mobile app that allows users to access the system using smart phones and tablets
- Excellent selection of fundraising and donor management tools
- Available in multiple editions

POTENTIAL LIMITATIONS

- Product setup time may be considerable

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/12162284

SUMMARY & PRICING

MIP Advance offers users the flexibility of a cloud-based system, along with strong fund management and reporting options. Pricing for MIP Advance starts at \$99.00 for a single user and includes GL, AP, Bank Reconciliation, Dashboard, and Export to Excel Only modules. The

Standard Version is \$199.00 for a single user and includes all of the above modules as well as Budgeting, AR Reporting, Forms Designer, API, and Import/Export modules. Other variations of this model are available from Abila's website.

www.Abila.com

AccuFund for Nonprofits

2016
OVERALL
RATING

5

BEST FIT

AccuFund for Nonprofits offers a variety of deployment options. AccuFund is well suited for mid-sized nonprofit organizations and government entities.

PRODUCT STRENGTHS

- Both on-premise and online/cloud version available
- Strong set of core modules
- Excellent selection of add-on modules

- Seamless integration with Salesforce
- AccuFund for Nonprofits provides a degree of flexibility in its product offerings, giving users the choice of a traditionally installed product, an online version of that same product, or the cloud-based AccuFund Anywhere.

POTENTIAL LIMITATIONS

- Purchasing additional modules may drive cost out of reach of

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/12162193

smaller nonprofits

- Training and system setup required

SUMMARY & PRICING

AccuFund is an excellent choice for mid-sized nonprofits that need a scalable product that can be accessed remotely. The availability of both on-premise and cloud editions allows users to choose the option that would suit their organization's needs. The scalability of the product allows users

to start with the core set of modules and add others at a later date. AccuFund pricing begins at \$2,995 for a single user system with additional modules available ranging from \$1,295 to \$2,495 in price. AccuFund Anywhere starts at \$190 for the first user, with additional users extra. Additional modules range in price from \$80 and \$110 per month.

www.Accufund.com

SPONSORED CONTENT

FIRST-HAND

All Aboard! Nonprofit Accounting System Keeps the Trains Running

Managing the accounting for a nonprofit group can be a challenge, and in some ways even more challenging than running a business. While there is less focus on achieving a profit, getting the most from revenues is definitely a priority, and nonprofits also have much more stringent fund management requirements, tracking which projects and activities that specific funds are used for.

Preserving History

Those are just some of the challenges that Katharina Root faces in her role as bookkeeper for the New Mexico-based Friends of the Cumbres & Toltec Scenic Railroad. The 64 mile-long, narrow gauge railroad, first built in 1880, is operated for tourism by an interstate agency coordinated by the states of New Mexico and Colorado. The role of the nonprofit group, which is a 501c-3 organization, is to preserve, restore and help interpret the historic railroad line as a living museum.

To achieve its mission, the group relies on donations from more than 2,500 members around the world, and volunteer labor from more than 500 members who come to Albuquerque each year for work sessions. The work can be tedious, such as scraping and refurbishing boxcars, and some specialized work, like rebuilding 100 year-old steam engines, must be contracted out.

"People come from all over the country, many are railroad or history buffs, others are interested in helping

the community," she said. "These folks rock, and spend countless hours and do amazing planning and work, and our board of directors, who are leaders in industry, are devoted to our mission."

One of the major projects the group recently finished was the total restoration of Locomotive 463, which is registered as a National Historic Place. The steam-powered locomotive was built in 1903, and was later owned by actor and country singer Gene Autry. The group also recently renovated a post office boxcar, including a kitchen, stove and bags for mail.

Before AccuFund

Katharina, who runs an accounting practice in the area, works for the Friends of the Cumbres and Toltec part time, while also serving her mostly small business clients in the area. When she started managing the finances for the nonprofit about 17 years ago, the group was using an off-the-shelf accounting system that she said was limited in its capabilities.

"We really needed a system with true fund accounting capabilities, better reporting, and the ability to track by asset across multiple projects and multiple levels," she said. "Nonprofit accounting has more complexities than for-profit business accounting. Katharina has to track a budget of more than \$635,000 with more than 60 restricted funds, such as specific projects that a member has made a donation for. The group also receives some grants.

With her experience in accounting, she knew what the

group needed, and she said that when she found AccuFund, and the CRM product that goes with it, she knew it would be a perfect solution for the organization. With the help of David Williamson, a local technology consultant, they were able to map their accounts and set up all of the features in the program, including importing existing vendor files, donors, projects and the balance sheet.

Life with AccuFund

Since the transition to AccuFund and the CRM fundraising system, Katharina says that preparing information for their annual audit is easier than ever before. "Our level of accuracy has increased by using AccuFund and we've had the most successful audit preps the last two years. I no longer feel anxiety about getting ready." The system's multi-segmented chart of accounts and reporting on those individual segments has also made a real difference, she said.

"There were reports that used to take a day to set up and run, and now they are on-demand and I can run them in seconds, and this saves time and stress." She also notes that the overall level of accuracy is much better, making it easy to know a fund balance at any time.

"AccuFund is more powerful and accurate, and has made my job easier, which makes our nonprofit stronger and more able to fulfill our mission."

Read the 2016 review of AccuFund at
www.CPAPracticeAdvisor.com/12162193.

NONPROFIT ACCOUNTING SOFTWARE

Aplos Fund Accounting

2016
OVERALL
RATING

4.5

BEST FIT

Designed for small to mid-sized nonprofits with revenues of less than \$5 million annually, Aplos Fund Accounting offers an easily navigated user platform that utilizes cloud-based technology. Aplos will release Advanced Accounting in 2016, making it easy for larger or growing organization to scale their software when they require more personalized reporting. Aplos released its API (Application Program Interface) in July of 2015, providing users with the ability to share data with other

related programs such as donor management software. Users can easily turn the API on or off as desired. Users are responsible for configuring all API clients, giving them authorization to access system data.

PRODUCT STRENGTHS

- Cloud-based product offers anytime/anywhere access
- Available in three versions
- Affordably priced system includes all technical support
- Offers complete fund accounting

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/12182211

capability

POTENTIAL LIMITATIONS

- Reporting options are limited
- Rapidly growing nonprofits could outgrow the product

SUMMARY & PRICING

Aplos offers several discounts to new and smaller nonprofits. For instance, nonprofits formed in the past year can request six months free, and those with less than \$50,000 in annual revenues can qualify for a 30% discount. The Starter version costs \$25.00 per month, with users

able to save 10% if the subscription is paid annually. The Standard version is \$40.00 per month or \$55 per month with multiple users. The Advanced version is \$120 per month or \$200 per month with multiple users. Affordable for even the smallest nonprofit, Aplos allows users to be up and running in hours not weeks.

www.Aplos.com

Araize FastFund Nonprofit Accounting

2016
OVERALL
RATING

4.75

BEST FIT

Available via SaaS technology, FastFund Nonprofit Accounting is well-suited to small- to mid-sized nonprofit organizations that desire easy system navigation, with strong budgeting and reporting. FastFund Nonprofit Accounting from Araize, Inc. has been offering nonprofit software for over 30 years. Designed

by CPAs, FastFund offers an easily navigated, affordable product.

