NEW HAMPSHIRE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
CONNECTION
FALL 2016

IN THIS ISSUE

Welcome to NH's Newest CPAs!

CPA Inauguration Pledge Recipients with Secretary of State, the Honorable William M. Gardner; Margery L. Piercey, CPA, CGMA, AICPA Board of Directors 2014 – 2017, Linda Engstrand, CPA, President of the New Hampshire Society of CPAs, Fred Briggs, CPA, Chairman of the NH Board of Accountancy, and Robin Abbott, CEO, New Hampshire Society of CPAs

Nathan Allen
Amanda Eskow
Danielle Baron
Patricia Bevans
Christopher Broome
Christen Carrier
Sarah Demos
Kristen Daisey
Jeffrey Grzesik
Ethan Harper-Lentricchia
Kimberly Jarry
Melissa Magoon
Jonathan Moreau
Lena Rozzi
Bruce Ruotsala

CONTINUED ON PAGE 4 >

NHSCPA CONNECTION

A publication of the
New Hampshire Society of CPAs
1750 Elm Street, Suite 403
Manchester, NH 03104
603.622.1999 • www.NHSCPA.org

AICPA Fall Meeting Review

Linda M. Engstrand, CPA
2016-2017 NHSCPA President

I hope everyone had a good summer that included time to relax with family and friends.

The AICPA held its fall meeting of Council and Annual Members' Meeting October 23-25. NHSCPA attendees included President-elect Kendra Bell, Robin Abbott, Joel Olbricht and me. It was a good meeting and was historical because the AICPA's first African-American Chairman of the Board began her term. Kimberly Ellison-Taylor brings much experience and expertise to this role, but especially brings a high level of energy and enthusiasm that is contagious. I encourage you to read about Kimberly in the November 2016 *Journal of Accountancy*.

Sue Coffey, Executive Vice President—Public Practice, provided an update on Enhancing Audit Quality. The competency and learning website has been expanded and includes various assessments. Certificate programs are available, with digital badges given. Peer review has new training requirements, addition of subject matter experts, and provisions to remove those who do not comply.

Disk Fohn, Managing Partner, Consulting with Moss Adams, spoke about Meeting the Evolving Consumer Need for High Quality Integrated Services, covering the CPA's role, trends, and market perception. Personal financial planning (PFP) includes estate planning, tax compliance and planning, risk management, investments, charitable giving, and retirement planning. PFP is projected to grow twice as fast as traditional A&A and tax services. CPA's are positioned to provide these services as a trusted personal advisor.

Guest speaker, Ambassador Nicholas Burns, reviewed geo-political situations that are impacting the United States. Foreign policy concerns include Russia's Vladimir Putin, the Middle East, China, terrorism, cyber challenges, and human trafficking. He believes that Asia will have the largest economic power during the second half of this century.

Barry Melancon, President and CEO, summarized many activities and statistics concerning the profession.

- The AICPA experienced 11% growth over the last five years.
- Trust in independent auditors is at 81%; trust in independent audit committees is at 77%; trust in public companies overall is at 81%.

CONTINUED ON PAGE 35 >

Exciting Times at the Society!

Robin Abbott, CEO

Over the past five months of my tenure at the NHSCPA, I have certainly learned a great deal.

Between meetings with many of our important committee members and witnessing the countless hours of volunteerism contributed, to introductions with our regional and national partners who strive to be relevant and innovative with their member services, and speaking with firms and their members about what we do at the Society and how we can support our members best, there have certainly proven to be no limits of opportunities available to us.

One of the most significant of which will be embarking on the development and implementation of the NHSCPA 2017 Strategic Plan. Thanks to survey contributors and comments by our members, our Board of Directors and Strategic Plan steering committee will be creating and implementing the strategic goals and activities for our organization over the next few years. This is most certainly a much anticipated and exciting time for our Society and all of its members and will be incredibly pertinent to our progress. Thank you to all who have helped us with this important effort.

Operationally, we have hired two new staff members, Amanda Renfrew and Juliana Summers who are excited to embark on this journey with us. Amanda has a strong and diverse background in event planning, marketing and communications and Juliana recently completed her Master's Degree in Accounting and worked for a local academic institution before coming here. We are thrilled to welcome these professional women and I know you will support them with guidance and advice as much as you've supported me.

Finally, but not very easily, we will all be saying goodbye to one of our dearest friends and colleague, Roberta Daly. I have sincerely struggled for a long period of time to figure out what I was going to say about a woman who has meant so much to all of us. I still don't think I can do it the justice it deserves. Roberta has not only mentored me and my development here, but what many of you don't know that she solicited me to present at our non-profit conference for many years – for free of course. There is not a day that goes by that I don't learn of how she has impacted this Society and so many of you.

I truly hope you will join us the night of Dec. 1st, Roberta's last day here at the Society, to honor and acknowledge her support and commitment to an organization she has cared very deeply about for so many years. We will never forget you Roberta, and I know she will never forget us!

Each day that I am fortunate to work with all of you has brought me a new level of respect and admiration that I have for the important work that you all do. As always, our staff is fully committed to supporting you, your colleagues and this important profession today and in all the future years ahead.

Once again, thank you for giving us this opportunity to serve you.

Sincerely,
Robin K. Abbott, CEO

The NH Society of Certified Public Accountants

invites you to a

Business Partners' Wine Tasting Event

to be held at the

Manchester Country Club

Bedford, NH

Thursday, December 1, 2016

from 5:00 pm – 7:00 pm

$35 per person

CPAs' Business Partners —
Attorneys, Bankers,
Estate Planners
join us for an evening of
networking, fine wines,
and hors d'oeuvres!

REGISTER NOW

For more information, contact Amanda Renfrew at
603-622-1999 or email arenfrew@nhscpa.org

Welcome to NH's Newest CPAs

< CONTINUED FROM PAGE 1

On September 22, 2016, the New Hampshire Society of Certified Public Accountants together with the New Hampshire Board of Accountancy hosted the 14th Annual CPA Inauguration. This prestigious event serves to officially welcome newly licensed CPAs into their professional community. One hundred and sixty people attended the event including guests of the recipients, CPAs, Educators and 74 students representing, New England College, Plymouth State University, Southern New Hampshire University, St. Anselms College, University of New Hampshire, Peter T. Paul School of Business & Economics, and Franklin Pierce University.

2016 Newly Licensed CPA Group during their Inauguration Pledge

With much appreciation, thank you for sponsoring students at this event:

Baker Newman & Noyes
Bigelow & Company
John G. Burk & Associates
Crane & Bell, CPAs
Howe, Riley & Howe
Howell Valuation
Leone, McDonnell & Roberts, PA
Mason & Rich
Olbricht Storniolo Group
Edward O'Riley, CPA
George Teloian, CPA
Lawrence Szetela, CPA

Thank you for sponsoring the 2016 CPA Inauguration:

Beckers CPA Review
Eagle Point Investment Advisors
McLane Middleton
NBT Bank
New Hampshire Charitable Foundation
Right Networks
Service Credit Union
University of New Hampshire - Peter T. Paul College of Business & Economics

The New Hampshire Trust Advantage:
Why the Granite State Rocks when it comes to Administering Trusts

Steven Burke, CPA, Esq., Thanda Fields Brassard, Esq., Von E. Sanborn, Esq., and Constance E. Shields, Esq.

The State of New Hampshire has some of the most progressive and flexible trust statutes in the United States. Consequently, it is one of the premier jurisdictions for establishing and administering trusts. Over the last decade, New Hampshire legislators have actively engaged in modernizing New Hampshire's trust laws so that the state is an attractive safe-haven for both domestic and foreign private wealth. Among other benefits, New Hampshire affords asset protection legislation that is as good as or better than that offered by other U.S. jurisdictions. New Hampshire law compares favorably to the laws of the few United States jurisdictions that, like New Hampshire, have adopted progressive trust legislation. However, New Hampshire is unique among these states because of its accessible East Coast location, the relatively low cost of trust services in New Hampshire, and its Uniform Trust Code ("UTC") based code that enables more seamless relocation of other UTC state law trusts to New Hampshire, in contrast to non-UTC states, such as Delaware. In addition, New Hampshire has a specialized court solely focused on resolving trust disputes.

