CPA VOICE

The Ohio Society of Certified Public Accountants

November December 2020

BUCKLE UP: WHAT 2021 HAS IN STORE

CHOOSING A RECESSION-PROOF CAREER

RED FLAGS FOR NONPROFIT CPAs

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a word
from our CEO

Reflections on a revealing year

This has been a year that few could have predicted. The rapid pace of business change is something accountants deal with every day, but the unexpected twists and turns in 2020 have left many professionals rethinking previously held norms about business and personal life.

The weaknesses, strengths and truths that were revealed this year have been eye-opening and at times, uncomfortable. At The Ohio Society of CPAs we've been right there with you in figuring out how to react and evolve in a way that makes sense for our business and what the future might bring. Through it all, we continue to strive for the best for our members. Here's a look at some of our work in 2020:

Shifting to an all-virtual learning environment. While the COVID-19 pandemic brought uncertainty to in-person interactions, we wanted to ensure you could continue to learn safely. We shifted all of our learning offerings (including our fall accounting shows) to virtual and came up with new ideas to continue to make the content as engaging and relevant as ever.

Offering guidance on conducting business safely. While businesses everywhere were forced to adjust their work to comply with pandemic-related restrictions and the fallout, we released The OSCPA Back-To-Work-Guide PDF to help support your efforts to do so safely and offered an online coronavirus hub of relevant info. We also introduced virtual Town Halls, as a way for various industries to offer insight into how they're dealing with the pandemic along with other relevant topics.

Committing to action on diversity, equity & inclusion. In response to the racial and civil unrest happening in the country, in June we announced a three-part commitment to do our part to end racism and help create a business environment that offers equal opportunity to all. The plan commits to a $100,000 pledge for initiatives over a period of five years, and consists of CEO leadership, organizational commitment and advancing public policy.

Making strides at the Statehouse. Our advocacy team has continued to support and fight for the priorities of CPAs and Ohio businesses in legislation. Notable achievements this year include House Bill 606, passed after months of lobbying by OSCPA that will provide civil immunity for businesses and health care entities for actions taken during the coronavirus pandemic and the Ohio Supreme Court upholding centralized collection, which the Society has been advocating in favor of for years.

Despite the ups and downs of this year, we have pushed through to continue to offer the learning and support the accounting profession demands and you deserve. The lessons we learned in 2020 we won't soon forget, and we're looking forward to putting that knowledge to use with you in 2021.

THE OHIO SOCIETY OF CPAs
ADVANCING THE STATE OF BUSINESS

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Self-Assessment Exam

NOVEMBER | DECEMBER 2020
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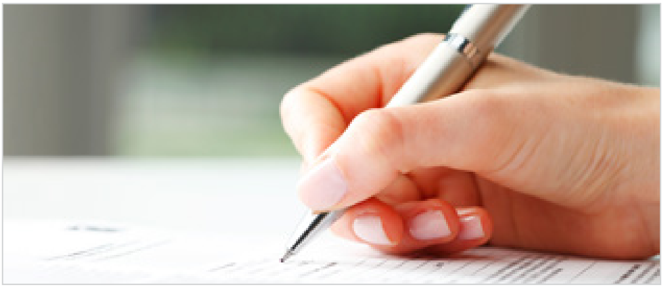

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5. The exam will be available under the "Current" section. Turn off pop-up blockers, then click "Launch."

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Respondents taking the exam online receive their results immediately. Respondents who pass with a grade of 70% or better receive one hour of CPE credit in specialized knowledge, as approved by the Accountancy Board of Ohio.

accounting
& auditing

Staff Augmentation and Independence

By Laura Hay, CPA, CAE

The AICPA Professional Ethics Executive Committee (PEEC) is reproposing a new interpretation under the Independence Rule to address providing staff augmentation services for a client, with a significant change in direction from the original proposal.

On Dec. 7, 2018, PEEC issued a proposed interpretation under the Independence Rule that would address an audit firm entering into an arrangement to loan staff to a client. The interpretation considered such an arrangement a nonattest service, and proposed that the potential self-review and management participation threats could be mitigated to an acceptable level by safeguards such as:

- Short duration
- Not performing otherwise prohibited nonattest services or management functions, and
- Designating someone with suitable skill, knowledge and experience at the client to oversee the scope, performance and results of the service.