PRODUCT STRENGTHS

- Available as SaaS for easy online access
- Product support included in pricing
- User friendly, with an excellent user guide included
- Offers solid fundraising and pay-

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/12182231

roll modules

POTENTIAL LIMITATIONS

- No on-premise version is available

SUMMARY & PRICING

FastFund Accounting from Araize is an excellent, affordable product for small to mid-sized nonprofits that are donor driven and need a product that can easily track donor details. Fast-

Fund starts at \$35 per month for the Standard edition, with fundraising and payroll modules running \$75 per module per month. Additional modules are available for \$15 per month. Other versions are also available.

www.Araize.com

Blackbaud Financial Edge NXT

2016
OVERALL
RATING

5

BEST FIT

Financial Edge NXT, from Blackbaud is well suited for mid-sized nonprofit organizations, NGO's, and government entities that desire the flexibility of an online product.

PRODUCT STRENGTHS

- Mobile friendly interface

- Integrates with all Blackbaud financial and fundraising applications
- Excellent help and support options available
- Grant management module available

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/12182253

POTENTIAL LIMITATIONS

- Because of its powerful capabilities and features, it may not be as well suited for smaller nonprofits

SUMMARY & PRICING

Pricing is by user license, with three packages available for purchase. Users can visit the website to arrange

for a product demo and obtain pricing at the same time.

Extremely scalable, with a mobile enhanced interface for easy navigation, the next generation of nonprofit software from Blackbaud has arrived.

www.Blackbaud.com

Cougar Mountain Denali FUND Nonprofit Accounting

2016
OVERALL
RATING

4.75

BEST FIT

Denali FUND Nonprofit Software, from Cougar Mountain Software is a modular system well-suited for small to mid-sized nonprofit organizations, particularly those handling multiple funds.

PRODUCT STRENGTHS

- User friendly interface
- Integration with third party donor

management software

- Available in three versions
- Modular structure allows users to add modules at any time
- Good support and training options available

POTENTIAL LIMITATIONS

- Uses batch system for processing transactions

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/12182247

SUMMARY & PRICING

Denali FUND Nonprofit Accounting is an excellent fit for small to mid-sized nonprofits that currently manage multiple funds and programs. Pricing for Denali's FUND Accounting Suite is just under \$5,000, or 409 per month for the first year (\$229 per month thereafter), and includes GL, AP, AR, Bank

Reconciliation, Purchase Order, Payroll, and Crystal Reports modules. Other modules are available at additional cost.

www.CougarMtn.com

NONPROFIT ACCOUNTING SOFTWARE

FUND E-Z Nonprofit Accounting

2016
OVERALL
RATING

4.75

BEST FIT

FUND E-Z is nonprofit accounting software well suited to small to mid-sized nonprofit organizations. FUND E-Z is available in two editions, making it simple to scale up to a more robust version if necessary.

PRODUCT STRENGTHS

- Customizable user interface

- Available in two editions; Basic and Pro
- Strong budgeting capabilities
- Optional custom chart of accounts to further define accounts
- Product works across fiscal years

POTENTIAL LIMITATIONS

- System does not offer a dedicated

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/12162257

grants management module at this time

- E-features are limited

SUMMARY & PRICING

FUND E-Z from FUND E-Z Development Corporation is an industry-tested nonprofit accounting product that offers small to mid-sized nonprofit organizations with the

tools they need at an affordable price. Pricing for a single user starts at \$1,995.00 for the basic edition, which is suitable for most nonprofits. The add-on fundraising module is available for \$995.

www.FundEZ.com

OneNFP Financials & OneNFP Fundraising

2016
OVERALL
RATING

4.75

BEST FIT

With the availability of two versions, OneNFP Financials is well-suited for most small to mid-sized nonprofit organizations. The availability of OneNFP Fundraising – which can be utilized as a stand-alone fundraising module, makes this product an excellent fit for small to mid-sized nonprofits that require a tool for managing both grants funding as well as donor management.

PRODUCT STRENGTHS

- Scalable – available in three versions
- Strong grant management capability
- Excellent integration with Microsoft products
- Offers an solid optional fundraising module

POTENTIAL LIMITATIONS

- May be costly for organizations with multiple users

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/12162292

- Significant system training may be required for some organizations

SUMMARY & PRICING

A good fit for small to mid-sized nonprofits that need to manage multiple grants or other funds, OneNFP Financials Lite is available for \$99.00 per month for a single user. The Standard version begins at \$149.00, and the Premium version is available for \$349.00 per month.

Additional users are \$49.00 each per month, and limited users are \$10.00 per user per month. OneNFP Fundraising currently runs \$45.00 per month. 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

QuickBooks Online Nonprofit Version

2016
OVERALL
RATING

4.25

BEST FIT

QuickBooks Online is well suited for smaller nonprofits with basic budgeting and donor tracking needs.

QuickBooks Online is Intuit's latest version available in the QuickBooks franchise. Available in four versions, from Self-Employed to Plus for up to 25 users, QuickBooks Online offers quick online system access using a number of devices including smart phones and tablets, as well as standard desktop and

laptop computers.

PRODUCT STRENGTHS

- Affordable for all nonprofits
- Easy setup and quick start up
- Strong audit trail functionality
- Can be accessed from smart phones, tablets, and desktops/laptops

POTENTIAL LIMITATIONS

- Limited budget capability
- No fund accounting capability

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/12162298

SUMMARY & PRICING

QuickBooks Online Nonprofit Version can be a good option for the small nonprofit that does not require extensive budgeting and donor management capability. Available in 4 versions, users can choose the level of functionality they need.

A Self-Employed (1-user) version is available for \$7.99 a month. Simple Start is \$10.36 per month, Essentials \$18.83 per month, and Plus

\$23.87 per month for up to 5 users. Those with more than 5 uses can contact Intuit to add more – with a maximum of 25.

www.QuickBooks.com

Serenic Navigator Nonprofit Accounting

2016
OVERALL
RATING

5

BEST FIT

Serenic Navigator from Serenic Software is a nonprofit accounting product best suited for mid-sized to large nonprofit organizations, NGO's and government entities.

