

NEW HAMPSHIRE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

CONNECTION

SUMMER 2016

IN THIS ISSUE

- 2 Message from the President
- 3 Message from the CEO
- 4 2016 Legislative Report
- 8 Highlights from the Golf Tournament
- 9 Why Bank Local
- 10 2016 EDGE Experience
- 12 CPE Nudge
- 15 Client Retention Starts With Quality Care
- 19 Welcome New Members / Member Minutes
- 21 Are You Prepared for a Cyber Security Threat?
- 24 Having a Business Development Plan: D.TER Your Competition
- 28 The New R&D Tax Credit: A Lifesaver for NH Manufacturers
- 31 The NH Legislature's Common-Sense Change to Tax Law
- 35 Please Welcome Lori to our Society Staff!!

The New Hampshire Society of
Certified Public Accountants invites you to

CPA Inauguration & Ethics Pledge Ceremony/CPA Networking Event

Thursday, September 22, 2016

5:30 PM – 8:30 PM

Grappone Conference Center
70 Constitution Avenue, Concord, NH

EVENING PROGRAM

5:45 pm: **CPA Inauguration & Ethics Pledge Ceremony/
CPA Networking Event**

Oath Administered by the NH Secretary of State:
The Honorable William M. Gardner

Keynote Speaker:

Margery L. Piercey, CPA, CGMA, *Wolf & Company*, AICPA Board of Directors 2014-2017

7:00 pm: **Reception and Dinner**

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NHSCPA CONNECTION

A publication of the

New Hampshire Society of CPAs

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Summertime!



Linda M. Engstrand, CPA
2016-2017 NHSCPA President

This summer has been hotter than usual, which we all know. Maybe the weather gods were trying to make up for the long winter we had by reminding us that we could get too hot as well as too cold in New Hampshire. But we know better than to complain about our warm days – there are too few of them.

This summer also brought changes to our Society's staffing. Robin Abbott, CEO, has been diligently working to become familiar with members and with the Society's goals and challenges. Thank you to everyone who has taken time with Robin to help bring her up-to-speed on her new position.

Our Board will be working on an updated Strategic Plan and we welcome member input on the direction the Society needs to take and what priorities you think the Society should focus upon. Please don't hesitate to contact any Board member or Robin with your thoughts and suggestions.

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

NHSCPA VOLUNTEER OPPORTUNITIES!

Become active with the Society's volunteer opportunities.



By participating, you make an investment in the future of the profession as well as provide yourself with professional development and open the door to building relationships that can help you throughout your career. Put your membership to work for you.

Please take a look at the committee and task force offerings this year. Decide where you would like to be involved and sign up today.

Join a committee today!

Greetings from the NHSCPA!



Robin Abbott, CEO

As many of you now know, or some have just learned, I was recently appointed to lead this incredible organization and offered the position of CEO in June. As many of you also know, I come with a profound respect of the work and dedication that are ex-

emplified by our CPA's and accounting professionals throughout the state.

In my former role at the NH Charitable Foundation, I was extremely fortunate to have the opportunity to meet many of you in my travels. Whether it was during a firm-wide presentation, a referral from professional colleague or client, or at a networking event, I always migrated to the people that I considered "on the front lines" of business and personal finances; the accounting professionals.

Whether it was in the urban or rural areas of our state, I would constantly hear incredible stories of the quick, level-headed decisions that had to be made within a short deadline so as to minimize financial liabilities or undue burdens.

Or I would learn of the multi-generational discussions and "therapy sessions" that seemingly have increased with the complexity of family and multi-generational wealth and that often were mediated by their accountant.

Mostly, I would hear of the deep respect and admiration professional advisors and clients alike had of this profession and the people that represent it. All of you. You are all truly the "trusted advisor" bar none.

So, it is with great honor and humble respect that I come to this organization to serve you and your colleagues and to lead our organization in the years

ahead. I will strive to improve our visibility and brand. I commit to exploring new partnerships and sponsorships that create opportunities for everyone. I will dedicate my work to promote education, advocacy and the support of our community.

Most importantly, I promise to support you, your colleagues, and this membership organization in continuing to be the leading standard of business integrity and trusted professionalism throughout New Hampshire and beyond.

Over the next few months, I will be reaching out to many of you to set up a time to meet and visit your firm and discuss ways that our Society can be most beneficial. I also encourage you to proactively contact me if you have specific concerns, ideas or aspirations for our industry. You can reach me at 603-622-1999 x209 or email me at rabbott@nhscpa.org

I look forward to working together!

Sincerely,
Robin K. Abbott, CEO

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For more information on these listings or to sell your practice, contact Lori Newcomer at (888) 277-6040 or LNewcomer@APSLLeader.com or visit AccountingPracticeSales.com

2016 Legislative Report

By Teresa Rosenberger, Legislative Consultant

The second year of the 2015-16 legislative session has been a terrific one for the Society. We have made some very good progress for our clients, New Hampshire businesses and the CPA Society. A huge thank you should go out to a number of legislators. First of all, the House Ways and Means Committee was outstanding all year working really hard on some very complicated pieces of tax legislation. Chaired by Rep. Norm Major, a Republican from Plaistow, assisted by Vice Chair Pat Abrami, Republican from Stratham, and minority member Democrat Patty Lovejoy (a CPA from Stratham), the Committee worked overtime trying to develop legislation that works for the state as well as the businesses of the state. Bravo for a job well done. Retiring Senate Ways and Means committee Chair, Republican Dave Boutin, worked tirelessly on a number of pieces of tax legislation to see them to a successful conclusion. Also, kudos go to Sen. D'Alessandro (D) and Sen. Sanborn (R), who also worked hard to get good legislation passed for the State and our businesses. Huge thank you to all involved.

Victories

SB 239

SB 239 updated the New Hampshire version of the U.S. Internal Revenue Code of 1986 applicable to the business profits tax to December 31, 2015, with a few adjustments. The adjustments are to decouple section 168(k); section 199; section 181; and section 179 with the expense deduction, not to exceed \$100,000 instead of \$500,000, per the IRC. The 179 expense deduction will not take effect until January 1, 2017. The new law requires the Commissioner of DRA to report, not later than March 31 of each year, to the House and Senate Ways and Means Committee of any changes in the IRC, related Treasury regulations and administrative rulings, which would impact New Hampshire. Obtaining agreed-upon language for SB

239 was really quite a feat. A huge thank you goes to our own Marie McKay, Alison Perrella, Joel Olbricht, Karl Heafield, and Maurice Gilbert, for their dedication, behind-the-scenes conversations, and testimony in the House and Senate, which was essential in passing this new law.