Premium Flexibility in Trust Administration

Since 2004, the New Hampshire legislature has continually modernized its trust legislation to make trust administration significantly more efficient and flexible. New Hampshire trust law now includes favorable provisions permitting, for example non-judicial settlement agreements, trustee decanting, trustee modification, and virtual representation, each of which allows trustees to administer trusts more efficiently and to modify a trust's operative provisions when circumstances require, without the need to obtain court approval.

Nonjudicial settlement agreements ("NJSAs") are agreements between trustees and beneficiaries allowing them to compromise on various issues relating to trust administration. New Hampshire law provides for NJSAs as a method whereby parties to a trust agreement can enter into a binding settlement regarding trust administration, distribution and procedural issues, such as appointment of successor trustees, without court involvement or approval. As long as all parties agree, NJSAs allow for clarification or modification of trust terms without the expense and delay of seeking court approval. The New Hampshire Trust Code (the "Trust Code') explicitly provides that NJSAs may be used to address the following matters:

(1) interpretation or construction of the terms of a trust;

(2) approval of a trustee's report or accounting;

(3) direction to a trustee to refrain from performing a particular act or the grant to a trustee of any necessary or desirable power;

(4) resignation or appointment of a trustee and the determination of a trustee's compensation;

(5) transfer of a trust's principal place of administration;

(6) liability of a trustee or an action relating to the trust; and

(7) termination or other modification of a trust's terms.

New Hampshire law also permits trust decanting, a process whereby a trustee creates a new trust and appoints (or transfers) some or all of the assets from one trust (the "first trust") to another trust (the "second trust"). In most instances, a trustee exercises such power to improve the administrative provisions governing the first trust. By today's standards, some older trusts have inflexible, restrictive, or ambiguous provisions governing investments, distributions, and/or trustee succession. In that situation, decanting is an attractive option to "modernize" the operative terms of such trusts. That being said, there are certain estate and gift tax considerations and other statutory provisions limiting a trustee's ability

CONTINUED ON PAGE 7 >

The New Hampshire Trust Advantage

< CONTINUED FROM PAGE 6

to decant. For example, the second trust cannot have new beneficiaries who were not beneficiaries of the first trust, nor can decanting reduce or eliminate a vested interest of a beneficiary of the first trust.

In addition, as of July 1, 2014, trustees have the authority in certain circumstances to modify and update trusts without creating a new trust and decanting assets into that new trust. A trustee modification may be exercised for any reason, including:

(1) furthering the settlor's intent or a material purpose of the trust;

(2) preserving any favorable tax treatment for the trust, the settlor, or the beneficiaries;

(3) enhancing the efficient administration of the trust; or

(4) otherwise minimizing the costs of administration.

New Hampshire has other laws that facilitate the efficient administration of trusts. Through concepts like virtual representation, whereby certain beneficiaries represent the interests of other beneficiaries, parties can enter into agreements (whether a NJSA or a court settlement), that bind all parties, including minors, unborn and unascertained individuals. Under New Hampshire law, an unrepresented minor, incapacitated, or unborn individual, (or a person whose identity or location is unknown and not reasonably ascertainable) "may be represented by and bound by another having a substantially identical interest with respect to the particular question or dispute." Such representation is permissible provided there is no conflict of interest between the representative and the person represented. The ability to use virtual representation minimizes, and in some cases, eliminates, the need for a court-appointed guardian ad litem to intervene and represent the interests of persons who are unborn, unascertained, or legally incapacitated. Instead, a parent with the same interests as his or her descendants can represent their future and potential interests and, thus, streamline certain procedures, such as the approval of a trust modification.

Asset Protection Trusts in New Hampshire

New Hampshire is one of a few states in which transferors may create self-settled asset protection trusts enabling the transferor to shield assets from creditors while still being able to benefit personally from the assets transferred to the trust. In order to be effective, an asset protection trust instrument must be irrevocable, contain a "spendthrift" clause, expressly appoint at least one "qualified" New Hampshire trustee, and expressly state that New Hampshire law governs the validity, construction, and administration of the trust, except for trusts which have "migrated" from another state to New Hampshire. Despite such restrictions, the transferor may still receive distributions of income and principal from the trust and maintain control over trust investment decisions.

The requirements for a "qualified" New Hampshire trustee are that the trustee must be a resident of New Hampshire (in the case of a natural person) or a state or federally chartered home or trust company having a place of business in the state, authorized to engage in trust business in New Hampshire and either (i) maintain

CONTINUED ON PAGE 8 >

< CONTINUED FROM PAGE 7

or arrange for custody of some or all of the trust property in New Hampshire, (ii) maintain records in New Hampshire for the trust, (iii) prepare (or arrange for the preparation of) fiduciary tax returns for the trust in New Hampshire, or (iv) otherwise materially participate in the administration of the trust in New Hampshire. If any qualified trustee ceases to meet these requirements, and there is no other qualified trustee then serving, the formerly qualified trustee shall be deemed to have resigned and a replacement qualified trustee will be appointed in accordance with the terms of the trust. If the trust instrument does not provide for a successor qualified trustee, then the probate court has authority to appoint one upon petition of any interested party.

A New Hampshire asset protection trust may have one or more trust advisors. For example, the trust settlor may be a trust advisor or trust protector. Generally, trust advisors may remove and appoint qualified trustees or other trust advisors and may direct, consent to, or disapprove distributions from the trust, except that the settlor may not participate in any distribution decisions for the settlor's own benefit.

Notably, New Hampshire law bars creditor claims against property held by an asset protection trust if the claim arises after the date property is placed in trust and the claim is brought after the fourth anniversary of the date of such placement. For creditor claims against property arising prior to the date property is placed in an asset protection trust, the claim will be barred to the extent extinguishment is permitted under the New Hampshire Uniform Fraudulent Transfer Act, which provides that, absent proof of intent to defraud, a creditor claim against property held by a trust is barred unless the claim is brought within four years after the transfer of property is made into trust, or, if later, within one year after the creditor could reasonably have discovered the transfer. However, New Hampshire law does not extinguish claims against trust property by creditors whose claims arise (i) under antenuptial agreements, (ii) under child support or alimony orders, or (iii) as a result of death, personal injury or property damage occurring prior to the transfer of property into trust, if such harm is caused by the settlor or a person for whose acts the settlor is vicariously liable.

New Hampshire law specifically provides that the spendthrift clause in an asset protection trust is to be considered a restriction described in Section 541(c)(2) of the United States Bankruptcy Code, which states that a restriction on the transfer of a beneficial interest of a debtor in trust that is enforceable under state law will be enforceable in a bankruptcy case. However, the Bankruptcy Code also includes a 10-year statute of limitations for a transfer "made to a self-settled trust or similar device" where the debtor is a beneficiary of the trust, and the transfer was made with the "actual intent to hinder, delay, or defraud any entity to which the debtor was or became, on or after the date that such transfer was made, indebted."

The New Hampshire statute further provides that trusts formed outside of New Hampshire may be converted to New Hampshire asset protection trusts as long as the trust has a qualified trustee, is irrevocable, and includes a spendthrift clause. Importantly, such trusts need not provide that New Hampshire law govern the trust.

An asset protection trust in New Hampshire can be established as either a "grantor trust" whereby the settlor is taxed on trust income, or as a "non-grantor trust" under which the trust itself is subject to federal income tax. Nevertheless, a New Hampshire "non-grantor" trust is not subject to New Hampshire income tax. However, at the transferor's death, remaining trust property is includible in the transferor's estate for estate tax purposes.