PRODUCT STRENGTHS

- Excellent budgeting capability

- Integrates with Microsoft Office 365
- Product is available for on premise and online/cloud deployment
- Offers optional grant and donor management modules

POTENTIAL LIMITATIONS

- Significant training may be

- needed
- Cost can be prohibitive to nonprofits with a tight budget

SUMMARY & PRICING

Well suited for larger nonprofits that require extensive budgeting capability, base pricing for Serenic Navigator starts at \$16,000, which

includes licensing for three users. Subscription pricing is \$1,200 per month for three users.

www.Serenic.com

GMS Offers Grant Management for Nonprofits

Grants Management Systems (GMS) is a nonprofit accounting and financial management system designed specifically for nonprofit organizations and government entities that manage multiple grants or projects. GMS offers a fully integrated product, with GL, Cost Allocation, AP, Payroll, Cash Receipts, Timesheet Accounting, and Financial Reporting. There are also a variety of add-on modules that can be purchased which include AR, Purchase Orders, Direct Deposit, Fixed Assets and Report Writer. GMS also offers a long list of supplements that can be purchased that are designed to increase the functionality of the core software product.

For nonprofits not requiring payroll, AP, or cost allocation modules, GMS now offers a 'cut-down' version of its product. In addition to its accounting and financial management software, GMS also offers Revolving Loan Servicing Software (RLSS), which is designed for organizations that need to track information for multiple funding sources.

Cost for the core GMS system for 1-2 users is \$3,500, with add-on modules starting at \$1,200.00. Supplements to the program are also available with costs varying depending on the supplement. Users are required to purchase a product support plan, and training is also required for all new users, with 2-3 weeks of training at the purchaser's location.

Read more at www.CPAPracticeAdvisor.com/12162268

New Tax Filing Deadlines For Businesses & Nonprofits Starting Next Year

By Ken Berry, CPA Practice Advisor Tax Correspondent

The initial due date or extended deadline for many entities are changing for the 2016 tax year. In other words, at this time next year, your tax calendar will look dramatically different than it does right now.

As the first deadline for the TY 2015 tax return season rapidly approaches -- the March 15, 2016 due date for C corporations -- file this thought away in your head for future reference: The initial due date or extended deadline for many entities are changing for the 2016 tax year. In other words, at this time next year, your tax calendar will look dramatically different than it does right now.

Notably, the due dates for C corporations and partnerships are changing to help improve the flow of tax information among pass-through entities, corporations and individuals. But the red-letter April 15th tax return due date for individual taxpayers, as well as the current automatic six-month filing extension of October 15th, will remain fixtures in tax return lore.

The changes were included in the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, a highway spending measure, and didn't raise many eyebrows at the time of enactment. But

you can be sure that will become a hot topic next year. Here's a brief summary of the changes:

C Corporations: Currently, Form 1120 must be filed by March 15 by calendar-year corporations, while a six-month extension is allowed until September 15. For tax years beginning after 2015, the initial due date will be moved to April 15 to coincide with individual returns. Effective for tax years beginning after 2025, C Corporations will have an extended due date of October 15.

For fiscal-year C Corporations with a tax year ending on June 30, special rules will apply. The initial due date of September 15 will remain the same for these C corporations until tax years beginning after 2025, when it will be postponed a month until October 15. An extra month will be added from the current March 15 due date for extensions to April 15 for tax years beginning after 2015.

Partnerships: The current April 15 due date for Form 1065 will be moved to March 15 so partners will better be able to complete their individual tax returns on time. The extended deadline will remain September 15.

Trusts and estates: As with individual taxpayers, trusts and estates filing Form 1041 have a due date of April 15. This remains the same, but the deadline for extensions will be

pushed back from September 15 to September 30.

Employee benefit plans: The current due date of July 31 for the Form 5500 series remains July 31. However, the deadline for extensions will be postponed from October 15 to November 15.

Tax-exempt organizations: Nonprofits required to file Form 990 will still have until May 15 to do so. Currently, an organization must request two extensions -- by August 15 and November 15 -- to obtain a full six-month extension. This will be replaced by a single extension with a deadline of November 15.

Also, taxpayers with foreign bank accounts who have to file an **FBAR** (Foreign Bank Account Report) on FinCen 114 currently have a deadline of June 30 with no extension allowed. The due date is being changed to April 15, with an extension available to October 15, to coincide with individual tax returns. FBARs must be filed if amounts in foreign bank accounts exceed \$10,000.

Note that a due date is postponed to the next business day if falls on a weekend or a legal holiday. For instance, October 15, 2017 is a Sunday, so the actual extended deadline for a FinCen filing will be October 16. ●



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The Worst Tax Penalties and How to Help Your Clients Avoid Them

It is important for us to keep in mind that tax responsibilities are not the first thing our busy clients are thinking about, and in many cases they are not on their radar at all.

A question I continually hear from my clients is, “How do I pay less tax?” But as you know, there is no simple answer to this question. While tax reduction strategies do exist, they are limited for the majority of taxpayers — and they do take some planning and attention. But there is one tax saving approach we can always assist our clients with, and that is educating them about tax penalties. What follows is a list of the most punitive tax penalties along with simple tips on making sure your clients are never faced with them.

Failure to Make Retired Minimum Distributions

Do you have any retired clients who are 70 ½ or older, or who turned 70 ½ this year? A quick and easy way to help them save on taxes is to make sure they take their Required Minimum Distributions (RMDs). Failure to do so can result in one of the most punitive tax penalties of all—50% of the required amount not withdrawn. Remember, the rule does not apply for those who own less than 5% of a company that they are still working at.

You can help your clients avoid this penalty by checking in with them now to remind them about taking their RMDs. There are numerous RMD calculators available online that will help you determine the correct amount. You will need your client's previous year-end account balance for all the IRAs and pension plans subject to the RMD and their age at year end. A special rule extends the deadline to April 1st for those who turn 70 ½ during the year.

If you do happen to have a client who ends up with an RMD penalty

you may be able to help them get it waived if you can show “reasonable error” and “reasonable” steps they are taking to correct it.

Premature Retirement Plan Distributions

One of the most deceiving penalties of all is the penalty for premature retirement plan distributions. While a client who needs immediate cash may not be deterred when you tell them about this 10% additional tax, it's important that they understand the full impact it may have on their financial situation. This penalty hurts your clients not only in the year it applies. The transaction that caused the penalty—the early distribution itself—may carry ramifications that extend into your client's retirement because the money is no longer in their account and growing.

Many taxpayers who take distributions don't realize that this 10% penalty is in addition to their regular tax rate, and that the additional taxable income could push them into a higher tax bracket. It could also trigger the

Net Investment Income Tax of 3.8% and the Additional Medicare Tax of 0.9%.

While there are numerous exceptions to the penalty—for college, medical, insurance, and home purchase expenses—a careful reading is required to determine eligibility. For example, one of the trickiest is the exception for medical expenses. The penalty is waived only on the amount of deductible medical expenses, which is the amount that exceeds either 7.5% or 10% of your client's AGI, depending on their age.

(also known as Individual Retirement Accounts).

You can help your clients avoid this penalty by reminding them each year to call you before making a retirement plan transaction. With a simple calculation you will be able to estimate for them how much tax they will have to pay on the distribution, which will help them to at least make an informed decision and perhaps decide to explore other options.