SB 342

SB 342, which changed the law regarding the sale or exchange of an interest in a business organization under the business profits tax, was a real victory for the CPAs. Karl Heafield testified at each hearing on the importance of changing the law as well as the importance of allowing businesses the option to make an election to pay the business profits tax and take a step up in basis, or not pay the business profits tax and not take a step up in basis. In the end and after months of debate, the CPA position of an election won the day. The new law states that a business organization may, for a particular sale or exchange, make an irrevocable election to recognize the basis increase of the assets for federal income tax purposes. Such business organizations shall be required to make an addition to the gross business profits equal to the net increase in the basis of all assets transferred or sold, be allowed a deduction against the gross business profits annual depreciation and amortization attributable to the increase in the basis of the assets recognized, and calculate the gain or loss on the sale or other disposition of an asset with regard to the basis increase recognized for federal income tax purposes from the sale or exchange of the ownership interest in the organization. SB 342, sponsored by Sen. Jeb Bradley, and HB 1385, sponsored by Rep. Patty Lovejoy, became a real battle between the House and the Senate. The House continually maintained the most business friendly version of the bill was to have an election regarding the step up in basis. The Senate, particularly a key Senator,

[CONTINUED ON PAGE 5 >](#)

2016 Legislative Report

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continued to argue the election was detrimental to the DRA and could mean a loss of revenue for the state. During the committee of conference Representative Patty Lovejoy, a CPA, said that her concern of not having an election was that many businesses not aware of the new law would not pay the tax but would take the step up in basis and continue to depreciate the step up. This would result in a real issue if the company were audited as well as a real loss of income for the State. It was better to have the election on the tax return form and have businesses be intentional about taking the step up in basis or not taking the step up. Therefore, if the business did not take the step up, they did not pay the tax, they would not get a deduction.

The Governor held a signing ceremony citing the new law as a great example of how New Hampshire is becoming more business friendly. In her signing ceremony remarks, the Governor gave a special shout out to the NH Society of CPA's for all their hard work on SB 342 as well as other important tax legislation in 2016. Bravo! A huge thank you goes to Karl, Maurice, and Joel, who all worked very hard on this legislation publicly and privately even during tax season.

SB 343

SB 343 created a commission to study the apportionment of gross business profits under the business profits tax. As the issue of apportionment has been kicking around for decades, this new law will hopefully bring some ideas for resolution and legislation in 2017. The commission will be made up of two members of the Senate, three members of the House, two members of the business community, the president of the New Hampshire Bar Association, the president the New Hampshire Society of CPAs, the Commissioner of DRED, the Commissioner of DRA, and the Attorney General or designees. Please note, Karl Heafield has been named the designee on the Commission for the NH Society of CPAs. The

Commission will study apportionment among the states to understand how apportionment would impact New Hampshire. The Commission will have to have its findings and recommendations completed by November 1 of 2016.

HB 1656

HB 1656 codified in the RETT exemptions from the tax on transfers to/from owners and their entity as long as there is no consideration being given in exchange for the real estate. This happens when the owner wants to put a piece of real estate into an established LLC or trust or is asked to move it into another entity by a financial institution to obtain financing or refinancing. It will permit some reorganization to occur without triggering the tax, and it also clearly states that conversions from entities into LLC are also exempt. These unstated exemptions were there as a result of a series of NH court decisions that most people were not aware of and probably paid the RETT when it could have been avoided.

HB 1289

HB 1289 made technical corrections regarding the rulemaking authority, reporting and payment dates of certain tax laws. The new law removed the requirement for witness signatures and declaration of consideration reports on the real estate transfer tax. It also repealed the law establishing the division of automated information systems. The new law allows for the Commissioner of DRA to adopt rules pursuant to the community revitalization tax incentive relief law. It does not, however, require the adoption of rules. The payment date for taxation of railroads has been changed from 15 to 30 days. Also, the new law changed the terminology from "returns and declarations" to "payment forms" as well as changed the tax requirements on intermediate care facilities. Some technical changes were also made in the education tax warrants.

CONTINUED ON PAGE 6 >

2016 Legislative Report

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HB 1290

HB L290 changed the due dates for filing business profits tax and business enterprise tax returns to conform with the Federal due dates for partnerships and corporate tax returns. Also, for good cause, the Commissioner may extend the time within which a business is required to file a return, and if such return is filed during the period of extension, no penalty may be imposed for failure to file the return. This language, however, deletes the language that no late payment will be charged. The provisions of the new law apply after December 31, 2015.

HB 1443

HB L443 would have repealed certain provisions passed a few years ago relative to the burden of proof in determining the reasonable compensation deduction. It also would have advised DR to use certain averages of compensation when determining reasonableness. Fortunately, it was resoundingly defeated by the House Ways and Means Committee and never saw the light of day.

Conclusion

It has been a very good year for the New Hampshire Society of CPAs. The Society has had many members visible in legislative hearings and also talking to Senators and House members off the record. In many an executive session, the question was asked before the vote of the House or the Senate members, where are the CPAs on this issue. It's really great to know that you are so well-respected, and that our elected officials want to know where the CPAs are before they vote on important tax legislation.

As many of our friends are not coming back in 2017/18, we will have to be sure to find some new friends. Those who have announced they are not coming back in the Senate are: David Boutin (very good friend); Nancy Stiles; Russell Prescott; Jerry Little; Sam Cataldo; Jeannie Forrester; Molly Kelly; and David Pierce. This means at least 1/3 of the Senate will be new in 2017. Eight Republicans and eight Democrats are running for re-election, so the leadership of the Senate is anyone's guess. The House normally sees 25-30% of the members change. So, there too, it's anyone's guess as to who the Speaker will be. And, we will have a new Governor, as well as at least two new Executive Councilors. Because of these changes, it is important to make new friends starting now!

The Society should spend some time during the rest of the summer and fall thinking about issues members and their clients may have and any possible legislative solutions. The filing period for House members running for re-election is September 12th through September 23rd. For those who win the election in November, there is an additional filing period of November 14th through December 2nd. It is important to identify and review any legislative needs before November 1st and then assess the likelihood of success after the November election. Let's plan on a good biennium in 2017/2018.

FIND A CPA

Looking to add to your client base? Make sure that your firm or practice is listed in NHSCPA's online Find a CPA database. This service is provided to the public at no charge so that they may search for a CPA by name, city or services offered.

The Find a CPA database is a complimentary member service, but only on an opt-in basis. Signing up is simple, so don't miss out on this opportunity to market yourself or your firm!



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13TH ANNUAL GOLF TOURNAMENT & BUSINESS PARTNERS' EVENT

Highlights

I would like to thank all of our sponsors, business partners and players for participating in the NHSCPA 13th Annual Business Partners' Golf Tournament and Networking Event. Your support made our 2016 event one of the most successful tournaments yet.

Thank you again for your contributions and I hope to see you at next year's tournament on Tuesday, June 6, 2017 at Candia Woods Golf Links.