NH Allows Perpetual "Dynasty" Trusts

In 2004, New Hampshire repealed its rule against perpetuities. Thus, under New Hampshire law, the settlor of a trust may create a "perpetual trust." A perpetual trust may be labeled a "dynasty" trust, in recognition of the fact that the trust could, in theory, continue forever. Dynasty, or perpetual, trusts may hold assets for multiple future generations, enabling settlors to provide for their current and/or future beneficiaries unfettered by time. Dynasty trusts can also minimize the extent to which asset appreciation is subject to estate tax because assets placed in the trust are only subject to the federal estate

CONTINUED ON PAGE 10 >

2ND ANNUAL

WOMEN'S GOLF OUTING

Highlights

I would like to thank all of our sponsors and players for participating in the second annual NHSCPA Women's Golf Outing & Networking Event. Your support made for a very successful tournament. Thank you again for your contributions and I hope to see you at next year's tournament.

Kara Fontaine, Chair
Women's Golf Outing

The New Hampshire Trust Advantage

< CONTINUED FROM PAGE 8

or gift tax upon their transfer to the trust. Of course the federal generation-skipping transfer tax cannot be avoided merely by placing assets in a dynasty trust. Careful planning should be done in consideration of the tax consequences. Nevertheless, in New Hampshire, many generations of beneficiaries can enjoy the benefit of family assets while limiting the associated burden of state income tax.

NH Affords Significant Protections for Trustees

In New Hampshire, a trustee may delegate powers to a co-trustee or to an agent. For example, a trustee may delegate "duties, powers and investment and management functions to any person . . . that a prudent trustee of comparable skills could properly delegate under the circumstances." Thus, provided that the delegation is prudent (i.e., the trustee must "exercise reasonable care, skill and caution" in selecting the agent and establishing the scope and terms of the delegation) and the delegating trustee continues to monitor and supervise the co-trustee or agent performing the delegated powers, the trustee will not be liable for any errors made by such co-trustee or agent. Accordingly, ongoing monitoring is critical to ensure that the co-trustee or agent is acting prudently and within the scope of the delegation.

As an alternative to delegation, New Hampshire trust law also permits "directed" trusteeships. Under these rules, a directed trust clearly divides the administration of the trust among two or more trustees, or between trustees and third parties such as trust advisors and trust protectors. For example, under the terms of a directed trust, an investment manager can have the exclusive duty to invest the trust's assets while the trustee is only responsible for the other aspects of administering the trust. Additionally, the trust document may divide the remaining trust administration duties between co-trustees, perhaps with one being responsible for tax preparation, and another being responsible for recordkeeping and distribution decisions.

New Hampshire also recognizes the role of trust protectors and trust advisors who can oversee or advise trustees on issues such as trust distribution or investment decisions. This provides an additional layer of checks and balances for a trust settlor, who can name a trust protector or trust advisor to assist the trustee and to make certain decisions in areas that the settlor does not wish to leave to the trustee. New Hampshire law is very clear about dividing responsibilities in directed trusteeships and in the use of trust protectors and trust advisors. Consequently, with respect to any responsibilities that a directed trustee does not have or which have been given by the settlor to a trust protector, trust advisor or another trustee, the original trustee who does not have those powers is deemed an "excluded fiduciary" and generally does not have any fiduciary liability for any actions by the other fiduciaries.

CONTINUED ON PAGE 11 >

< CONTINUED FROM PAGE 10

Importantly, a trust may waive a trustee's normal duties, such as the duty of prudent investment. Normally, the duty of prudent investment includes the duty to diversify a trust's assets. In New Hampshire, this is the default rule. However, if the trust document permits it, a trustee may hold concentrated stock positions or other types of investments without subjecting the trustee to potential fiduciary liability. "The prudent investor rule may be expanded, restricted, eliminated or otherwise altered by the terms of the trust," in which case a "trustee is not liable to a beneficiary to the extent that the trustee acted in reasonable reliance on the provisions of the trust . . . or determined not to diversity the investments of a trust in good faith reliance on the express terms of a trust."

Finally, New Hampshire law protects confidential communications between attorneys and trustees, trust advisors, or trust protectors in their role as trust fiduciaries under attorney-client privilege to the same extent that such communications would be protected if made between the attorney and the trustee acting in his or her individual capacity.

Favorable State-Level Taxation

New Hampshire does not impose a broad based tax on personal income, but does impose a five percent tax on interest and dividends earned by New Hampshire taxpayers (the "I&D tax"). As of the 2013 tax year, New Hampshire trusts are not subject to the I&D tax. As a result, New Hampshire trusts are not required to file I&D tax returns, and interest and dividend income accumulated in a New Hampshire trust is no longer subject to state tax. New Hampshire resident trust beneficiaries are subject to I&D tax only to the extent that the trustee distributes interest or dividend income to them. This means that non-grantor New Hampshire trusts earning and distributing interest and dividends to non-New Hampshire beneficiaries will do so completely free of New Hampshire tax. Of course, income received by a beneficiary is taxed to that beneficiary pursuant to the rules of the state where the beneficiary resides.

Residents of states that impose income tax on trust income may benefit from moving the situs of an existing trust to New Hampshire. In a state like Massachusetts that bases its taxing jurisdiction primarily on the residence of the trustee of a trust, a trust may become a New Hampshire trust by appointing, or replacing, all Massachusetts-resident trustees with New Hampshire trustees. Such a trust would not be subject to tax in New Hampshire, and would only be subject to tax in Massachusetts on its Massachusetts-source income.

New Hampshire Trust Laws Generally

The modernization of New Hampshire's trust law that began in 2004 has led to a statutory framework that includes many provisions favorable to trust settlors, beneficiaries and fiduciaries. To address potential challenge by a family member of a settlor's intentions, New Hampshire law limits the period in which anyone can challenge the validity of a trust to (i) three years after the settlor's death for a revocable trust established during the settlor's lifetime, (ii) three years after the trustee sends notification to the beneficiary about an irrevocable trust, and (iii) 180 days after a trustee sends a person information on an irrevocable trust, including a copy of the trust agreement and information about the trustee and the time allowed for commencing such an action to contest the validity. Moreover, a settlor may commence a judicial proceeding to establish the validity of the trust he or she created.

Additionally, New Hampshire law includes a provision authorizing enforcement of a "no-contest" provision within a trust that reduces or eliminates the interest of a beneficiary who challenges the trust or its provisions in a manner to defeat the settlor's intent.

Under New Hampshire law, a trust created for a non-charitable, but otherwise valid purpose is enforceable even if it does not have an ascertainable beneficiary. Similarly, a settlor may create a trust to provide for the care of an animal that was alive during the settlor's lifetime. An animal care trust will terminate on the death of the last animal benefitting under the trust. In either circumstance, if the trust document does not name a person with authority to enforce the trust, the court may appoint someone to fulfill this role.

CONTINUED ON PAGE 12 >

< CONTINUED FROM PAGE 11

Many of the provisions in the New Hampshire Trust Code are default provisions. Therefore, they are applicable to a trust unless the trust document specifically provides otherwise. Creating default rules simplifies the process of drafting a trust document to benefit from these provisions.

New Hampshire is a Favorable Jurisdiction in which to Conduct Trust Activity

Another significant advantage of New Hampshire as the jurisdiction for trust administration is the quality of the institutional trustees domiciled in New Hampshire and of the trusts and estates bar. Major banks, trust companies, and private banks have created trust company subsidiaries, or have established national bank offices within New Hampshire. Currently, more than 34 nondepository trust companies have formed in New Hampshire to provide fiduciary trust services. As a result, trust settlors have many choices for a fiduciary and can benefit from trustee fee pricing. New Hampshire provides additional benefits to wealthy families by enabling creation of limited-purpose (family service) trust companies. New Hampshire law permits creation of a nondepository trust company to provide asset management services and serve as trustee for wealthy families.

New Hampshire's legislature has been quick to react to new developments and has been willing to modify existing statutes to improve their effectiveness. The New Hampshire Trust Council and the Trusts Section of the New Hampshire Bar Association maintain standing legislation committees and are actively involved in shaping the trust and tax laws in New Hampshire. The committees monitor the New Hampshire trust laws and laws in other states and respond to feedback from practitioners and fiduciaries.