Failure to File FBAR

Your clients who have a financial interest or signature authority over a foreign financial account that has a total value of \$10,000 at any time during the calendar year are required to report the accounts annually to the department of the Treasury via FinCEN 114, Report of Foreign Bank and Financial Accounts, formerly called the FBAR.

The penalty for failing to file this form is \$10,000 if the failure to file is non-willful. For those who are deemed to have willfully failed to report their accounts, the penalty can

YOU CAN HELP YOUR CLIENTS AVOID THIS PENALTY BY REMINDING THEM EACH YEAR TO CALL YOU BEFORE MAKING A RETIREMENT PLAN TRANSACTION.

In addition, I've seen many taxpayers take funds from their 401(k)s under the belief that there is an exception for a first time home purchase. But this exception is only for Individual Retirement Arrangements

be the greater of \$10,000 or 50% of each account balance for each year.

Many taxpayers are not aware that this penalty applies to foreign gambling accounts. You can help your clients avoid this penalty by asking all

CONTINUED ON PAGE 34

How Small Businesses Can Offer 401(k) Plans

By Joe DeSilva

As small businesses increasingly turn to their accountants for strategic counsel and offerings that will help drive growth, accountants can capitalize on new opportunities to expand their practice and enhance client service. According to research from The Sleeter Group, small business owners' top criteria for selecting CPAs are expertise, responsiveness and offering proactive strategic advice. In addition, many small businesses want their accountant to be a specialist in their industry with a deep understanding of their specific business issues and challenges.

Because 401(k) plans can help small businesses attract and retain the skilled employees key to fueling growth, adding financial planning services - specifically retirement planning - is a great place to start. A recent study by ADP found that financial planning is offered at only 35 percent of accounting firms while just 20 percent provide wealth management. This presents accountants with a sizable opportunity to grow their business and deepen relationships with their small business clients by providing meaningful financial advice. As a growing number of accountants consult with small business owners about establishing 401(k) plans, they should focus on several key considerations:

- **Determine the actual costs.** While funding an employee retirement plan can seem like a daunting expense, small business owners who offer 401(k) plans can deduct contributions as a business expense. They may also be eligible to receive a tax credit of up to \$500 to help offset startup administrative costs for each of the first three years of the plan. In addition, their employees will be able to save in a tax-deferred account while reducing their current taxable income based on their contributions.
- **Analyze the impact on employee engagement.** 401(k) plans can help small businesses attract and retain top

talent in an increasingly competitive labor market. A recent MetLife study found a strong connection between employee benefits and job satisfaction: 81 percent of those who are satisfied with their benefits, for example, are also satisfied with their jobs, compared to 22 percent who expressed dissatisfaction with their benefits but are satisfied with their jobs. A separate study by Tower Watson also revealed that benefits fuel employee loyalty: 45 percent of U.S. workers said their retirement plan is an important reason for staying with their current employer and 29 percent said having a retirement plan is an



important reason for deciding to join their current employer.

- **Outline key planning and maintenance needs upfront.** Help small business owners understand what is involved with offering a 401(k) plan to their employees and where they can turn for help with: adopting a written 401(k) plan document, arranging a trust for the plan's assets, developing a record keeping system and providing plan information to eligible employees. Once a 401(k) is up and running, the focus needs to transition to plan management. This includes ongoing maintenance activities, such as monitoring participation and contributions, selecting and monitoring an investment lineup, handling reporting requirements, educating participants about plan options and determining how to distribute plan benefits while complying with fiduciary obligations.

With so much to juggle at once, small business owners may feel overwhelmed by the process. This is where accountants can step in and provide valuable strategic counsel. With their specialized financial

skills and tax preparation expertise, accountants bring a deep understanding of the role retirement plans can play in lowering a small employer's tax obligations. They can also help small business owners determine how to maximize savings, better understand their funding responsibilities and key deadlines for employer contributions, review participant contributions (maximum limit is \$18,000 in 2016 and \$24,000 for those 50 and older), and assess important administrative and reporting requirements. Helping small businesses to establish and manage a retirement plan can be a smart long-term investment for both accountants and their clients. By demonstrating their financial and tax expertise, accountants will reinforce the value they bring to their clients and strengthen important relationships. With financial planning as a core business offering, accountants will also be able to attract new clients and broaden their customer base, taking their practice to new heights in 2016. ●

Joe DeSilva is General Manager and Senior Vice President of ADP Retirement Services, which serves approximately 55,000 small and medium sized businesses who have defined contribution plans with approximately 1.5 million plan participants. At ADP, he oversees business strategy and operations including marketing, product development, operations and service functions.

4 Payroll Considerations for Nonprofits

By David N. Plaskow, MBA

When people receive their paychecks, be it weekly, bi-weekly or some other, they may notice the litany of deductions indicated on the pay stubs. They often dismiss them and simply accept that Uncle Sam takes his fair share—and they grudgingly acquiesce. But what does that alphabet soup (FICA, FUTA, SUI) mean, and is it different for employees of nonprofit organizations?

FICA

All employees of nonprofits are required to pay Social Security and Medicare (FICA) taxes on their earnings of \$100 or more. Nonprofits must withhold FICA taxes and meet the same requirements as for-profit employers by matching Social Security and Medicare withholdings. The nonprofit must also withhold federal income tax from an employee's wages. Social Security taxes are withheld from an employee's gross wages until his or her annual cumulative wages reach the wage base limit (\$118,500 for 2016). However, there is no wage ceiling for Medicare tax.

The current tax rate for Social Security is 6.2% for the employer and 6.2% for the employee, or 12.4% total. The tax rate for Medicare is 1.45% for the employer and 1.45% for the employee, or 2.9% total. If an employee's wages in a calendar year are more than \$200,000 (or \$250,000 for married couples filing jointly), he/she must pay 0.9% more

in Medicare taxes. There is no employer match for the Additional Medicare Tax.

FUTA

The federal unemployment tax (FUTA) pays unemployment compensation to workers who lose their jobs. FUTA tax should be reported and paid separately from other payroll taxes. FUTA tax is paid only from an organization's own funds. Employees do not pay this tax or have it withheld from their pay. Employers report FUTA annually on Form 940.

An organization that is exempt from income tax under section 501(c)(3) of the Internal Revenue Code is also exempt from FUTA and, therefore, the filing of Form 940 is not required. This exemption cannot be waived. "An organization needs to be classified as a 501(c)(3) to be exempt from paying FUTA tax," comments Stephen Dombroski, senior payroll tax compliance manager at Paychex, Inc. "This

makes it extremely important for the organization to understand exactly what its 501(c) status is, as there are quite a few 501(c) nonprofit classifications in the Internal Revenue Code."

SUI

Regardless of whether subject to FUTA, the nonprofit may be liable for state unemployment insurance taxes (SUI). Because these taxes vary across states, it is important to check the SUI tax rules in the jurisdiction in which the nonprofit employees work.