Sincerely,

Tyler Butler, CPA, Chair
Golf Tournament Committee



First Place

Steve Cheung
Jason Gaswell
John Gill
Scott Walters

Second Place

Ed Boyd
Phil D'Acunto
Zach Nowlan
Brian McDermott

Third Place

Robin Abbott
Thanda Brassard
Megan Neal
Jennifer Rivet



Why Bank Local

By Bill Stone, President & CEO, Primary Bank

Small and medium businesses are the cornerstone of New Hampshire's economy. In fact, according to the Small Business Administration, nearly 96 percent of the companies here in the Granite State are considered "small businesses" and currently employ more than half of the state's private workforce. New Hampshire prides itself in nurturing and supporting this entrepreneurial spirit and local community banks play an important role in this.

While most banks in the state offer similar retail banking products and commercial services, local community banks are well suited to offer the localized personal attention today's small and medium business owners are looking for. Local community bankers know and understand the importance of providing reliable and responsive access to the information, personal support and financing options that best fit the individual needs of their customers.

The sheer nature of the local community bank's organizational structure, makes it possible to create a culture among its staff which embraces "relationship banking." Bank employees, from the customer service representatives and the tellers, to the commercial lenders and senior management, are empowered to take the time needed to get to know and understand

the financial needs of their customers. Decisions are made locally and based on first-hand knowledge of the local business climate which means decisions are made efficiently and effectively.

Community Banks in New Hampshire are well capitalized and eager to support business owners throughout the state. Access to resource partners like the Small Business Administration, economic development agencies, business incubators and regional planning commissions add to the ability of community banks to offer individualized financing solutions that best fit the needs of their customers.

CNBC recently named New Hampshire "one of the friendliest states to grow a business." The continued growth and success of the state's local banking community will ensure that this continues.

Primary Bank is the first bank to open in New Hampshire in seven (7) years and just the second bank to be granted FDIC approval in the country since the 2009 financial crisis. Primary Bank is a New Hampshire chartered commercial community bank, committed to the success of its clients with the primary role to be a community resource, delivering a wide range of financial services for businesses and individuals in Southern New Hampshire.

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.



2016 EDGE Experience

The AICPA EDGE Experience is just that, an experience. It is something that has to be experienced to fully understand. The description of experience is much more fitting than conference because of how much you take away from the people you meet and the energy you are surrounded by during the two days. The benefits of surrounding oneself with others who have a passion and positive energy for the accounting profession is unmatched. Motivation to better yourself, your career, your company, and your accounting community is not something that can be taught, it has to be experienced. EDGE does just that in helping its attendees find the motivation and passion inside themselves. This drive is not something only the attendees take away, but the benefit reaches far past them into their accounting communities and beyond. For anyone considering to attend the EDGE Experience in the future, it is an experience you will never forget.



EDGE NH Group Picture (l to r): **Ryan Warren** (BerryDunn), **Zach Fentross** (Melanson Heath), **Christine DeAngelis** (Epiphany Consulting Group), **Rebecca Gamsby** (Melanson Heath), **Monique Welch** (Baker Newman Noyes), **Jon Cushion** (Baker Newman Noyes)

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 Lori-Jean Corrao at ljcorrao@nhscpa.org.

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FALL/WINTER CPE CALENDAR

DATE	COURSE TITLE	VENDOR	LEVEL				CPE CREDIT					
			Basic	Inter	Adv	Update	AA	MG	Tax	Ethics	Other	
9/21-23/2016	Professional Staff Training - Level II	Jack Ellovich, CPA	✓									24
10/18-20/2016	Professional Staff Training - Level II	Jack Ellovich, CPA		✓								24
10/21/2016	Business Valuation Update: Fair Market Value Developemts in the NH Courts	NHSCPA				✓						2
10/24-26/2016	Professional Staff Training - Level III	Jack Ellovich, CPA			✓							24
10/28/2016	Women's Leadership Conference	Alicia Grasfeder, CPA				✓						8
10/31/2016	Estate & Life Planning Issues for the Middle-Income Client	Surgent McCoy		✓						8		
11/1/2016	Surgent's Advanced Critical Tax Issues for S Corporations	Surgent McCoy		✓						8		
11/3/2016	NHSCPA/NH Bar Assn. 34th Annual Tax Forum	NHSCPA/NH Bar Assn.				✓				8		
11/4/2016	Taking Your Medicine: Health Care in 2016 (AM SESSION)	Surgent McCoy				✓				4		
11/4/2016	Individual Tax Planning Ideas for 2016 (PM SESSION)	Surgent McCoy				✓				4		
11/8/2016	Economic NEXUS and Market-Based Apportionment (AM SESSION)	Devine, Millimet & Branch, PA				✓				4		
11/9/2016	Current Accounting and Attestation Updates for Practitioners and Small-Business Clients	Surgent McCoy				✓	8					
11/10/2016	Advanced Concepts in SSARS 21 and Non-Attest Services: Are You Certain You Are in Compliance?	Surgent McCoy			✓		8					
11/11/2016	Ethics: A Current Update (AM SESSION)	Richard DelGaudio, CPA				✓					4	
11/14/2016	The New Clarified GAAS-SAS No. 122	Paul Koehler, CPA				✓	8					YB
11/15/2016	A GASB "Top 10" - Key GASB Statements: Critical Requirements and Illustrations	Paul Koehler, CPA				✓	8					YB
11/16/2016	Nonprofit Accounting & Financial Reporting	Paul Koehler, CPA				✓	8					YB
11/18/2016	Surgent's Federal Tax Camp	Surgent McCoy				✓				8		
11/29/2016	Not for Profit Industry Update & GAAP Refresher	Loscalzo Assoc., Ltd.		✓			8					YB
11/30/2016	Understanding and Testing Internal Control	Loscalzo Assoc., Ltd.		✓			8					YB
12/2/2016	Tax Strategies for Real Estate	MS Consultants				✓				4		
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		



You are invited to attend the **NHSCPA Accounting Career Fair**



ACCOUNTING CAREER FAIR

Friday, September 23, 2016

1:00 pm—4:00 pm

The Derryfield Country Club

625 Mammoth Road, Manchester, NH

RSVP by September 22nd

Who Should Attend?

**Accounting and Finance Seniors and
Graduate Students**

**NO Fee to
Attend**

What to bring with you to the Career Fair

- ◆ Multiple Copies of your Resume
- ◆ Interview Attire
- ◆ Have a 20—30 second Self Introduction Prepared

To RSVP:

Contact Roberta Daly at
rdaly@nhscpa.org
or by calling (603) 622-1999



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Client Retention Starts With Quality Care

By Neena Shukla, CPA CFE, CGMA, FCPA

You will often hear from leaders in professional service firms that a key challenge for them is business development and bringing in new business. Success is driven by the competency in mastering these skills and building a firm culture where everyone participates in business development. But what happens after you have brought in that new client? Is there an equal focus on client retention? If not, there should be.

The general presumption is that the cost to acquire a new client is between four and 10 times more than keeping an existing one. According to a survey conducted by The Sleeter Group, 72 percent of small business owners changed their CPA or accounting firms because the firm “did not give proactive advice, only reactive service.” If you ask CPAs why they think their clients left, they will mostly respond with, “because of the fees.” There is clearly a disconnect with understanding what clients want and why they are leaving. Understanding why clients leave and the ways to retain them are crucial to the success of professional service firms. By providing clients quality care, you keep them happy and make them stay.