While most commenters were in favor of the proposal, the National Association of State Boards of Accountancy (NASBA) commented on the original exposure draft that the appearance of the firm's independence and prohibited simultaneous employment with a client is of primary concern, and that no safeguards could be applied to reduce this threat to an acceptable level. NASBA further commented that in most cases, the client in need of staff augmentation could obtain these services from a provider that is not required to be independent.

After several discussions, PEEC concluded that staff augmentation arrangements would generally impair independence except under certain circumstances, and moved the proposed interpretation from the "Nonattest Services" subtopic to the "Current Employment or Association With an Attest Client" subtopic (ET sec. 1.275).

The revised proposal for "Staff Augmentation Arrangements" indicates that such arrangements will impair independence except when certain safeguards are in place:

a. The staff augmentation arrangement is being performed because of an unexpected situation that would create a significant hardship for the attest client to make other arrangements.

b. The augmented staff arrangement is not expected to reoccur.

c. The augmented staff arrangement is performed only for a short period of time. There is a rebuttable presumption that a short period of time would not exceed 30 days.

d. The augmented staff neither participates in, nor is in a position to influence, an attest engagement covering any period that includes the staff augmentation arrangement.

e. The augmented staff performs only activities that would not be prohibited by the "Nonattest Services" subtopic (ET sec. 1.295) of the "Independence Rule" (ET sec. 1.200.001).

f. The member is satisfied that client management designates an individual or individuals who possess suitable skill, knowledge, and/or experience, preferably within senior management, to be responsible for:

    i. determining the nature and scope of the activities to be provided by the augmented staff;

    ii. supervising and overseeing the activities performed by the augmented staff; and

    iii. evaluating the adequacy of the activities performed by the augmented staff and the findings resulting from the activities.

As a result, staff augmentation arrangements would generally be prohibited for an attest client except in very limited circumstances in which the client has an "unexpected situation that would create a significant hardship" to make other arrangements, the engagement does not exceed 30 days, and the engagement is not expected to recur.

What's the difference between staff augmentation and traditional nonattest services?

In a staff augmentation arrangement, the client is responsible for directing and supervising the activities of the staff being loaned to the client.

What concerns do members have about the revised draft?

Some members have expressed that the draft revisions are too proscriptive – expectations are subject to change, and terms such as "significant hardship" are subjective and open to interpretation. The original proposal was part of a convergence effort with existing International Ethics

Standards Board for Accountants (IESBA) standards, and the revision will result in rules in the U.S. more restrictive than IESBA's position. Other expressed that the revised proposal does not properly balance the actual and perceived threats created by these arrangements.

Application of the proposed interpretation to affiliates

To help address the concerns that the proposal does not properly balance the actual and perceived threats and is more restrictive than international requirements, some members of PEEC believe that it is appropriate to provide an exception that would potentially allow staff augmentation arrangements with certain affiliates of an attest client. The exception would apply when:

- The services provided by the augmented staff would not be subject to financial statement attest procedures.
- Any other threats to independence are at an acceptable level, and
- The exception is applied only to a financial statement attest client's affiliates "other than downstream affiliates."

In these situations, the CPA would be required to evaluate threats and safeguards.

Share your thoughts

Comments on the exposure draft are requested by Dec. 8, 2020, and the interpretation would be effective six months after notice is published in the Journal of Accountancy.

The OSCPA Professional Ethics Committee is evaluating a response to the revised draft. Please share your thoughts on the proposal by contacting Laura Hay at **Lhay@ohiocpa.com**.

Laura Hay, CPA, CAE is executive vice president of The Ohio Society of CPAs and staff liaison to the Accounting Auditing and Professional Ethics Committees. She can be reached at ***Lhay@ohiocpa.com*** *or* ***614.321.2241****.*

FAST FACTS

1. In 2018 PEEC issued a proposed interpretation under the Independence Rule that would address an audit firm entering into an arrangement to loan staff to a client.

2. Most commenters were in favor of the proposal, but NASBA commented that the appearance of the firm's independence and prohibited simultaneous employment with a client is of primary concern, and that no safeguards could be applied to reduce this threat to an acceptable level.

3. PEEC concluded that staff augmentation arrangements would generally impair independence except under certain circumstances.

The Society sees positive action in COVID-19, CPA exam bill legislation

OSCPA staff report

The Ohio Society of CPAs government relations team continues to advocate in the best interest of members and see success on key issues impacting Ohio businesses.

Gov. Mike DeWine on Sept. 14 signed House Bill 606 into law during a virtual event. The legislation grants qualified civil immunity to individuals, schools, health care providers, businesses, and other entities from lawsuits arising from exposure, transmission, or contraction of COVID-19 as long as they were not showing reckless, intentional or willful misconduct.