As an alternative, a 501(c)(3) organization can file with the state to leave the SUI system and then reimburse the state dollar-for-dollar for unemployment benefits paid.

SUI rates can change based on a variety of factors including the amount of salaries and wages an employer pays and the number of recent unemployment claims made. But to give you an idea of what to expect in SUI rates, SurePayroll provides the chart at www.surepayroll.com/resources/terminology/payroll-taxes/sui-tax-rates.

Personal Liability

"No different than a for-profit employer, responsible persons can be held personally liable by the IRS for failure to remit Federal income tax and FICA tax withholdings," notes Neil B. Becourtney, CPA, Tax Partner at CohnReznick LLP. "Responsible persons include corporate officers, directors and members of the board of trustees of a nonprofit organization." ●



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10 Habits

That Threaten Business Data Security

By Matt Peterson

They're just old habits. You likely do them without even thinking. But these 10 habits could be making your company vulnerable to hacks and other cyberattacks. Are you committing one or more of these 10 risky behaviors?

1 SHARING PASSWORDS
It may not seem like a big deal to share your password with a coworker that you're close to, but even if that person is completely trustworthy, someone else may overhear you. You should always keep your passwords completely confidential to ensure that they don't fall into the wrong hands.

2 USING IDENTICAL PASSWORDS
More people are guilty of this than would care to admit it, but the fact remains that it's simply easier to remember one password for all of your accounts. But using an identical password makes it easier to hack every account you have. If you need to, get a password app to keep all your passwords safe, and use a different one for every one of your accounts.

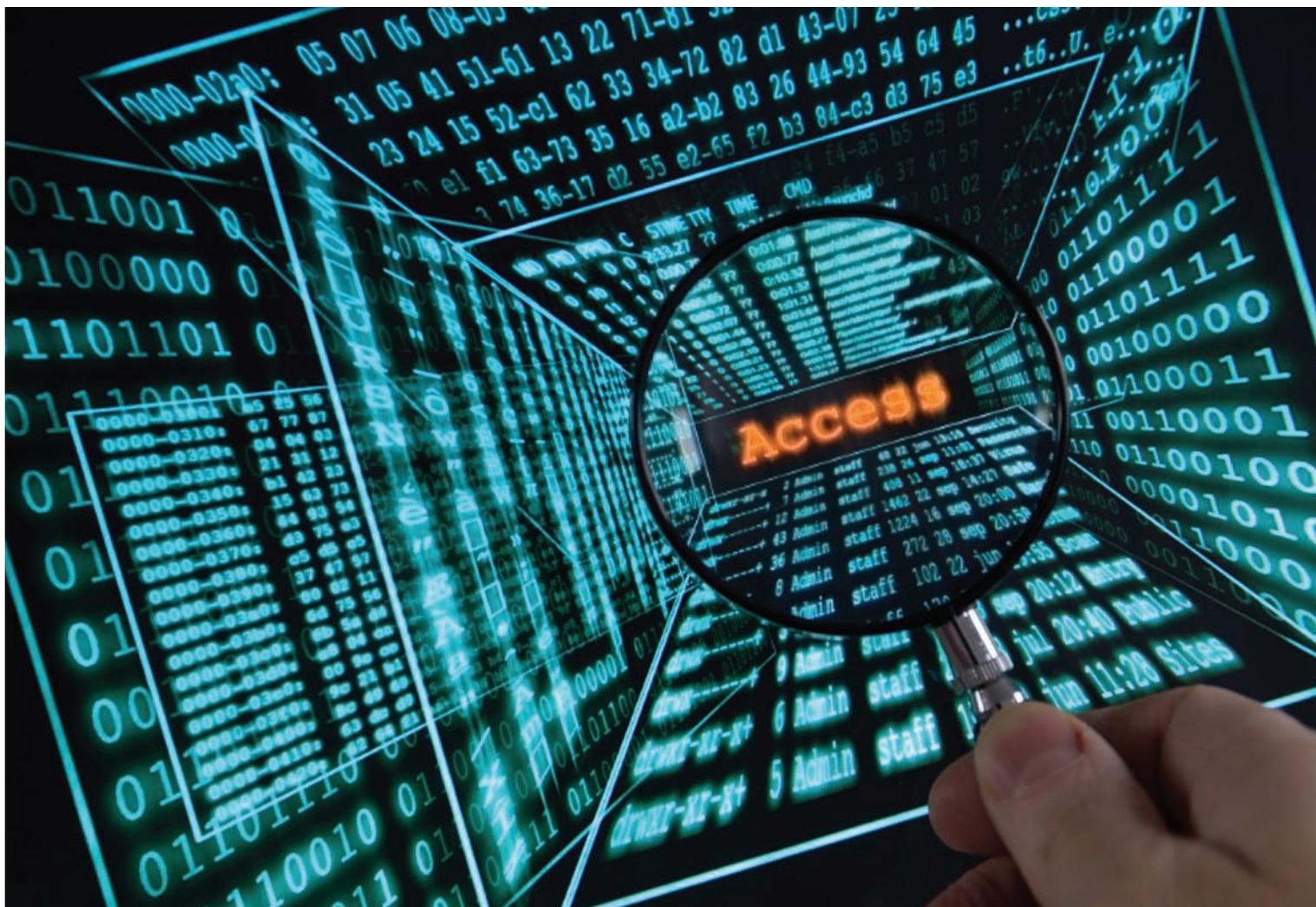
3 USING UNSECURE INTERNET CONNECTIONS
Getting work done at the airport or while you're sitting at your local Starbucks may seem like a good idea at first, but if you have confidential information on your device, it is a serious data security risk. Public internet connections make your information accessible to anyone who has the know-how to access it. Only use secure internet connections to get work done, and save public connections for personal browsing purposes.

4 NOT PURGING FILES
Some documents that contain sensitive information eventually become obsolete or outdated. When this occurs, it's important that you purge the files from your system. The longer these documents are on your computer, the more likely it becomes that they'll be compromised. If you need regular reminders to purge old documents, you can set file retention policies through eFileCabinet.

5 USING UNENCRYPTED USB DRIVES
It's quick and easy to grab a USB drive and save some files to it before you leave the office. But it's important that you ensure the drive you're using is encrypted. If you were to lose an unencrypted drive, anyone who found it could access the information you stored.

6 NOT REPORTING LOST EQUIPMENT
We're only human, and sometimes we lose things. But when you lose a work-related device—whether it's a laptop or a USB drive—you may be tempted to keep it quiet to avoid any repercussions. (Or you may just think it's not that big of a deal.) It's important that you report any lost devices so that the company can take measures to protect the data that was contained on those devices.