Below are reasons a client may switch accounting firms and what firms can potentially do to retain them by providing client quality care.

Client Contact

A common saying heard from prospective clients when trying to win new business is, “I only hear from my CPA once a year.” The reason we often bring in new clients is the primary reason we are losing them — a lack of constant contact. CPAs often only reach out to clients when they need to prepare the tax return, prepare year-end financial statements or respond to a client question. But the most important question is: Why did the client have to reach out to the CPA and why did the CPA not take the initiative to check in with the client to see how things are going? Clients perceive a lack of contact or initiative from their CPA as them not being important enough for the CPA to take an interest. A 15-minute monthly conversation with clients could help you build a rapport and learn what keeps them up at night, which goes a long way to building trust and providing exceptional client service.

There are many ways to regularly communicate with clients other than just picking up the phone, such as blogs, mailings, LinkedIn, Facebook content and live webinars. The more regular and informative the communication, the more effective it becomes. The client gets valuable information whilst building their perception of their CPA's expertise. Regular communication provides confirmation to clients that we are thinking about them and genuinely care.

Personnel Changes

Clients often develop a loyalty to the staff and partners that they deal with, especially when they are providing them with great service. When scheduling engagements, we should be cognizant of these relationships and try to assign the same people. This provides efficiencies because staff is familiar with the client's business, but also ensures the client's trust and loyalty continue to grow. Some clients switch firms because the person they dealt with left the firm and they no longer feel they are getting the same attention. While turnover is expected and inevitable in public accounting, being aware of the client's relationship with staff will help the transition to other equally qualified staff. Reassure the client they will be taken care of. Tell them they are important and that you are making it a priority to continue to provide them exceptional client service.

Inaccessibility

We are all busy and, especially during busy season, our mindsets can be about just getting through the day. We have all been there — working on something critical when a client's call comes through, and we decide to put them through to voicemail. Or not answering client questions via email in a timely manner, or not meeting deadlines and having the client repeatedly reach out to ask about the status. The CPA sees it as managing their time to keep all their clients' workloads on track. What we fail to realize is the message we are sending the client is that we are not available, we are indifferent — and the client is not our priority. Inaccessibility makes the client feel unappreciated and unhappy, making them more prone to take their business elsewhere.

[CONTINUED ON PAGE 16 >](#)

Client Retention...

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Communicating effectively with your clients can overcome this perception. Build a firm culture where everyone strives to respond to emails in a timely manner — or, better still, pick up the phone and answer questions directly to avoid confusion and keep clients aware of their status on a routine basis so they don't have to be the ones reaching out. Sure, there are going to be times you are juggling many tasks and cannot pick up the phone immediately, but sending out a quick note saying that you recognized they called and telling them when you will follow up can be enough to let the client know you are aware they called and are thinking about them. Clients want to know what is going on. Making it a priority to touch base and take clients out to lunch or networking at a sporting event shows them that you are available. By talking to clients on a personal level, they get to know more about you and they see you as more than just a CPA. This helps them connect to the CPA on different levels and will go a long way in helping them see you as a strategic advisor whom they can talk to freely about their business concerns.

Value of Services

A lot of clients may leave if they feel fees are high. But the majority of the time it's not really the fees that is the concern, but instead the perceived value of the services the CPA provides. If a client does not understand what the CPA firm does, then they make assumptions about the value of the service. As a professional service firm, we provide clients with an intangible service that often they cannot see or feel.

It is our responsibility to talk to our clients and let them know what we are doing for them. While we may spend hours in the background working on their information, if the client does not know what we are doing then they do not know how to value those services and they will make their own assumptions. Sitting down with the client and explaining in detail what the process is, what the approach is and what is involved will help them understand and increase their perceived value of our services. Communicating with clients regularly and constantly providing them with valuable information throughout the year increases the perceived value of your services — more than just calling them once a year for tax preparation.

By communicating with clients, understanding their concerns and helping them identify their business issues, we may be able to find areas to provide them additional services. If they understand what we will be doing and why they need those services, they will be more than happy to pay for them.

Innovation

Clients' businesses are rapidly changing through technology and innovation and, as CPAs who want to be seen as strategic advisors to our clients, we need to understand the way they do business. Successful CPA firms are leveraging technology to provide more efficient services in a timely manner. Firms need to evaluate their service offerings to include value-added services that their clients need in a timely manner — before clients go elsewhere. This may involve merging with another firm or hiring staff with non-traditional expertise to service existing clients as they grow.

Constantly talking to our clients allows us to know what they need and how we need to respond by adapting to their changing needs. A CPA firm may be capable of offering these additional services but may not be communicating this to the client. If a client thinks that their CPA firm only offers audit and tax services and there is no avenue for regular conversations, then they will go elsewhere to find solutions to their needs. At every opportunity, CPAs need to inform their clients of their service offerings and innovate their processes and services to meet their clients' changing needs.

Expertise and Quality

Many clients leave if they are unhappy with the work product, especially if they perceive that the CPA is constantly making mistakes. This can involve a lack of communication, constant staff turnover or just not listening to our clients. The client may have provided information that was somehow misplaced or misinterpreted and had the CPA communicated to the client ahead of time, the issues could have been timely resolved. Are we asking the right questions and getting to the right solution? Clients may seem demanding, but they do not expect you to be perfect — they just expect honesty. If something goes wrong, CPAs need to let the client know

CONTINUED ON PAGE 17 >

Client Retention...

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quickly and explain what happened and take responsibility. This is a situation where an email will not be the best method and either a phone call or a face-to-face meeting is needed so the client is reassured and can ask questions.

Developing a firm culture where technical excellence and quality service are always expected results in a better work product, more perceived value for services provided and more satisfied clients. A firm has to invest in keeping its professional staff current on industry developments and learning specialized skill sets in order to provide clients with advisory services and delve deeper into the services provided. The quality of the service you provide is what helps differentiate yourself from others. If your focus is to go above and beyond, clients will become enthusiastic referral sources and lifelong clients.

Appreciation

When's the last time you thanked your clients? A simple "Thank you!" shows your clients that you care about them and that they are appreciated. However, it is important to be genuine. There are many ways to express appreciation, from an email or handwritten note to a client appreciation event or even just showing up with a box of donuts. Building lasting client relationships is important to client retention. Letting clients know that you appreciate them builds trust and loyalty. Business is about people and people want to work with people they like. A CPA who takes the extra effort to show their appreciation for their clients is strengthening that relationship.