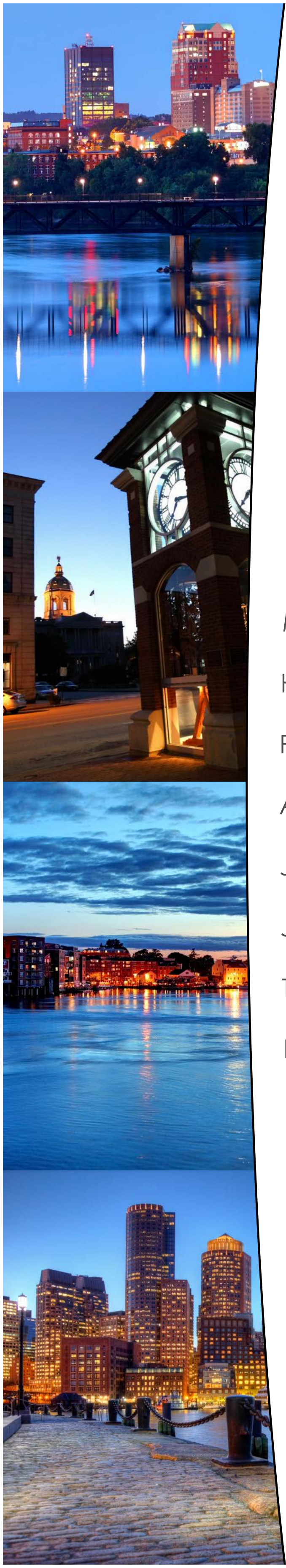
These committees also propose annual trust legislation updates that the legislature frequently enacts into law. Finally, New Hampshire recently established a specialized trust court that is charged with addressing solely trust-related matters. This makes New Hampshire an important jurisdiction for litigation (if necessary), in addition to trust administration.

Steven Burke is a shareholder and director of McLane Middleton in Manchester, New Hampshire. Thanda Fields Brassard is a vice president and general counsel of Fiduciary Trust Company of New England in Manchester, New Hampshire. Von E. Sanborn, is a partner in Withers Bergman LLP in New York City. Constance E. Shields is counsel at Withers Bergman LLP in New York City.

Previously published in the June 2016 issue of Estate Planning (Thomson Reuters/Tax & Accounting) and in the Q3 2016 issue of Terralex.

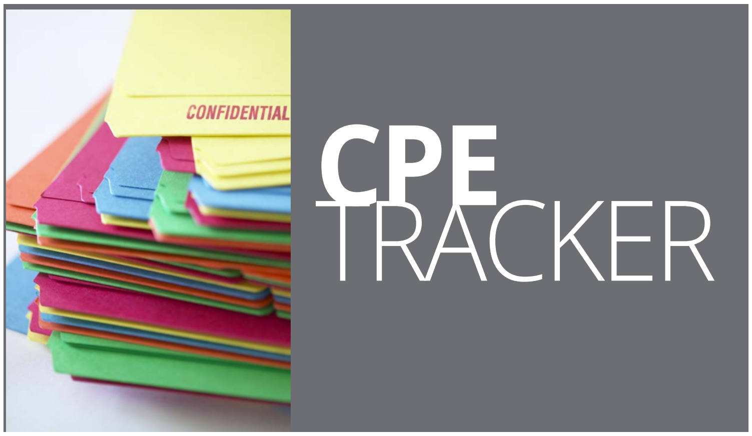
NH ELECTION RESULTS

The 2016 election is finally over and now to the real work. In New Hampshire, we will for the first time have an all-female, all Democratic Federal delegation: Senator Jeanne Shaheen; Senator-elect Maggie Hassan; Congresswoman-elect Carol Shea Porter and Congresswoman Annie Kuster. However, in the State House, we will have a Republican Governor, Chris Sununu; a Republican Senate, 14-10 before a recount for District 7; and a Republican House of Representative, 224-176. The Republicans maintained their 3-2 majority on the Executive Council. So we have a Democratic Federal delegation in DC where the House, Senate and President are Republican and a Republican NH State Government. Expect some changes and a fascinating couple of years!



FALL/WINTER CPE CALENDAR

DATE	COURSE TITLE	VENDOR	LEVEL: Basic	Inter	Adv	Update	CPE CREDIT: AA	MG	Tax	Ethics	Other
12/5/2016	IRA Boot Camp	Surgent McCoy		✓					8		
12/6/2016	Shortcuts to Tax Cuts: Business Tax Planning Strategies for S Corporations and LLCs	Surgent McCoy		✓					8		
12/7/2016	Surgent's Handbook for Mastering Basis, Distributions, & Loss Limitation Issues for S Corporations, LLCs & Partnerships	Surgent McCoy		✓					8		
12/8/2016	Small Firms Conference	NHSCPA				✓					8
12/14/2016	2016 FASB and AICPA Updates	Loscalzo Assoc., Ltd.				✓	8				YB
12/15/2016	Compilation and Review Practice Guide	Loscalzo Assoc., Ltd.		✓			8				
1/10/2017	Preparing Individual Tax Returns for New Staff and Para-Professionals	Surgent McCoy	✓						8		
1/11/2017	Tax Forms Boot Camp: LLCs, Partnerships, and S Corporations	Surgent McCoy				✓			8		
1/12/2017	New Hampshire State & Local Taxation	McLane Middleton				✓			4		
1/13/2017	1040 Workshop for Experienced Preparers	Boston Tax Institute				✓			8		



Maintain a record of all your CPE credits!

View a complete CPE transcript at anytime during the period and print a final version to attach to the NH Board of Public Accountancy's official form. Call Roberta to walk you through the process at 603-622-1999.

Online Learning

Looking for alternatives to classroom style programming? Try one or more of the following self-study opportunities.

The NHSCPA offers a variety of ways to meet your CPE requirements. In addition to the many conferences and seminars offered by the NHSCPA, we have partnered with a variety of webcast providers to bring you live, interactive webcasts. Courses range from two to eight credit hours and cover technical and nontechnical skills alike. Learn from the most experienced CPAs across the country, while earning your CPE from the comfort of your home or office.

CalCPA CPA Crossings AICPA CPExpress K2 Enterprises SURGENT SELF-STUDY CPE McCOY, LLC

5 Steps to Strengthen Internal Controls at Small Businesses and Not-for-Profits

By Sandi Matthews, CPA, CGMA

Internal controls may lag at smaller organizations as managers sacrifice them for the sake of service delivery, particularly at cost-conscious not-for-profits and start-up organizations.

Yet the risks are too great to ignore. Consider that the Association of Certified Fraud Examiners (ACFE) in its *Report to the Nations on Occupational Fraud and Abuse: 2016 Global Fraud Study* found that businesses with fewer than 100 employees are more vulnerable to occupational fraud. The median annual fraud loss for religious, charitable, or social service organizations was $82,000. This amount does not take into account the cost to the organization's reputation. Because charitable organizations are in the public eye, the occurrence of fraud, or even allegations of fraud, can significantly affect an entity's ability to attract support.

There are many approaches to risk management, but the Committee of Sponsoring Organizations of the Treadway Commission's (COSO's) *Internal Control – Integrated Framework* can be used by virtually any organization, large or small, to strengthen governance, improve the reliability of financial reporting, and deter fraud. The COSO framework emphasizes that internal controls should be designed with consideration for the entity's unique environment and its risk tolerance. It does not prescribe specific activities. Instead, it offers a structured approach to making risk-based, informed decisions. Applying the COSO framework, leaders can lend analytical abilities to identify risks and optimize controls to support critical processes.

Here are five low-cost steps to consider as a starting point:

Set a strong tone internally. Internal controls are processes affected by people and the actions they take every day in our organizations. The ACFE's study showed that only 6.4% of fraud is discovered by external auditors. Internal controls involve everyone in an organization, and the board and leadership team set the tone.

Provide a formal system for individuals to raise concerns without fear of retaliation. The ACFE study found that fraud is most often discovered from tips – in 29.6% of cases. The best thing managers can do is create a mechanism by which employees can report concerns. Even the smallest organization can adopt a whistle-blower policy and incorporate that policy into employee handbooks and training for new workers. The online resource library of the American Institute of CPAs' Not-for-Profit Section has a sample of such a policy, which can be downloaded and tailored to individual organizations.