7 LEAVING COMPUTERS UNATTENDED
When you're working outside the workplace, you may not even think about stepping away from your laptop for a few moments to grab a coffee or toss something in the garbage. But when it comes to confidential data, you shouldn't leave your computer unattended for even a moment. It only takes a few seconds for someone to grab your laptop and run, or to copy some information off of your screen. Always keep your laptop within easy reach when in a public area.



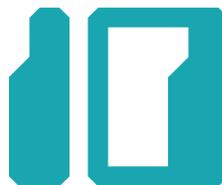
NOT USING PRIVACY SCREENS

Whether you're at work or working remotely, it's important that you use privacy screens when working on confidential documents. Any time you step away from your computer, lock it with a privacy screen so that passersby can't see the information you are working on. Failing to do so is an easy way to compromise clients' personal data.



USING PERSONAL MOBILE DEVICES

It's common practice these days to connect your mobile device to the wireless network at work. But if that connection can access private information, it should only be accessed with secure devices. Your smartphone does not have the security necessary to protect your company's data and maintain compliance.



CARRYING UNNECESSARY INFO WHEN TRAVELING

When you're traveling for business, it's essential that you have access to the files and information that you need. However, you should never have more files than are absolutely necessary for your trip. If your laptop becomes lost or is compromised in some other way, every file on the computer is now at risk; the fewer files stored on the computer, the better. Your best option is to use a secure, encrypted, cloud-based document management software like eFileCabinet. This will give you full access to all the documents you need without having to store them directly on your computer. ●



Matt Peterson is the CEO of Lehi, Utah based eFileCabinet, Inc. Founded in 2001, eFileCabinet, Inc. began as a cutting-edge tool to digitally store records in accounting firms. As it grew in popularity, eFileCabinet developed into a full-fledged electronic document management solution designed to help organizations capture, manage and protect their data. www.efilecabinet.com

February in the SALT Practice: Client Meetings

By Gail Perry, CPA, Editor-in-Chief

It's February and you're in the heart of busy season. Starting a new process for organizing and monitoring state and local tax chores and obligations is really not feasible at this point in time, but there are some best practices you can employ that will help you make sure you're approaching this complicated area of taxation in the most effective way possible.

Confirm with your clients all of the states where they are doing business. Be prepared to explain how the term "doing business" relates to each client and the type of work that they do. This requires some knowledge of how each state defines "doing business." You don't

have to have this information at your fingertips. Obviously you should know the rules for the state(s) where you have your own office(s), and your neighboring states as well, but beyond that, it's okay to tell your client that you have to do some research if the client announces that

some type of business is being conducted in a state you haven't worked with in the past.

Know the nexus rules for each state where your client is doing business. Nexus determines whether your client has enough of a connection to the state to have to pay taxes there. Nexus rules have changed in recent years, so if your knowledge is dated, make sure you get up-to-date with the rules for each state.

Inquire as to the frequency of your client's business within different states. Sometimes occasional and one-time sales constitute doing business in a state, and other times they do not. Once again, it's in your interest to learn the specific laws of the states where your clients are conducting business transactions.

Determine the income subject to tax in each state where your

client is doing business. Each state is entitled to create its own laws regarding taxability of various items, so knowing the rules in your own state doesn't mean you automatically understand how items are taxed elsewhere. Not only do you need to know the laws for what types of items are subject to tax, but also you need to know what constitutes a sale within the state. For some states, the state from which you make the sale has the taxing authority, for other states, it's the state to which you are shipping. Sales tax rules and income tax rules don't always go hand-in-hand, so make sure you check for both.

Determine tax deadlines and create a year-long schedule to make sure all deadlines are met. Whether it's income tax, payroll tax, sales tax, or property tax, make sure you know all the deadline requirements. Setting up a schedule for the year will help you and your client be proactive about preparing for and meeting deadlines.

Consider credits and incentives in each state where your client is doing or might do business. Many states offer a variety of incentives to attract and retain business. If your client is already doing business in a state or is considering launching new operations, make sure you are aware of available incentives.

Designate a registered agent in each state where your client is doing business. Taxing authorities require every company with nexus in a state to have a registered agent in that state. This is the person or entity that has been designated to receive legal notifications on behalf of the business. ●



Sales Tax Issues for Nonprofits

by David N. Plaskow, MBA

We tend to think of nonprofits – the places where we worship, adopt our pets, receive our cultural stimulation, and so on—as completely tax exempt organizations. But many of these groups do face sales tax issues, both when they purchase items and when they sell goods and services.

Determining Status

Whether nonprofits, which are classified under a 501(c) status from the IRS, have to pay sales tax on purchases they make to run their respective organizations, as well as charge sales tax when they sell products or services, depends on state and local tax rules. Some states allow limited exemptions, while others have few restrictions. These can vary and be somewhat complicated. It may depend on the type of organization, the product, the state and/or the fundraising event. As such, proper due diligence is required.

Exemption Certificates

Many states require nonprofit organizations to apply for sales tax exemptions. The states provide application forms and instructions for submitting documentation. Many states provide tax-exempt nonprofit organizations with actual exemption certificates, a copy of which which the organizations then provide to retailers at the point of sale to document the transaction. Taxpayer identification numbers (TINs) are used on the exemption certificates to identify the organizations. Some states provide resources

for retailers to verify sales tax exemptions online.

To obtain an exemption certificate application form, start by visiting the website of your state's division of taxation or charity registration bureau. While this may sound self-evident, make sure you complete all applicable sections on the application. In smaller nonprofits, the application form would probably be completed by the organization's executive director; for larger nonprofits, the chief financial officer will most likely complete the paperwork.

While the application will ask you to answer general questions on organization name, location and so forth, it may ask you to include the following support documents:

- IRS determination letter stating that the organization is exempt from income tax under 501(c)(3).
- Certificate/articles of incorporation, constitution, charter or trust agreement.
- Bylaws.
- Recent copy of a Certificate of Good Standing from the state where the organization is incorporated, if applicable.
- Recent copy of filing with Charities Registration, if applicable.

February SALT Links

What Constitutes Doing Business by a Corporation in States Foreign to the State of its Incorporation

https://ct.wolterskluwer.com/sites/default/files/What_Constitutes_Doing_Business_2014.pdf

Nexus: It's all about Physical Presence. Or is it?

<http://peisnerjohnson.com/nexus-it92s-all-about-physical-presence-or-is-it-4/>

State government websites

<https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/State-Links-1>

State income tax and extension deadlines

<http://www.efile.com/state-tax-return-due-dates-deadlines-refund-status/>

State Business Incentives Database

<http://www.stateincentives.org/>

Registered Agents – Who Needs Them?

<http://www.cpapracticeadvisor.com/article/12060486/registered-agents-who-needs-them>

Depending on the state, there may or may not be a cost to file for an exemption. There are no specific deadlines to file the form, but, depending on upcoming organizational purchases, it behooves you to submit as soon as possible as the potential cost savings may be considerable. After mailing the completed form and supporting materials, you may have to wait a few weeks for processing and a response.