Communication and trust are the two main ingredients for a successful business relationship. There are many reasons why clients may leave, and at the heart of each of them is ineffective communication. To retain clients, CPAs must focus on providing clients quality care and must effectively communicate. Keeping in regular contact with clients is key; being proactive and taking the time to meet face-to-face to learn about their business shows them they are a top priority. Explaining to clients in detail what services we provide and letting them know what we do increases the perceived value of our services. Taking an innovative approach to our service offerings and use of technology allows us to provide value-added advisory services, quickly and efficiently, thereby adapting to our clients' changing needs. Developing a firm culture of excellent quality and investing in staff technical and industry expertise shows clients we will go above and beyond to deliver more than what they expect. Appreciating clients builds and strengthens important client relationships. This is what makes clients stay when they know they have a strong and competent team who wants them to genuinely succeed.

Remember, if you don't take care of your clients, someone else will.

Neena Shukla, CPA, CFE, CGMA, FCPA, is senior assurance manager and government contracting niche leader at PBMares, LLP, in Fairfax. She is also the leader of the firm's technical and emerging issues group. Contact her at nshukla@pbmares.com.

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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: rdaly@nhscpa.org



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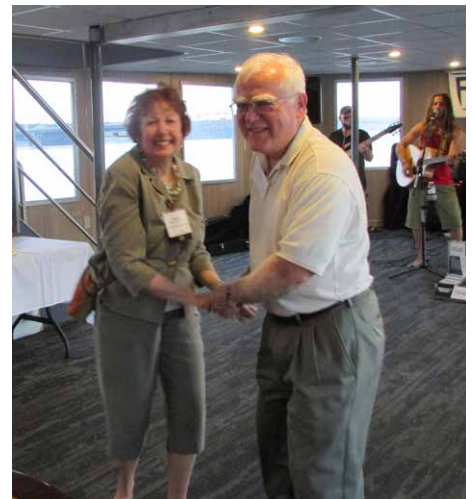
Mason + Rich Professional Association, is pleased to announce that Fellow Member, **Jeffrey S. Kipperman, CPA**, Managing Director, of Bow NH, was recently awarded the Exceptional Service to the Bow Community Award from the Bow Rotary Club of which he has been a Member since 1994. This honor reflects Jeff's dedication to the community in which he serves.

Mason + Rich Professional Association, is pleased to announce that Fellow Member, **Andrew Luce, CPA** of Concord, New Hampshire was recently appointed as Vice President of the Red River Theatre Board of Directors in Concord, New Hampshire. The theater's mission is "to present film and the discussion of film as a way to entertain, broaden horizons and deepen appreciation of life for audiences of all ages."

Accounting Firm Howe, Riley & Howe is pleased to announce the promotion of Fellow Member, **Donna Wageling, CPA**, from Manager to Principal. Wageling, who lives in Dunbarton, joined the firm in 2012 and specializes in commercial and manufacturing accounting, non-profits and foundations and employee benefit plans.

Fellow Member, **Kimberly Pecora, CPA**, Principal of Nathan Wechsler & Company, Concord, has been elected to the board of directors of the NH Center for Nonprofits. In addition, **Oreste "Rusty" Mosca, CPA**, of Nathan Wechsler has been re-elected to the board of NH Humanities.

*Best Wishes to Marlene
on her Retirement
from the NHSCPA!*



Are You Prepared for a Cyber Security Threat?

By Robert C. Charles, CPA

Some threats are more visible than others. The mind is more readily able to conceive them because they are more tangible. We know that we need security in a manufacturing facility because we can see the inventory and the entryways to the storage area, and therefore it is easier for us to imagine someone breaking in to steal that inventory than it is to imagine someone trying to steal data or confidential information. Most businesses and companies would not leave their facilities unsecured. We lock our doors. We shut our windows. We place security guards at entrances. We take every measure necessary to secure our tangible assets because we know that not doing so could be costly. However, in contrast, many companies don't always take the measures necessary to safeguard their intangible assets—information, data, etc.

We have heard before that “what you don't know can hurt you,” and that statement is still very true. Cybercrime is an enormous threat to businesses, companies, and even nonprofit organizations and governments or municipalities. Cybercrimes can be costly on various levels. Consider the following:

- 1. Loss of reputation by clients and other stakeholders**
- 2. Cost associated with investigating cyberattacks**
- 3. Costs associated with litigation from clients and stakeholders for negligence**
- 4. Cost to customers or clients whose identity may have been stolen**
- 5. Cost to the company for theft of its financial assets, etc.**
- 6. Loss of employment, trade, or competitiveness**
- 7. Cost of countermeasures and mitigation of future occurrences**
- 8. Loss and disruption of services to clients**

According to a recent article by Reuters (Sandle, Paul, “Cyber Crime Costs”), cybercrime is estimated to cost the economy approximately \$445 billion in revenue annually. Statistics in the same article estimate that 15% of all Americans have already had or will have their identity, personal information, or financial information stolen by hackers at some point in their lives. Cybercrime has been called one of the biggest taxes on innovation today by leading economists. The question is, who pays that tax? The answer is the private sector, businesses, and companies who are not adequately prepared; the customers who trust businesses to protect their information; and even the private citizenry that gives that same trust to the municipalities and governments. In addition to the cost aspects of cybersecurity crimes, the time it takes to fully recover from these types of crimes can stretch several years.

One of the biggest mistakes associated with addressing cybercrime is the assumption that one should wait until after their cybersecurity has been breached before they address the crime. Charlotte Allen, director in audit and attestation services at WebsterRogers LLP, says, “Preventative measures are key. In North America cybercrimes tends to occur most in retail, gaming, financial services, travel, and logistics. Credit card fraud, identity theft, spam and solicitations, and account takeover attempts are the most prominent...” Today like never before, the risk of becoming a victim of cybercrime has also increased due to the use of “e-commerce, social media marketing and recruiting, cloud computing, and [information delivered on] mobile devices.”

Andy Barbee is a partner at GreerWalker LLP, in Litigation and Forensic Accounting Services and has over 20 years of experience in investigation. According to Barbee, one of the myths regarding cyber security is that often companies do not consider their business to be vulnerable to cyberattacks and may think that “only companies who take payments online are at risk of cybercrime...” This is not true. He explains, “Cybercriminals are only getting smarter and employees

[CONTINUED ON PAGE 22 >](#)

Cyber Security Threat...

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are downloading more and more and work for personal reasons." Even if your company is not accepting payments online, you can still be at risk for an attack through some other means of cyber use. "Companies should be extremely concerned. People committing cyber fraud will always be one step ahead of the game and they will always try to access any and all computers, no matter the individual or size of the business," says Barbee.

Things You Can Do to Protect Your Business

1. Review your policy for mobile devices that your company uses to send information. Educate your employees on proper security protocols for these devices.
2. Depending on the size of your company and its exposure to cyber risks, have a CERT (Company Emergency Response Team) in place within your company.
3. Secure your IT infrastructure by investing in proper firewalls and anti-virus/malware/spyware detection software and services.
4. Protect your company credit cards and bank accounts. Be careful who has this information and how you send it over the Internet.
5. Do not keep paper copies of bank statements.
6. Have a strong employee password policy that changes regularly (60 to 90 days) and make sure they are complex. Educate your employees by holding regular training sessions. Complete background checks on employees and insure your business against cyber fraud. The best IT solution is useless if it is submarined by an ignorant employee. Constantly remind them to be careful of emails, and to limit Internet activity to what is required by their job.
7. Only access company approved websites from company computers. Do not download from any

website that has not been authorized by the company; make sure to change your passwords regularly and have different passwords for each account.