The law comes after months of OSCPA lobbying efforts and support from other business groups, including the Ohio Alliance for Civil Justice. During the signing, DeWine said the bill is consistent with Ohio's goals to keep people safe while restarting the economy. Lt. Gov. Jon Husted said the legislation would provide "predictability" and "security" to Ohioans.

OSCPA this spring testified in support of both H.B. 606 and companion legislation – Senate Bill 308 – and many of the issues expressed in that testimony are now addressed by the legislation.

After passing in the Ohio House of Representatives in June, House Bill 442 – the CPA exam bill – moved to the Senate for its first hearing on Sept. 23 with the Transportation, Commerce and Workforce Committee.

HB 442 would allow students in the state of Ohio to sit for the CPA exam after completing 120 semester hours of the required 150 hours of coursework. This (150-hour requirement) includes 30 hours of specified accounting classes and 24 hours of nonaccounting business classes, said co-sponsor Rep. Bill Roemer, CPA, R-Richfield.

Currently, 37 other states and the District of Columbia allow students to sit for all four parts of the exam after completing the 120 hours. However, this does not mean the student is required to take the early exam if they do not feel prepared yet, said co-sponsor Rep. Thomas West, D-Canton.

In addition, Roemer said many institutions have a higher passing rate at 120 hours versus 150 hours.

Both Roemer and West also emphasized that the 150 semester hours as well as one year of work experience would still be required to become a CPA in the state of Ohio. OSCPA strongly supports the bill based upon the input of member employers, its Executive Board, Young CPA Board and student members.

The Ohio Senate plans to continue hearings on HB 442 soon after the election. CPAs and those wanting to become CPAs are encouraged to share their thoughts with their state senator. For an easy way to do just that, go to **ohiocpa.com/advocacy/takeaction**.

*For more information about these issues contact OSCPA's government affairs team at **government@ohiocpa.com**.*

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December 4, 2020 | 9:00 a.m. – Noon | Product ID: 54869

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Ohio CPA Proud Organization

Red flags for nonprofit CPAs

By Michael F. Cade, CPA, CGMA

CPAs working for or serving on the board of a nonprofit organization will likely be the most business-savvy people on the leadership team.

As such, you can add critical value by assessing performance results and identifying troubling trends as they develop. This requires a CPA to look beyond the numbers by integrating financial and nonfinancial data to uncover serious threats before they become crises. Here are six common red flags that you should be actively monitoring and addressing.

Declining use of services

Some grants and agreements pay a set amount per year for a service provided. The total may change year to year, but you should assess the long-term stability of the program or service. Look for underlying metrics, such as number of clients served, to ensure the program continues to provide value to the funder. If the number of clients served trends downward, eventually the funder may look to shift resources elsewhere.

Changing funder priorities

Funding organizations rarely shift their funding without warning, but when they decide to make a shift they rarely change course. It is vitally important to identify early warning signs. Where possible, review available financial and strategic documents from those entities that provide significant funding. Look for trends in funding your programs versus growth in other similar and dissimilar programs. Note when money is moving toward or away from related programs, or if new funding priorities become evident.

Increased frequency of audits and reviews

When funders are considering changing their priorities, they start to dig deeper into current programs. So, if you start to experience additional review steps, more formal cost or impact audits, or even a higher level of scrutiny on invoices, then there may be funding changes ahead. Work with counterparts at the funder to determine the cause for the increased focus. If you find they are reassessing funding priorities, ask what is driving the change and which areas they are looking to divert resources toward. Keep your senior leadership team aware of this, and work with them to assess and plan.

No growth in services funding

Many nonprofits have at least a few programs with “zero-based” funding, which generally means budgets are reset to the same amount every year. It is unlikely that these programs are sustainable over the long term. If the program is

stagnating and a lack of additional funding is leading toward obsolescence, then you need to make sure your organization proactively addresses the situation. If program requirements are changing but no additional funding is available, then your organization may need to look for efficiencies or alternative funding to keep the program viable.

Improperly managed growth

Top-line growth for any nonprofit is typically a cause for celebration. How that growth is achieved, however, can be very important. If growth is driven by fundraising, the organization needs to consider if the increase can be sustained. Windfalls or unexpected spikes in donations can be valuable sources of new project funding or can provide critical reserves. Develop a next-best-use plan for such situations.

If the growth is sourced from program or service delivery, then the organization needs to execute plans to scale efficiently to ensure program performance standards are maintained.