Be attuned to what is happening within the organization. Managers should be aware of conflicts, tensions, pressures, or incentives that could compromise decision-making, integrity, and the reliability of the entity's financial reporting. Examples of such pressures could be aggressive growth goals, a poorly designed incentive-based compensation structure, or unbalanced workloads that lead to unfair treatment, employee resentment, and burnout. Employees who are under pressure are more prone to ignore internal controls or take advantage of control weaknesses for their own benefit.

Focus on relationship-building and open communication. It is possible to maintain an attitude of professional skepticism and, at the same time, build relationships on a foundation of trust. One way: adopting open-book management practices and explaining not just "how" but "why" particular processes are needed from a business perspective. Address issues of noncompliance first by identifying the behavior you observed, then giving the employee an opportunity to voice his or her concerns. Second, acknowledge the employee's viewpoint and then explain the business reason for the change. Finally, clearly state your expectations going forward. Use "I" instead of "you" in

CONTINUED ON PAGE 17 >

< CONTINUED FROM PAGE 16

communication. Example: "I noticed that your supervisor did not preapprove this transaction" is better than "You didn't get proper approval from your supervisor." Keep interactions professional, not personal.

By establishing controls and processes that did not exist previously, you may cause an internal power struggle. An employee may perceive a new process, such as a new process for authorizing transactions, for example, as a sign of distrust. Give employees a chance to express concerns before implementation, and be sure to explain the business rationale.

Consistently enforce policies across the entity to uphold fairness. Periodic, one-on-one discussions with individuals about organizational policies can be enlightening. Training new employees is a given, but some organizations fail to apprise employees of the acceptable use of the organization's property, including confidential and sensitive information. Check references and conduct pre-hire and periodic background checks, particularly for employees involved within the finance or accounting function and for those who have access to sensitive information. Also, review IT systems access logs. As much as possible, separate duties so that no single individual has control of all aspects of a transaction, and separate authorization from recordkeeping.

In small organizations, unwritten policies can be effective where a process has existed for a long time and is a well-understood practice and where communications channels involve a minimum number of management levels as well as close interaction with, and supervision of, personnel. Keep in mind, though, that no matter how well designed controls are, they are not failsafe. Although managers cannot prevent all problems from occurring, the leadership tone they set by treating individuals fairly, and identifying and remedying issues, sends a strong signal about activities that are acceptable and those that are unacceptable.

The AICPA's Not-for-Profit Section has resources on risk management and internal controls for NFPs. It recently published a new e-publication, the Controller Toolkit for Not-for-Profit Entities, that has sample polices and transaction cycle narratives to assist with design and implementation of internal controls.

Sandi Matthews, CPA, CGMA (smatthews@aicpa.org) is technical manager of the AICPA's Not-for-Profit Section, a community for not-for-profit financial professionals and their business advisors. Learn more at www.aicpa.org/nfp.

This article originally appeared in this post on CGMA Magazine online (cgma.org). It is reprinted with permission.

FOCUS ON YOUR NHSCPA **BOARD MEMBERS**

Kerrin Rounds, CPA

Employer Name: New Hampshire Department of Revenue Administration

Position: Assistant Director of Audit

Years with the State of NH: 9

Birthplace: South of the border

First job ever: Babysitting
First after college job: Maine Revenue Services

Year passed CPA exam: 2013

Alma Mater: University of Southern Maine

Family: Amazingly supportive husband, Keith; super human parents, Glen and Barbara; little brother (6'4") and shorter sister-in-law, Glen and Charelle, and the most awesome nephew, Glen.

Professional/Community affiliations: Board Member/Treasurer for NH Operation Game Thief, member elect of Town of Bristol Trustee of the Trust Funds and member of Bristol Bicentennial Committee.

My best asset: Skepticism

My favorite food is: Pizza

My favorite author is: Judy Blume

The last book I read was: In the Evil Day: Violence Comes to One Small Town, by Richard Adams Carey – Very difficult subject, but an excellent book.

If I could, I would write a book about:
My father, the stories I could tell.

Favorite movie of all time: Dumb and Dumber

Favorite television show: Cheers - You just shouted Norm in your head didn't you?

Dream Vacation: Alaska!

Best advice ever received: It's not hard to be good at this job, but it takes effort to be great.

If there's one thing I won't do, it's: Jump out of a plane, for sure. No doubt about it.

My pet peeve is: The sound of nail clippers.

Though I was proved wrong, I once said I'd never: Take the CPA exam!

Future goal: Walk through open doors, knock on closed ones.

One word to sum me up: Outgoing

Goals for the Society: Help to strengthen the relationship between the tax community and the Department. Help look at long term goals of the Society and membership involvement.

Something about me people don't know:
I had a college professor who told me I had no future in accounting and made an appointment with my advisor for me to change my major.
I never went to that appointment.

Heroes: My parents.

Best Lesson Learned: Listen more, talk less (forgive me, I'm still learning).

Words of Wisdom: Do not be afraid to make a decision. Decide and own it.

New NHSCPA Members

FELLOW MEMBERS (CPAs)

Nathan Allen
Mont Vernon, NH

Lena Rozzi
Hooksett, NH

Jonathan Moreau
Greenland, NH

AFFILIATE MEMBERS (CPAs)

Brad Coletta
Nashua, NH

ASSOCIATE MEMBERS

Joseph Nigels
Lebanon, NH

Rachael Blehm
Chester, NH

Anthony Gengo
Nashua, NH

STUDENT MEMBERS

Muhammand Al Abbadi
Hooksett, NH

Faizan Ahsan
Manchester, NH

Ismail Amar
Manchester, NH

Connor Baldassaro
Nashua, NH

Xhiliola Bistri
Manchester, NH

Christopher Burrill
Exeter, NH

Catrina Carson
Hudson, NH

Hannah Coffey
Nashua, NH

Kelly Crotts
Danville, NH

David Dapp
Salem, NH

Daniel Donovan
Durham, NH

Alexi Galica-Cohen
Mont Vernon, NH

Acadia Giberson
Rochester, NH

Kaitlyn Hefferman
Derry, NH

Samantha Henrichon
Seabrook, NH

YaWen Hsu
Manchester, NH

Casey Humphrey
Nashua, NH

Jason Huot
Mason, NH

Paul Karamountapoulos
East Hampstead, NH

Ruchit Khadka
Manchester, NH

Marina Komas
Nashua, NH

Danielle Lachance
Salem, NH

Kaylee Levine
Merrimack, NH

Anthony Moore
Port Melbourne, VIC

Kaylee Murray
Raynham, NH

Wesley Nevish
Barrington, NH

Marc Nolin
Hollis, NH

Samantha O'Brien
Hooksett, NH

Kelsi Pincence
Londonderry, NH

Katherine Polanco
Salem, NH

Jake Rose
Madbury, NH

Adam Weinstein
Vernon, CT

Taylor Witkiewicz
Durham, NH

welcome!

Nathan Wechsler & Company, PA and **Robert M. Mucha, CPA, P.C.** announced that they are effectively merged as of October 28, 2016. Nathan Wechsler & Company, PA is pleased to announce **Oreste "Rusty" Mosca, CPA**, Managing Director, has been named Treasurer of Leadership New Hampshire Board.

For the second time in less than a year, regional accounting firm **Baker Newman Noyes** has been named among the top 100 accounting firms in the United States. In August, BNN debuted at #94 on the INSIDE Public Accounting Top 100, and earlier this year they debuted at #96 on the top 100 list in Accounting Today. Baker Newman Noyes in Manchester recently expanded its audit and tax divisions with four new employees, including **Nathan Allen, CPA,** as well as promoting 7 staff members: **Lisa Belliveau, CPA,** was promoted to senior manager in the tax practice. **Pam Keenan, CPA,** was promoted to manager in the tax practice. **Ken Newton, CPA,** was promoted to manager in the tax practice. **Allison Thibodeau, CPA,** was promoted to supervising senior in the tax practice. **Gabrielle Stanton, CPA,** was promoted to senior in the audit practice.