8. Install robust spam filters and delete suspicious emails, and be careful of information posted on social media outlets.
9. Ensure that remote access is configured appropriately and that firewalls are sufficient.
10. Do not use unsupported (or out of date) operating systems on any computer that access the Internet, as security patches are not deployed for out-of-date operating systems.
11. Encrypt laptops and tablets, and have policies about securing them when not in the office.
12. Do your research before choosing an e-commerce platform and do the same before you choose portal products, cloud services, or other cyber-related services.

How CPA Firms Can Help

Today, firms are providing a myriad of services to help clients prevent and respond to issues related to cybersecurity in their businesses. In the event of a breach, firms are available to help clients work through the process of determining the effect of the data breach, and assist them in choosing the right resources and plan for "getting back to business with minimum disruption" says Allen. For clients who may need more advanced services, firms are also available to help "quantify damages, assist with issues related to insurance coverage, and [help] improve their internal controls to further combat all types of fraud or defalcation," said Barbee.

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Having a Business Development Plan: D.TER Your Competition

By Rachel Anevski, Matters of Management

Whether you are a lead partner involved in the business development committee at your firm, a controller of a small organization responsible for driving business performance, or a sole practitioner, it is likely that you did not envision your future to include business development.

Business development is not something to do just when you have time; it is the difference between your organization and its competition. Top-of-class companies employ sound business development plans. In terms of importance, a business development plan runs a close second to your operating agreement.

Basically, if you don't have sales, you don't have a business. As business consultants and advisors, you know that line better than anyone. So why is it so hard to write it out or practice it? And why do some companies feel they don't need a plan?

There are small companies that function with an unwritten business plan: Basically the owner of the company and perhaps a few key executives are the plan. Eventually, as that type of organization grows, it becomes critical to find a sales replacement workforce. Unfortunately, some organizations find that out too late and cease to exist. For example: A small business that functions with the business owner as the exclusive point of sales contact will likely lose value immediately in the event that the owner becomes incapable to run the business. You may call this lack of a succession plan; it can also be called lack of business development sustainability.

Some plans are more marketing based and never actually transition into sales. This type of plan frustrates business owners and firm leaders because marketing can be costly and have limited impact on the bottom line if executed poorly. Take the visual of a volleyball game: Your marketing team is on one side with positions of branding, collateral, database management, social

media, communications and public relations. They all volley together and are necessary components. With the lack of a strong striker, however, the ball cannot make it over the net. A spike over the net is completed by a sales professional. Therefore, plans that are heavily marketing based and do not incorporate a business development or sales component are missing the win.

Elements of a Business Development Plan

Traditional business development plans typically follow the script below:

- An executive summary
- Goals and tactics
- SWOT (strengths, weaknesses, opportunities and threats) analysis and industry analysis
- Financial and organizational structuring
- Expected results, measures of success
- Conclusion

These types of plans take dedicated employees or consultants with significant expertise to draft, implement and hold people accountable; however, they are proven to be very effective if given the right amount of dedication. While this system works, there are other ways to develop a business plan that are equally effective and less demanding.

Here is an abridged but still effective pro forma plan that doesn't steal billable hours away from executives: By (1) isolating a company's differentiation, (2) developing a sales education strategy and then (3) executing just a few simple tasks, an organization can produce extraordinary results. Plans like these actually start at the end result and work backward. When you know what you look to achieve, you can back into a formula to arrive at it.

[CONTINUED ON PAGE 25 >](#)

Having a Business Development Plan...

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Differentiate

Develop a value proposition for your product or service in conjunction with a needs assessment to determine your differentiation. Often the product or service from one organization is similar to another's, and it becomes the experience that sets you apart. Ask yourself: Why should your customer choose you over your competitor? What is the experience your customer receives when working with you that makes you superior to other services? Now write your differentiation story.

Train Your Staff

Next, determine how to train your staff to sell. Developing an organization of brand ambassadors will increase your sales tremendously and will not leave you blindsided when you look for the next tier of business development executives. Having a sales education strategy as a part of your overall business development plan helps to determine if your company is best suited for a select sales team, department of sales executives, or hybrid marketing and sales. It also gives your employees further confidence in who and what they represent. Ever hear the story of the audit manager who never sold a tax return because it wasn't his niche? I haven't either, and his name never went on the door. Cross-selling services, especially ones that you do not have to complete yourself, is a sure way to drive sales and fast-track your career. Companies often lack the ability to cross-train staff or even educate

them about the other services they provide. Simply making staff aware of the diverse products the company delivers will improve the success of developing new business. Teach your people public speaking and writing techniques and give them the opportunity to learn about what others under the same roof do.

Execute

The final step is to execute on important goals and objectives, such as understanding how much you need to sell to cover basic operating costs and how much profit can be derived from future sales to sustain growth. Measuring how many prospect meetings will equate to one proposal and how many proposals turn into a new client is all part of the execution phase of a successful business development plan. One person should lead this charge and have overarching responsibility for the success of the plan. Identifying sales targets, modifying the training program, increasing market awareness and performing competitive analysis can also be linked to a marketing department's goals and objectives.

Having a business development plan ensures that you are being mindful of the process by which you are successful at acquiring new clients. A business development plan to a business development executive is like internal controls to an auditor: It is required to be able to produce the same or similar results each time with limited risk or exposure. If you remember the steps, you will deter (D.TER) your competitors and gain market share quickly and easily: Differentiate, Train your staff (sales force), Execute, and Repeat. Continue the cycle of celebrating what you do differently, educate your entire workforce on all of your products, and give them the language to talk eloquently about what you do. The whole team will be excited to execute and exceed sales targets. When you find a system that works, repeat it.

Rachel Anevski, MAOB, PHR, SHRM-CP, is the founder and CEO of Matters of Management LLC, a growth strategy, executive coaching, talent acquisition and consulting firm. Contact her at rachel@mattersofmanagement.com.

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2016 CONFERENCES

Friday, October 28

8:00 am—4:15 pm
NHSCPA Classroom
CPE: 8 hours
Lunch included

Women's Leadership Conference

Join us to learn how influence is a key ingredient to successful leadership—Particularly when you have limited control of circumstances. Learn tools and techniques to influence and inspire transformation in teams and outside of a span of control. Develop skills to inspire collaboration and commitment to shared goals.