Federally Speaking

This relates to when the nonprofit is the seller of goods and services. According to the IRS, even though an organization is recognized as tax exempt, it still may be liable for tax on its unrelated business income (UBIT). For most organizations, unrelated business income is income from a trade or business, regularly

carried on, that is not substantially related to the charitable, educational, or other purpose that is the basis of the organization's exemption.

An exempt organization that has \$1,000 or more of gross income from an unrelated business must file Form 990-T. An organization must pay estimated tax if it expects its tax for the year to be \$500 or more. For additional information, search "Tax Information for Charitable Organizations" on www.irs.gov.

"A word of caution: Nonprofit organizations are not exempt from being audited by the IRS or a state taxing authority," says Neil B. Becourtney, CPA, Tax Partner at CohnReznick LLP. "So, just like a for-profit business, nonprofits need to maintain sufficient, accurate records documenting their activities." ●



David N. Plaskow, M.B.A., was most-recently editor of the award-winning magazine *New Jersey CPA*. He has nearly 20 years of experience in marketing and communications for nonprofit organizations and membership associations. Contact him at dave.plaskow@verizon.com.

HOW TO Use BEST PRACTICES in Employment Agreements

By Richard D. Alaniz

Donald Brown had worked for Charles T. Creech Inc. for 16 years when the company gave him a “conflicts of interest” agreement to sign if he wanted to keep his job. Part of the agreement included language that he would not work for a competing company for three years after leaving Creech.

Brown did leave Creech to join a competitor in 2008, and Creech sued him for breaking the agreement. The case wound its way through the courts for years until the Kentucky Supreme Court ruled in Brown’s favor in 2014. In part, the court noted, Brown did not receive any promotions, raises, or special training for signing the agreement.

The Creech case is part of a growing trend, according to the *Wall Street Journal*, which conducted a study finding that the number of published U.S. court decisions involving non-compete agreements rose 61 percent from 2002 to 2013. “Since most cases are settled out of court and most opinions aren’t reported, that tally is likely low,” the WSJ noted.

Well-written employment agreements, which can include non-compete and non-solicitation agreements, can help companies and employees alike by clarifying

expectations and decreasing the chances of disputes. They can also help companies remain competitive in an increasingly challenging marketplace. However, if employers are not careful with their employment agreements, they can end up in trouble with regulators or dragged into court by employees. In order to avoid problems, companies need to follow a few best practices to execute agreements that will help both employers and employees achieve their goals, and that will stand up to court challenges.

Elements of Employment Agreements

Companies can customize employee agreements in a number of different ways. They can have contracts for all employees at a certain job level, or they may only require contracts for employees with particular job duties. There are a number of common provisions in employment agreements:

- The scope of employment lays out the responsibilities, expectations, job location, and hours.
 - Depending on a company’s industry, invention assignments may make sense. With an invention assignment agreement, companies own any inventions or business ideas that employees come up with that relate to the company’s business.
- Through non-disclosure agreements (“NDAs”), employees agree not to disclose any confidential information they learn while working for the company. This allows employees to acquire the information they need to do their jobs, while protecting the company’s intellectual property and other key information.
- By signing a non-compete agreement, or a covenant not to compete, an employee agrees not to work for a direct competitor for a specific period of time after leaving the company.

• Non-solicitation agreements prevent a former employee from soliciting a company's clients, customers, or co-workers after the employee leaves the company.

Employment agreements can also lay out grounds for termination and what qualifies as being fired for cause, such as conviction of a felony, committing theft or fraud, or breaching the employment agreement.

Creating an Agreement that Will Not Lead to Lawsuits

There are several things employers should consider when creating employment agreements.

— TALK TO THE EXPERTS

If employers are considering using employment agreements for the first time or have not reviewed their employment agreements in a while, it's a good idea to consult with HR professionals and in-house and outside counsel. They will have insights into current legal trends and best practices for particular industries, as well as making sure any employment agreement complies with applicable law.

— THINK ABOUT INCENTIVES

Agreements should not be one sided and only benefit employers. There needs to be something in it for employees, too. In a 2014 case, an Illinois state appeals court ruled that employees needed to work for a company for at least two years in order to have an enforceable non-compete agreement, if there wasn't some other benefit like a bonus.

In the case of *Prairie Rheumatology Associates, S.C. v. Maria Francis, D.O.*, Dr. Francis signed an employment agreement with PRA that included a two-year non-compete. She gave her resignation after working there for 15 months and resigned after 19 months. PRA sued her to enforce the non-compete. The court sided with her, finding she did not work there for 24 months and that she "received little or no additional benefit from PRA in exchange for her agreement not to compete."

— MAKE ARBITRATION AGREEMENTS FAIR

Many employment agreements include an arbitration clause, requiring employees to use alternative dispute resolution approaches instead of litigation. Arbitration tends to be cheaper, and the entire process can be much less stressful than going to court. However, arbitration agreements that favor employers against employees can be thrown out of court or get employers in trouble with regulators.

In 2014, the U.S. Equal Employment Opportunity Commission ("EEOC"), the agency that enforces federal anti-discrimination law, sued Doherty Enterprises Inc., which operates more than 140 franchise restaurants, over its binding arbitration employment agreements. According to the EEOC, the agreements unlawfully violated employees' right to file charges of discrimination with the commission. "Employee communication with the EEOC is integral to the agency's mission of eradicating employment discrimination," said EEOC Regional Attorney Robert E. Weisberg in a statement at the time charges were filed. "When an employer forces all complaints about employment discrimination into confidential arbitration, it shields itself from federal oversight of its employment practices. This practice violates the law, and the EEOC will take action to deter further use of these types of overly broad arbitration agreements." In September 2015, a federal judge denied Doherty's motion to dismiss the case.

— CONSIDER ALL STATE AND LOCAL LAWS

Employers also need to keep state laws in mind. Some states have specific legislation governing employment agreements around trade secrets and non-compete agreements. For example, the California Business and Professions Code bans non-compete agreements, with a few exceptions. All aspects of an employment agreement should be thoroughly reviewed by a labor and employment attorney experienced with the particular state's laws.

— BE SPECIFIC

The more specific language and less

"legalese" an employment agreement contains, the less likely employees will be able to say they were confused by its terms. With specific language and targeted approaches, employers can also better ensure that employment agreements are written to protect legitimate business interests. That also means employment agreements will be more likely to stand up to legal challenges.

Companies should also consider whether they need employment agreements for each employee. For example, according to media reports, fast food franchiser Jimmy John's has been sued over its non-compete agreements, which requires employees not to work for a competitor, defined as any business that derives at least 10 percent of its sales from sandwiches and that is located within a prescribed

radius of the Jimmy John's shop where the employee formerly worked. While the company's non-compete agreement survived a legal challenge in U.S. District Court in Illinois in April 2015, several members of Congress have asked the Federal Trade Commission and U.S. Department of Labor to investigate the legality of these agreements.