Andrew Luce, CPA of Mason & Rich Professional Association was appointed VP of the Red River Theatre Board of Directors in Concord, NH.

Donna Wageling, CPA of Howe, Riley & Howe, dropped off a food donation to a Seacoast-area chapter of the End 68 Days of Hunger program on September 1. End 68 Days of Hunger is a program that sends school-aged children in need, home at the end of the week with enough food to feed their families for the weekend. Howe, Riley & Howe, Manchester, donated 23 backpacks full of school supplies Child Health Services'. Employees from the firm have supported this initiative for the last three years. **Jason Gagnon, CPA,** of Howe, Riley & Howe was recently named treasurer of the Manchester Young Professionals Network (MYPN) for a 3 year term , after previously serving on the organization's New Hampshire Startup Challenge Committee.

Livermore Consulting Group (formerly Howell & Livermore), is excited to announce their merge effective October 1, 2016 with HSSK, LLC, making us the largest full service valuation firm in the area. Livermore Consulting Group has relocated to Bedford, and will operate as a division of HSSK.

Attorney Sari Ann Strasburg, CPA, Esq., of Strasburg Law P.L.L.C. received the **2016 Global Legal Award** for Best Complex Business Lawyer in New Hampshire. Announced by Acquisition International magazine, she has received international recognition for her strategic work on complex legal issues.

WE WANT TO KNOW!

We do our best to highlight our members' achievements in each issue of the NHSCPA Connection. However, we can't catch them all. Make sure to let us know about new hires, promotions, awards, and any community service events in which you and your firm participate in. Send your news to: arenfrew@nhscpa.org

2016 The Next Step
from College to Career

On October 27, 2016 the NHSCPA hosted "The Next Step – from College to Career." Juniors, seniors, and graduate students came to the NHSCPA classroom for a panel discussion that included insightful information on transitioning from college to career, interviewing skills, networking, becoming a CPA in New Hampshire, and resume review.

Thank you Ryan Warren, Jason Beiswenger, Monique Welch, Paul Becker, Zach Nowlan, and Wayne Geher for being part of our panel!

- Jason Beiswenger, CPA, Chair, YP Committee

If you would like more information about the Young Professionals Committee or have an interest in joining, please contact Jason Beiswenger, CPA at jason@hrhcpa.com or Amanda Renfrew at arenfrew@nhscpa.org.

Join us on

Update from the New Hampshire Department of Revenue Administration

John Beardmore, Commissioner, NH DRA
Kerrin Rounds, CPA, NH DRA

It has been a busy few years at the NH Department of Revenue Administration (DRA), with the next few years expected to be our busiest yet. You may have noticed Interest and Dividends Tax returns may now be filed with payment through the Modernized e-File (MeF) program. For tax year 2016, we expect to implement MeF for Business Profits Tax and Business Enterprise Tax returns for corporations and partnerships. Additionally, we are already targeting the 2017 tax year to begin accepting proprietorship and fiduciary returns. Several software vendors have already indicated their willingness to participate in the expanded MeF program. To see a list of participating vendors, please visit our website.

In 2015, we initiated a project to research and plan the replacement of our tax information management system (known to DRA staff as "TIMS"). Our antiquated taxpayer database is over 25 years old and must be replaced for DRA to meet the standards of tax processing and data security required in today's world. A new system is also expected to bring to practitioners and taxpayers a variety of benefits including improved customer service, fraud protection, and more timely correspondence. We have requested a capital appropriation for this project, which we look forward to discussing with the Governor and Legislature this coming session. The DRA staff appreciates the support the NHCPA Society has offered during this process. Do you have any questions or suggestions as DRA plans to replace this system? Email Kerrin.Rounds@dra.nh.gov.

Welcome Amanda!

We are pleased to announce that Amanda Renfrew has joined the NHSCPA team as the Marketing and Events Manager. Amanda graduated from Southern New Hampshire University in 2009 with a Bachelor's in Communications. Her background is in Event Management and Communications. She worked as the Event Coordinator for Business NH Magazine beginning in 2010 where she produced many corporate networking events, award ceremonies, and directed the Made in NH Expo. She then moved on to Communications and Development at Gateways Community Services where she assisted in increasing their social media presence, worked on branding initiatives, fostered relationships with major donors, and planned and executed their Annual Meeting.

Amanda is coming to us with an eagerness to learn about the culture of CPAs and is excited to help the Society grow with the incoming crop of new CPAs in the workforce. Her initiative here will be to get our name out on a bigger scale, create new sponsorship and partnership opportunities, and to increase membership by bringing in new fresh ideas. Again, we are so excited to welcome Amanda to the NHSCPA, and we know you will all love her as well!

Becker's CPA Exam Review University 50% Scholarship

Becker Professional Education is proud to announce The University 50% Scholarship to Qualifying Students and Associate Members of the NHSCPA

Students may receive 50% off the current full 4-part course tuition. One or more of the 4 sections must be in the FAST PASS PLUS (www.becker.com/fastpassplus) format, with any remaining sections in Live or online/ self-study. This scholarship may not be combined with any other scholarship or group pricing program offered by Becker (Flashcard and Final Review awards are OK). Recipients may utilize Becker's 0% financing for monthly payments for the remaining tuition (details at www.becker.com/financing).

To apply for The NHSCPA 50% Scholarship you must meet the requirements below, and submit the **COMPLETED APPLICATION FORM PRIOR TO DEC. 15TH 2016**. Scholarship recipients will be notified within one week of the deadline. The University 50% Scholarship is based on financial need, merit may be considered as long as the recipient requirement provisions below are met.

Recipient Requirements:

- Does not have a job offer with a firm that either pays directly for or reimburses Becker tuition
- Is not currently enrolled in a Becker CPA Exam Review program
- Eligible to begin sitting for at least one section of the CPA Exam by July 2017
- Able to purchase the Becker course by December 31, 2016
- Able to enroll in one or more sections of the FAST PASS PLUS format (see www.becker.com/fastpassplus for complete information)

Application Form:

Date: ____________________

First Name: ______________________________ Last Name: ______________________________

Phone: ______________________________ Email: ______________________________

Graduation Date: ______________________________

Currently Employed? Yes _________ No _________

Please list employer if applicable: ______________________________

At what date will you be eligible to sit for the CPA Exam? (Month/Year) ______________

If awarded scholarship, are you able to purchase Becker prior to May 31, 2016? Yes _________ No ________

Do you plan to utilize the 0% financing on the remaining tuition when redeeming your scholarship (will not affect award)? Yes _________ No ________

Comments:

PLEASE DIRECT COMPLETED APPLICATIONS TO TOM KUBISHTA TKUBISHTA@BECKER.COM

Michelle McVetty of Crane & Bell, CPAs Graduates from American Institute of CPAs Leadership Academy

Crane & Bell, CPAs of Lancaster is pleased to announce Michelle McVetty, CPA recently graduated from the 2016 AICPA Leadership Academy. McVetty was one of 37 future leaders of the accounting profession to participate in an intensive four-day program in Durham, N.C., last month.

McVetty discussed important issues facing the profession and participated in extensive leadership development sessions with influential leaders in the profession, including AICPA Chair (2015-2016) Tim Christen, CPA, CGMA, Barry Melancon, CPA, CGMA, the Institute's president and CEO, and Mark Koziel, AICPA executive vice president, firm services.

The AICPA Leadership Academy was established to inspire, and empower the next generation of CPA leaders by providing them with advanced leadership training, access to well-connected professional networks and opportunities to exercise leadership within the profession. The 2016 group is the eighth Leadership Academy class and more than 270 CPAs have now graduated from the Leadership Academy.

"Leadership Academy was an experience I will never forget. The opportunity of meeting 36 other like-minded CPAs and gaining skills in strategic planning in our professional lives was extraordinary. Our profession and the world is changing rapidly which makes these strategic skills even more important in leading my firm and New Hampshire accounting professionals successfully into the future."

Candidates submitted resumes which included work history, licensure information, professional volunteer activities, community service and awards and honors. Candidates also supplied a statement explaining why participating in the Leadership Academy would be important to them personally and an essay responding to the question, "What leadership competencies and characteristics will be essential to successfully lead and advance the CPA profession in 2030?"