Thursday, November 3

8:00 am—4:15 pm
Grappone Conference Center
CPE: 8 hours
Lunch included

NHSCPA/NH Bar Assoc. 34th Annual Tax Forum

This CPE conference is sponsored by the New Hampshire Society of CPAs and the New Hampshire Bar Association. Topics include: multistate apportionment, federal and state tax update, new partnership audit rules, tax planning for retirement accounts, tax consequences of trusts, and more.

Tuesday, December 8

8:30 am—4:15 pm
NHSCPA Classroom
CPE: 8 hours

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

Topics include: 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.



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The New R&D Tax Credit: A Lifesaver for New Hampshire Manufacturers

By Brian Aumueller, Alliantgroup Managing Director

As I'm sure most CPAs with manufacturing clients already know, New Hampshire's manufacturing sector has dealt with its share of struggles as of late—and if recently released labor numbers are to be believed, state manufacturers could be facing a prolonged uphill battle.

According to a recent article appearing in [The Boston Globe](#), a variety of new labor statistics seem to suggest that New Hampshire's aging and shrinking labor pool has the potential to greatly hamper the state's manufacturing sector over the next few decades. Citing the new numbers, the article reports that nearly 60 percent of New Hampshire's manufacturing workers are over the age of 45. The piece also notes that from 2004 to 2014, the number of manufacturing employees between the ages of 35 and 44 dropped by nearly half and that an estimated 80 percent of open manufacturing jobs within the state will be replaced by outgoing workers over the next decade.

Clearly, the state's labor woes and a shortage in the kind of technically skilled workers that are an absolute necessity to remain competitive within the industry means that state manufacturers will need every dollar possible when trying to attract the best talent.

With that in mind and as we roll back into tax season, I wanted to remind CPAs of an opportunity that they

should be putting in front of each and every one of their manufacturing clients—the Research and Development (R&D) Tax Credit. Thanks in part to major tax legislation passed and signed into law at the end of last year, the R&D Tax Credit is providing manufacturing executives the on-hand capital needed to hire new employees and expand their operations.

The PATH Act of 2015 Changes Everything

At the end of last year, Congress passed and the President signed into law the Protecting Americans from Tax Hikes (PATH) Act of 2015, a landmark piece of tax legislation with major implications for U.S. manufacturers. What CPAs will find most compelling about this legislation is that it makes permanent the federal R&D Tax Credit and includes major enhancements that will allow previously ineligible businesses to take full advantage of the credit.

Previously, a massive number of small to mid-sized companies were effectively barred due to the alternative minimum tax (AMT) bar, a barrier that often prevented qualifying companies from taking advantage of the R&D credit. Now, due to a key PATH Act modification starting in 2016, the AMT barrier is effectively removed for small to mid-sized businesses (defined by the legislation as companies with less than \$50 million in average gross receipts for the prior three years).

Additionally, the PATH Act also includes another provision beginning in 2016 that grants access to the credit for startups, allowing qualifying companies with less than \$5 million in gross receipts to claim the credit on their payroll taxes.

With these key modifications to the R&D Tax Credit in place, it is estimated that these changes could pump an additional \$2 billion back into the U.S. economy.

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CONTINUED ON PAGE 29 >

The New R&D Tax Credit...

< CONTINUED FROM PAGE 28

Manufacturers as Top Qualifiers...

Of the estimated \$10 billion in annual tax savings for U.S. companies claiming the R&D Tax Credit, the IRS reports that manufacturers make up the largest amount of credit claims (39.2 percent), and rightfully so. Manufacturing is responsible for over one-third of U.S. GDP (Manufacturing Alliance for Productivity and Innovation), and despite what the name of the credit may imply (i.e. basic or laboratory research), this incentive was very much designed with manufacturers in mind. Simply put, the applied sciences count toward eligibility as well, with the credit rewarding the everyday technical problem solving manufacturers must go through to improve their products or production processes—in other words, the steps that are taken or the trial-and-error work that is required in making a product or process cheaper, faster, cleaner or more efficient.

If you're wondering what a real-world application of the credit looks like, take, for example, an automotive safety manufacturer with yearly gross receipts of \$17.2 million. The company qualified for the R&D credit thanks to its high-impact crash testing and firmware development for impact sensors, receiving over \$1.3 million in federal R&D tax credits.

\$1.3 million—think about how truly game-changing that would be for a state manufacturer trying to gain a competitive edge in the marketplace. Keeping in mind the broad range of activities that manufacturers perform that qualify for the credit, and keeping in mind its recent expansions, the newly enhanced R&D Tax Credit represents the greatest opportunity for New Hampshire manufacturers to grow their businesses and to attract the best talent.

...But Only if They Apply

Despite being hyped as one of the best industries for this opportunity, the R&D credit is still under-claimed by most qualifying manufacturing businesses. The Wall Street Journal estimates that only 5 percent of qualifying companies claim the R&D credit and manufacturers

R&D CREDIT MANUFACTURING CASE STUDIES



MOLDED TOOLS MANUFACTURER

ANNUAL REVENUE: \$4 MILLION

RESULT: **\$70,000** IN FEDERAL CREDITS



MANUFACTURER OF HIGH-TECH ARMOR DEFENSE

ANNUAL REVENUE: \$16 MILLION

RESULT: **\$787,000** IN FEDERAL CREDITS



PLASTIC INJECTION MOLDING CO.

ANNUAL REVENUE: \$5 MILLION

RESULT: **\$75,000** IN FEDERAL CREDITS



FOOD PROCESSING AND MANUFACTURING COMPANY

ANNUAL REVENUE: \$25 MILLION

RESULT: **\$245,000** IN FEDERAL CREDITS



TOOL & SCREW MANUFACTURER

ANNUAL REVENUE: \$17.5 MILLION

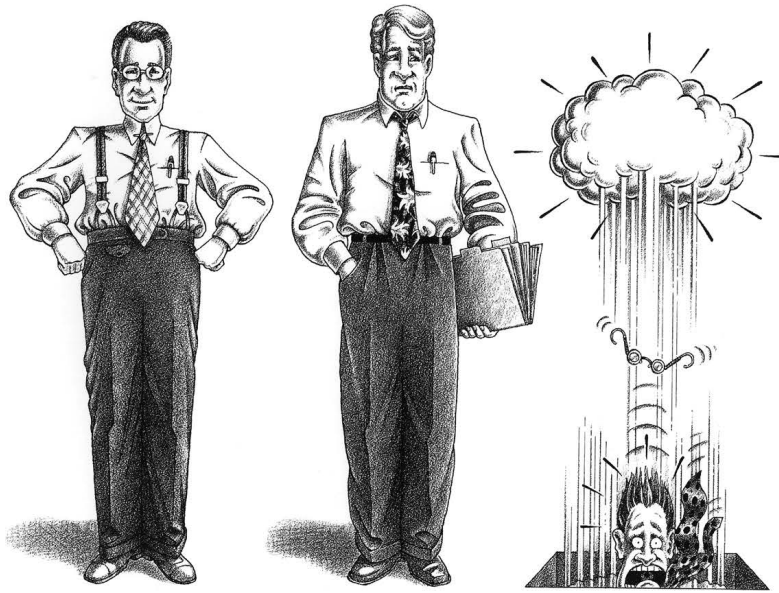
RESULT: **\$400,000** IN FEDERAL CREDITS

(considering their host of qualifying activities) are among the guiltiest offenders when it comes to overlooking what can be significant tax savings.