Conclusion

A solid employment agreement should protect the employer's interests, while also being fair to employees. If employers decide that employees need an employment agreement, it should be drafted with the help of experienced employment counsel, in order to help ensure the company avoids litigation and does not end up in court or become the victim of bad publicity. ●

Richard D. Alaniz is senior partner at Alaniz Schraeder Linker Farris Mayes, L.L.P., a national labor and employment firm based in Houston. He has been at the forefront of labor and employment law for over thirty years, including stints with the U.S. Department of Labor and the National Labor Relations Board. Rick is a prolific writer on labor and employment law and conducts frequent seminars to client companies and trade associations across the country. Questions about this article, or requests to subscribe to receive Rick's monthly articles, can be addressed to Rick at (281) 833-2200 or ralaniz@alaniz-schraeder.com.

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the right questions during your interview to uncover any offshore or foreign accounts they may own or have authority over. If you do know your clients have reportable accounts, complete the FINcen form for them while you are doing their taxes, or set up a special appointment for those who go on extension. Keep in mind, this form is due June 30, 2016, for the tax year 2015 with no extensions, and it is not part of the 1040 filing. The due date for the form for 2016 tax year will be April 15, 2017, and a new six-month extension will be available.

Payroll Tax Penalties

There are numerous penalties for business owners who fail to follow the employment tax rules, but the most serious of all is the Trust Fund Recovery Penalty. Your business owner clients who fail to collect, account for and pay over payroll (i.e., Trust Fund) taxes are considered to be violating a known legal duty and

are subject to criminal charges. Disregarding the requirements can result in serious punishments, including up to five years of jail time when the failure is determined to be willful. The monetary penalty is \$10,000, plus 100% of the amount of the unpaid payroll tax deposits.

One of the important points your clients should understand is that the penalty applies to the person or group of people who are responsible for and have the power to collect, account for, and pay the taxes, and that an individual person can be held liable and/or charged with a crime.

Be sure to check in with any clients who have responsibility for paying employees to make sure they are keeping up with this important responsibility.

Individual Shared Responsibility Payment

The Individual Shared Responsibility Payment is the lesser of a flat dollar

amount or the average annual premium amount for a bronze level plan. That flat dollar amount is the greater of a monthly flat rate penalty amount, or 2% of income above a threshold amount. For 2015, the penalty amount is \$325 per adult, \$162.50 per child up to \$975 — 2% of household income. The 2016 flat rate penalties are more than double these amounts, and the income percentage goes up to 2.5%.

The penalty for not having health insurance coverage is assessed for any month that your client or a member of your client's family who is on the tax return goes without coverage for more than three months and does not qualify for an exception. It also applies to family members who qualify as dependents but who are not listed on the tax return.

You can help your clients understand their coverage options, eligibility for the Premium Tax Credit or for an exception to the penalty. Some may need your assistance in completing the various forms, or perhaps with understanding how the process works between insurance companies and the Marketplace.

The common theme in all of this is regular communication and education. It is important for us to keep in mind that tax responsibilities are not the first thing our busy clients are thinking about, and in many cases they are not on their radar at all. Simple check-ins and reminders can go a long way towards keeping your clients not only compliant but penalty-free. ●

Dave Du Val, EA, is vice president of customer advocacy at TaxAudit.com, the largest and fastest-growing IRS audit defense service for individuals and small businesses.



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The Next Generation Office

CPA firms aren't always the quickest to adopt change. It's especially difficult when it comes to the space where you conduct your business.

Accounting firms aren't always quick to adopt change but we can all be assured that changes will continue to come in our profession. One area in which we are seeing considerable change over the last few years is in the utilization of office space. As firms face the decision between remodeling their current location or relocating to a new space, they are changing the basic layout of the space and the technology with which they outfit the office.

Bigger Isn't Necessarily Better

In light of the trend toward a more remote workforce and the fact that many firms have a large portion of their team working at client locations throughout the year, leadership is



Jim Boomer, CPA.CITP, MBA, is the CIO of Boomer Consulting, Inc., which provides consulting services to hundreds of the highest performing CPA firms. Our unique and powerful solutions target five areas critical to a firm's success: Leadership and Management, Client Development, Talent Development, Technology and Compensation.

really starting to analyze utilization of space and the size requirements of the office. If you look at the high tech industry and the office space they maintain, you'll find much less square footage per employee than the typical CPA firm. Why waste money on real estate that is usually at 50% capacity on any given day?

Hoteling

How do you move into a smaller space, yet accommodate the same or higher level of staffing? The Big Four have used the concept of hoteling in their office space for years and we are now starting to see a growing interest in this concept. Employees simply reserve a space – cubicle, office or conference room – for the period of time they will be working in the office. When they are done, the space is released for someone else to use. Through technology, this can be a streamlined process where you log in into a kiosk and reserve a space which already has everything you need to do your work. You can also transfer your phone extension to that location. Some of the providers leading firms are using include Condec, Steelcase and Asure, while other firms have had custom solutions developed for their firm.

Open Space

There is also a trend to promote and enhance collaboration among teams by bringing down the physical barriers that have existed in offices for so long. The open plan for an office makes use of large, open spaces and minimizes the use of small, enclosed rooms such as private offices and cubicles.

At first glance this sounds like a nightmare in terms of managing the noise of other conversations going on in the vicinity. However, the use of "pink noise" has allowed this to work by pumping in background noise that



is shaped in terms of sound spectrum and level to provide the level of sound masking and privacy desired in the workspace. Firms that have implemented pink noise in their offices say it's amazing how you can be sitting ten feet from someone on the phone and not be bothered by their conversation.

Sitting is the New Smoking

Another workplace norm, sitting at your desk all day, is also being countered in many firms. Research shows that prolonged sitting can cause a number of health issues from decreased blood sugar to muscle imbalance leading to spinal issues. A number of firms are confronting this challenge head



on and providing their employees with standing desks that raise and lower so that they can alternate positions throughout the day. There are a number of providers of these desks but two of the most prevalent in accounting firms are Varidesk and Geekdesk. We've also come across a few that have installed treadmill desks for those that wish to get a quick workout during their normal work-routine.

Conference Room Upgrades

Last month, I focused on the confer-



ence room and technologies some firms are employing to upgrade their space for meetings. Here's a recap of the tools that are modernizing conference rooms across the country.

- Flat Panel Displays and Smart Collaboration Screens
- Wireless Presentation Technologies
- Video Conferencing
- Robotics
- Reservation Systems

As I said at the start of this column, CPA firms aren't always the quickest to adopt change. It's especially difficult when it comes to the space where you conduct your business. While you might not adopt all of these trends in your office, I would encourage you to give fair consideration to each of these and see if any or all of them fit your firm's culture and employee's needs. ●



Dennis used to suffer from *MSTS*. (Manual Sales Tax Syndrome)

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