McVetty grew up in Lancaster on her family's large dairy farm where she learned the highest of work ethic and values. She attended Plymouth State University and upon graduating in 2008, began at Crane & Bell, CPAs. She is currently a Manager at Crane & Bell working with small business clients and their tax planning and compliance, as well as overseeing the bookkeeping and payroll services of the firm. McVetty serves as a Trustee of Trust Funds for the Town of Lancaster as well as the Secretary for the Coos & Essex Agricultural Society (Lancaster Fair).

Details for the 2017 Leadership Academy are available online. The application period is now open, with a deadline of May 31, 2017.

Small Firms Conference: Covering All the Issues for Sole Practitioners to Multi-Partner Firms

NEW HAMPSHIRE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

When:	Wednesday, December 8, 2016
	8:30 am—4:15 pm
Where:	NHSCPA Classroom
CPE:	8 hours
Fee:	$305 members/$385 nonmembers

Agenda:

- CGMA values, and inclusion
- AICPA professional update
- PCPS Tools and Resources
- Technology for small firms including cybersecurity
- How to market like a big firm
- Hiring skilled staff and how to retain them
- Long term strategic planning for your firm including succession planning, mergers & acquisitions, and competition

For more information, visit www.nhscpa.org

Yes, please register me for the Small Firms Conference (12/8/16)

Name(s)____

Company/Firm____________________________________

Phone____________________Fax____________________

Street Address___________________________________

City________________State__________Zip____________

Email____________________Home Phone______________

Please send payment to:
New Hampshire Society of CPAs

1750 Elm Street, Suite 403
Manchester, NH 03104

Phone: 603-622-1999
E-mail: arenfrew@nhscpa.org

No dream is **too big.**

No idea is **too small.**

Service Credit Union has loans that are the perfect fit for any business.

Whether you are establishing a new office or expanding faster than you dreamed, we have long and short term borrowing options to purchase, improve or grow. Our experts can design a custom plan to help with situations unique to your business.

Speak with a Business Services Representative today at 603.422.8439 or visit servicecu.org/NHSCPA

SERVICE® CREDIT UNION

Follow us ▸

FEDERALLY INSURED BY NCUA | Must be a member of Service Credit Union or eligible for membership.

Employers' Homework: Planning for the New White-Collar Exemption Rules under the FLSA

By Alyssa Peters, Attorney Constangy, Brooks, Smith & Prophete, LLP

The upcoming holidays are not the only things we should be concerned about this month. In addition to turkeys, dressing, and family gatherings, employers are planning for changes in the laws. Take out those old wage and hour policies and practices, and get them into shape for the new FLSA regulations that will take effect on December 1.

As you know, in 2015 the U.S. Department of Labor published proposed regulatory changes to the white-collar exemptions to the overtime provisions of the Fair Labor Standards Act. The Final Rule was issued in May 2016 and will take effect on December 1.

The good news is that the DOL did not change the "duties tests" that apply to the exemptions, as many employers had feared. The bad news is that the salary threshold for the administrative and executive exemptions will more than double, from the current $455 a week to $913 a week ($47,476 annualized). The Obama Administration has said that the changes were intended to increase the number of U.S. workers who are entitled to overtime, and the Administration predicts that roughly 4.2 million workers will benefit from the change.

The effect of the new salary threshold is that, even if an employee's job meets the "duties test" for the administrative or executive exemptions, the employee will become non-exempt – and entitled to overtime – if his or her salary is not at the new threshold level or higher.

This is a subject that is causing a lot of angst for HR professionals and accountants alike. What can employers do to prepare?

Don't wait until November 30. Starting now, you should be developing a plan for dealing with the changes.

Time for an "Attitude Adjustment"

Have you ever caught yourself saying these things to your exempt employees:

- Can you work on this during your lunch break?
- I'll call you later tonight to talk about it.
- Can you take this home and read it for our meeting tomorrow?
- Better call day care – we'll be working late tonight.
- I know this has been a grueling week. At the end of the month, things will calm down, and you can take a Friday or Monday off to make up for it.

If your employee is going to be non-exempt on December 1, you'll need to stop saying these things. (Or you can keep saying them, and pay through the nose for all of the overtime you are asking for.)

And how about compensable time? Do you know how to pay your new non-exempt employees for all of their time worked? Do you realize that any work that puts them over 40 hours a week must be paid at time and a half, or half time if you're using the fluctuating workweek method? (And if you think you're using the fluctuating workweek method, are you doing it properly? There are a lot of rules that apply. Do you know them all?)

CONTINUED ON PAGE 30 >

Employers' Homework...

< CONTINUED FROM PAGE 29

Non-Exempt Traps

In short, the FLSA is full of traps for employers who are used to dealing with exempt employees. Here are some of the worst.

Travel. Under the FLSA, normal travel between home and work is not considered work time – unless work is actually performed on the commute. "Work" includes business calls on the cell phone while stuck in traffic. If your employees travel between worksites, if they are going to a one-day off-site assignment, or if their work-related travel cuts across normal working hours, then they must be paid for the travel time even if no actual "work" is performed.

Mobile Technology. Are your employees checking or sending work-related emails from their smart phones and tablets outside normal working hours? If so, are they recording that time? Are you telling them to do it? Do they get after-hours work-related phone calls from supervisors or co-workers? Under the FLSA, this is all working time and must be compensated. If this after-hours works puts them over 40 hours for the week, then they should get overtime for the hours in excess of 40.

Taking Work Home. "Take that home and read it tonight" is working (and compensable) time for non-exempt employees.

Rest Periods. Coffee, rest and bathroom breaks, and meal periods of less than 30 minutes are compensable time. And if your employee gets an hour for lunch, but you interrupt it for help with a pressing deadline? Then, yes, that "unpaid lunch hour" is work time that must be paid.

Preliminary and "Post-liminary" activities. You may think your non-exempt employees have an eight-hour workday, but do they have to spend time preparing at the beginning of the paid work day or "closing out" at the end? For example, do they have to change into a uniform, put on protective equipment, or log onto and out of a sluggish computer network, or open and close programs? This time may very well be compensable.

Of course these are all nuanced situations. Now would be a good time to have a wage and hour audit and have your handbook and policies updated to make sure that all of your practices comply with FLSA requirements. If your policies are up to date, and practices are compliant, you should be in great shape for December 1.

If you have questions or are interested in policy reviews, contact Alyssa Peters with Constangy, Brooks, Smith & Prophete, LLP at 478-750-8600 or apeters@constangy.com.

Reprinted with permission of The Georgia Society of CPAs

The New Retirement

By Michael R. Steiner, CPA, RegentAtlantic Capital LLC

It used to be that retirement was a very short period in one's life. When Social Security was put into place, the general idea was that people would work until 65, collect Social Security benefits for two years and then die.

That may sound morbid, but that was the actuarial thinking during the first half of the 20th century. Today, retirement is a whole new frontier. Thanks to advances in medicine and burgeoning wealth in the U.S., people are living longer — 70 is the new 60, 60 is the new 50, and so on. The trend of longer and more active lifestyles is expected to continue, and as retirements in many instances are lasting 25–30 years or more, retirees have more options for how to spend that time.

Retirement is no longer milling around the senior center, playing bridge and eating dinner at 4 p.m. So what does retirement mean today? A quick Google search of the term pulls up the following definition: "The action or fact of leaving one's job and ceasing to work." But today's retirees are challenging this standard textbook definition.

Fulfillment in retirement now comes in many forms, unique to every individual. Maybe that includes travel, volunteering, and a lot of tennis and golf. Many retirees today are choosing to carry their careers over into their retirement years, either as consultants or even continuing to work full time. Waking up every morning to go to work simply because they want to is a desirable mode of retirement for some. The increased number of forms that retirement can take is broadening the notion of retirement, making financial independence and planning ahead for these later years even more imperative.