And it's not just the taxpayers who are culpable. CPAs are also underestimating the credit and letting millions of dollars slip by every tax season—though it's important to point out that there is an opportunity to amend your client's returns going back as far as three or four years.

For the CPAs of state manufacturers who haven't re-evaluated what the R&D Tax Credit looks like in 2016, it's time to take another look. Failing to explore a client's eligibility, frankly, could be one of the biggest (and costliest) mistakes a CPA could make for their clients.

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Nearly 4 million businesses are assessed an IRS penalty each year for late or incorrect payroll tax deposits. Paychex payroll has cost-effectively alleviated this and other payroll traps for over half a million businesses with services like:

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The NH Legislature's Common-Sense Change to Tax Law

*HB 1656 once again allows real estate owners to
protect their property from claims by creditors*

By John Cunningham, Esq.

On June 21, Governor Hassan signed House Bill 1656, which totally rectifies what for many years has been a serious problem under New Hampshire's real estate transfer tax – it provides major new opportunities to owners of real property to protect their property from claims by creditors.

As many Hampshire real property owners are aware, if they hold their property in a corporation or an LLC, their property will obtain valuable statutory business asset protections they would not otherwise possess. However, for many years, New Hampshire law has provided that if individuals or entities that own New Hampshire real property in their own name want to transfer this property into a corporation or an LLC in order to obtain these protections, they must pay the real estate transfer tax on the transfer, even though, effectively, the ownership of the property will be the same after the transfer as before. The rate of the real estate transfer tax is a stiff 1.5 percent of real property fair market value.

To my knowledge, the previous real estate transfer tax rule is unique in the United States. It exists

only because, many years ago, in an act of late-night desperation to increase state revenues, the Legislature adopted it without consultation with affected New Hampshire property owners or with knowledgeable legal or tax experts. Furthermore, the rule never made the slightest practical sense, since, in most cases, its effect was merely to prevent people from making real property transfers to entities that they would otherwise have made. So the revenue resulting from the rule has always been minimal.

Now the rule has been consigned to the dustbin of history. This is because, under HB 1656, a transfer of New Hampshire real property to a corporation or an LLC will no longer be subject to the real estate transfer tax as long as it meets each of four statutory tests:

- First, the transfer must involve no consideration.
- Second, the transfer must be a mere “change of organization” — for example, a change from that of sole proprietorship or joint tenancy ownership to corporate or LLC ownership.

CONTINUED ON PAGE 32 >

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Change to Tax Law...

< CONTINUED FROM PAGE 31

- Third, as a result of the change, “the assets and liabilities of the transferor immediately preceding the change ... and the assets and liabilities of the transferee immediate following the change ... [must be] the same.”
- Fourth, at the time of the transfer, the owners of the transferor and those of the transferee and their respective ownership percentages must be identical.

Here’s an example of how HB 1656 will work:

In 2000, John and Mary Doe, as joint tenants bought Blackacre, a parcel of New Hampshire residential real property, for \$300,000. By agreement with the seller, they paid the entire real estate transfer tax on the purchase, totaling \$4,500. Their parcel has substantially appreciated since 2000 and has a current fair market value of \$500,000.

Since 2000, John and Mary have rented the parcel to a series of tenants, and they have always had commercially reasonable liability insurance on it. However, they have always been concerned that an accident might occur on the parcel that, for whatever reason, was not covered by their insurance, or at least not fully covered. Thus, they have always wanted the statutory business asset protections they would obtain if, for example, they were to form a two-member LLC of which they would be equal members and to transfer their parcel into that LLC. But because of the Real Estate Transfer Tax applicable to this transfer — a whopping \$7,500 — they have never made the transfer.

Now, with the enactment of HB 1656, they can make the transfer without any concern about the tax, since they will be able to readily meet all of the above four tests. In short, at least with respect to the Doe situation, common sense and fairness have finally returned to New Hampshire.

What if, in your own name or with one or more other individuals, you own valuable New Hampshire real property and, now that HB 1656 has been enacted, you, like John and Mary Doe, want to transfer your property to an entity that will provide you with statutory business asset protections? Should you transfer it to a corporation or to an LLC?

The clear answer is that you should transfer it to an LLC. This is because LLCs provide three quite distinct and powerful types of statutory business asset protections to owners of New Hampshire real property — a “liability shield,” “pick-your-partner” protections and “charging order” protections.

Liability shields protect real property owners from claims by creditors against their personal assets. Pick-your-partner protections protect their right to manage their property. Charging order protections protect their ownership of real property economic rights. Corporations provide a liability shield, but they don’t provide pick-your-partner or charging order protections.

If you currently hold New Hampshire real property in a corporation but want to shield it from creditors with the far greater protections available to LLCs, New Hampshire statutory law, called “statutory conversion” law, will make it easy for you, with no real estate transfer tax liability, to convert your corporation to an LLC. Think about making this conversion.

[Attorney John Cunningham, of counsel to the law firm of McLane Middleton, P.A., chairs the Business and Industry Association of NH committee that drafted and updates the New Hampshire Revised Limited Liability Company Act.](#)

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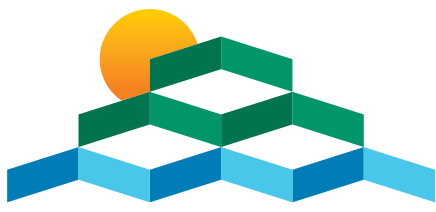
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EVENTS

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SEPTEMBER 22, 2016

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DECEMBER 1, 2016

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TOWN HALL MEETING

September 29 – Seacoast

SAVE THE DATE!

Business Ownership Transition: The Good, The Bad, The Ugly *Lessons Learned from Three who have "Been There and Done That"*

Moderator: Gerri King

Date: November 1, 2016

Where: Culinary Hospitality Center Southern NH University

When: 7:30 to 9:30 am with possible extension

Attendees: 75 business owners and XPX members; 20 college students

Description: Three business owners, representing companies of varying size and circumstance, will describe the paths they took in selling or transferring their businesses and what they learned along the way. Each took a different path, but all have real life experiences to share.

The panel will consist of companies sold through ESOP, Private Sale, and Management Buyout. Two of the three panelists have been identified and committed to the program.

Registration details coming soon!

Please Welcome Lori to our Society Staff!



Lori-Jean Corrao
Finance Manager

Lori-Jean has joined NHSCPA this July and brings with her 17 years of Accounting, Human Resources and Office Management experience. Lori graduated St. Joseph's College on Long Island with a Bachelor of Science degree in Liberal Arts, and has developed a progressive and strong foundation of business management through experience and dedication.

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