What's more, there are now entire living communities centered on retirees, designed for their lifestyles and needs, both personal and medical. Life planning communities (formerly known as continuing care retirement communities) and 55-and-over communities are sprouting up left and right, designed to offer activities and community for retirees. This is a whole new frontier for retirees and represents a trend that is expected to continue as more and more baby boomers enter retirement over the next two decades.

Retirement planning in today's environment should be centered on three equally important areas: activity, health and finances.

1 **Activity** refers to how you plan to spend your time. Is it golf or the opera? Florida or Maine? Working as a part-time consultant or painting portraits in the park? Whatever the activities are that fuel your enjoyment and make you feel complete, they need to be dreamed up in advance of your final exit from the workforce. Often, new retirees don't contemplate this aspect of their retirement in advance, so when that day comes, they quickly get bored and anxious. Those who have not adequately mapped out what they plan to do once they retire often find themselves going back to work simply out of the desire for a daily routine, when they might actually be happier spending their time elsewhere.

2 The second consideration is **health**. There is an old saying that "when you have your health, you have everything." While there are always circumstances beyond your control, there is much that you can do to position yourself for an enjoyable and extended retirement. This is not intended to be a lecture on nutrition and exercise — just a reminder of the importance of personal and medical care in experiencing retirement to its fullest extent.

CONTINUED ON PAGE 33 >

The New Retirement

< CONTINUED FROM PAGE 32

3 The last and most highly focused upon area of concentration is **finances**. This is the one that keeps most people up at night. Why is that? It's because people fear running out of money and not having the opportunity and/or ability to return to work to make more. But with proper planning, you can alleviate this fear. There are two concepts to keep in mind when contemplating financial retirement planning. The first is that it's never too early to start planning for retirement. The earlier you develop sound saving and spending habits, the more likely your retirement objectives can be met later on. The second concept is that a late plan is better than no plan at all! It may just require more compromises.

A retirement financial plan should take into account your current financial position; expected income, such as pensions and Social Security benefits; and future recurring and one-time expenses, such as basic living needs and the purchase of a second home. The engine that drives the plan is the rate of return, more importantly, the real rate of return: This is the return an investor achieves after taking inflation into account. Ultimately, what you should be most concerned about is maintaining a consistent spending level and staying ahead of inflation. The markets will move up, down and sideways, but as long as purchasing power remains intact and just ahead of inflation over the long term, what happens in the stock market from day to day won't affect your financial independence.

In retirement planning, like in all aspects of life, there are some things you can control and others that you cannot. To achieve a fulfilling retirement, you should focus your planning on what you can control. That includes how you'll choose to spend your time; how you'll care for your health and nutrition; and how, when and from where you'll expend funds. These are the keys to long-term success in today's new retirement.

Michael R. Steiner, CPA, CFP, is a managing partner and wealth advisor at RegentAtlantic Capital LLC. He is a member of the NJCPA Content Advisory Board and can be reached at msteiner@regentatlantic.com.

Reprinted with permission of the New Jersey Society of CPAs, njcpa.org

From the September/October 2016 issue of New Jersey CPA magazine (njcpa.org/newjerseycpa)

2016 AICPA/CPA.com National Map Survey Summary

The 2016 National Management of an Accounting Practice (MAP) Survey reveals that firms across every revenue band are showing solid gains in revenue and profitability, diversifying services, incorporating a greater mix of billing protocols and exploring diverse strategies for growth. Firms are building on the successes of the last few years while proactively addressing many of the challenges facing them today. At the same time, firms are making investments to overcome obstacles in their way – whether environmental, economic, cultural, regulatory, demographic, technological or entrepreneurial.

"One of the most telling conclusions revealed in the survey this year is that you don't have to be big to run a very profitable firm, and you don't have to be small to be innovative and nimble," says Mark Koziel, CPA, CGMA, the AICPA's Vice President of Firm Services and Global Alliance.

Regional improvements are seen much more uniformly around the country today. Over the last few years, growth was interspersed between areas trying to gain forward momentum. "Advances are being made from coast to coast and throughout all regions in between," notes Carl Peterson, the AICPA's Vice President of Small Firm Interests.

The business of public accounting is strong. And while firm owners are facing challenges, they also see expanding opportunities for staff, owners and clients.

The MAP Survey, the profession's largest benchmarking poll on practice management topics, is conducted every two years. The survey gathers information on the financial results and practice management approaches of firms. The national results are reported as medians and broken into seven size segments, from those with less than $200,000 in annual revenue to those with $10 million or more as well as by geographic regions and sub-regions. Responses were gathered from May through July of 2016 and reflect firms' financial results for 2015.

Firm owners and administrators are among the many interested readers who can use the survey results to analyze how their firms compare with others throughout the country as well as in their own size segments and geographic areas. They can also diagnose their firms' areas of strength and weakness and identify alternative approaches to the challenges they face. The survey is a great reality check that spotlights where a firm stands in relation to other similar practices and which issues it may want to address. It's easy to identify the significant differences between an individual practice and others in the same size segment or region. Reviewing the survey forces firm leaders to dig deep to understand variances from the median and to line up their metrics with their desired results, identifying solutions as needed. This commentary will spotlight some of the key aspects of the survey results and ways to put them to use.

About the Survey

The AICPA PCPS/CPA.com National Management of an Accounting Practice Survey is conducted every two years by the AICPA's Private Companies Practice Section in partnership with CPA.com. For 2016, representatives from almost 1,600 CPA firms were asked details about their latest fiscal year financial results. Responses were gathered from May through July 2016. The poll's premier sponsor is Aon.

PCPS: Private Companies Practice Section

It pays to be a member! PCPS provides member firms with up-to-date information, advocacy and solutions to challenges facing their firms and the profession. The price of membership ($35 per CPA) is more than matched by the thousands of dollars in member benefits and discounts. If you have any questions about PCPS membership, please call 800.CPA.FIRM or email PCPS@aicpa.org.

NEW HAMPSHIRE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

EVENTS

DECEMBER 1, 2016
Business Partners' Wine Tasting Event
Manchester Country Club
Bedford, NH

From the President

< CONTINUED FROM PAGE 2

- There has been a 600% increase worldwide in regulatory notices.
- Blockchain Technology (example is Bitcoin) is expected to grow and 80% of banks will start blockchain projects by 2017. During the past three years, $1.4 billion was invested in blockchain technology. For CPA's, blockchain will change auditing as all transactions can be verified.
- Only 7% of sole proprietors have a succession plan and 44% of multi-owner firms have written succession plans.
- M&A is high among CPA firms, with 102 reported for 2016 as of October 15, 2016.

Chris Halterman, Chairman of the ASEC Cybersecurity Working Group, and Amy Pawlicki, Director—Business Reporting Assurance & Advisory Services, discussed The Future of CPA Services for Cyber Risk Management. There were two sets of criteria presented for public comment by December 5, 2016: (1) Proposed Description Criteria for Management's Description of an Entity's Cybersecurity Risk Management Program and (2) Proposed Revision of Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy. It is expected that CPA's will add Cybersecurity Attestation Services to clients in the future.

The Council approved changing the terms for Council officers so that they align with the terms for the new association that includes the AICPA and CIMA. To accomplish this, current AICPA Council officers will serve a 15-month term from October 2016 through December 2017, and then the term reverts to 12 months.

NHSCPA exists to serve you. Let us know how we can help make your professional lives more enjoyable and more productive.

GET PUBLISHED IN THE NHSCPA CONNECTION

If you have expertise in a particular subject and a willingness to share your knowledge with others, consider writing an article for the ***NHSCPA Connection***. Features typically run between 1,000 and 1,500 words and cover current events, news within the profession and special interest topics. Get published by contacting Amanda Renfrew at arenfrew@nhscpa.org

NHSCPA CONNECTION

NHSCPA Connection is published quarterly by the New Hampshire Society of CPAs. Opinions expressed are those of the writers; they do not necessarily reflect positions taken or views held by the Society, its officers, directors, executive office or editor. The NHSCPA reserves the right to reject any editorial material or paid advertising. Advertising rates are available at nhscpa.org or email arenfrew@nhscpa.org. Classified advertisements are accepted and a file box number is available for confidential ads.