If growth will strain support functions, establish a priority list of short-term additional resources and longer-term projects, such as implementing new systems.

Declining fixed-asset balances

Most fixed assets in an organization need to be replaced as time goes by. In some nonprofits, lack of resources leads to a stretching of the replacement cycle. This can lead to the continued use of obsolete assets or aging infrastructure, such as computers, office space or other equipment. Monitor fixed assets and ensure that as net book value of these assets decreases replacement assets are added.

Because many small and midsize nonprofits outsource the information technology function, have regular discussions (at least annually) with IT service providers about new technology requirements.

Bottom line

CPAs working in or on the board of a nonprofit organization will add value by identifying and addressing serious issues as early as possible. You have the knowledge, skills, and access to the information needed to be able to spot red flags and avert major issues in the future. Look for trends in value drivers and infrastructure within your organization and with your funders. Prepare plans to stabilize and strengthen the nonprofit's financial condition, strategize and execute toward targets, and be ready to take action if a serious problem is looming.

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Michael F. Cade, CPA, CGMA, is a strategy consultant and executive coach for MFCCoach LLC in Morrisville, PA and a member of the Pennsylvania CPA Journal Editorial Board. He can be reached at ***mfcade@nfpbeyondthenumbers.com****.*

FAST FACTS

1. A CPA on the board of a nonprofit organization must look beyond the numbers by integrating financial and nonfinancial data to uncover serious threats before they become crises.
2. Where possible, review available financial and strategic documents from those entities that provide significant funding.
3. Since many small and midsize nonprofits outsource the information technology function, have regular discussions (at least annually) with IT service providers about new technology requirements.

FEATURE

BUCKLE UP:

Take a look at what 2021 has in store for the accounting profession

By Natalie Rooney

Feeling a little leery as you're looking ahead to 2021?

It's tempting to think about getting back to business as usual. But is that really what the accounting profession should be doing? Four individuals offer their insights as to what's on their radars in the areas of tax, corporate finance, diversity and inclusion and business development. The short story: Despite a wild ride in 2020, there are positive lessons to be learned and opportunities to be gained from these challenging times.

Tax: The waiting game

A pandemic, the Coronavirus Aid, Relief, and Economic Security Act, helping clients with Paycheck Protection Program applications, and an extended filing season all happening during an election year – what more could a tax practitioner ask for? The combination adds up to a lot of uncertainty, said Adam Garn, JD, CPA, MT, senior tax manager - Plante Moran. "Next year is a big question mark," Garn said. "If the election goes one way, there could be a number of changes. If it goes another way, there might be few changes. We won't have any concreteness until after the election."

Garn says the biggest challenge of 2020 has been keeping up with the CARES Act. "Everyone was just getting used to the Tax Cuts and Jobs Act and then the CARES Act changed some of those provisions," he said. "At this point, we're telling clients to sit tight to see if additional changes are coming. We're working with what we can right now." But how should practitioners be preparing for the coming year? "Pray a little," Garn chuckled. He added that advising clients with an understanding of what's going on is the best anyone can do right now.

Modeling and creating contingency plans in the wake of the Oct. 15 due date will be helpful, especially from a state and municipal tax perspective. Ohio wrapped up its 2020 fiscal year with a General Revenue Fund tax revenue deficit of $1.1 billion, 4.6% below estimates, an indication of the impact the COVID-19 restrictions have had on the state. However, according to the latest data released by the Office of Budget and Management, Ohio's revenues are above estimates for the first quarter of fiscal year 2021 but there are still many unknowns that could impact revenues going forward.

Garn said he is advising clients that states whose coffers have been hit hard by the reduced tax receipts will be searching for additional revenue. "That's just another layer of complexity that might affect planning moving forward," he said.

Additional impacts that may stretch into 2021 are supply chain issues and worker shortages that have changed the way business is done.

CPAs proved in 2020 that they know how to deal with the unexpected, Garn said. "It can't get any worse in 2021. Next year will be about being resilient and continuing to serve our clients and our profession."

Diversity, equity & inclusion: Demonstrate data-driven results

As the former lead manager of pipeline initiatives at the AICPA and now as an expert consultant and trainer at The Diversity Movement, Florence Holland said 2021 will be the time for the accounting profession to step up and put all of the diversity, equity and inclusion (DEI) efforts it talked about in 2020 into place.

Prior to 2020, DEI efforts were seen as "nice to have," but statistics show that accounting still isn't diverse. "Diversity efforts have been reactive. There has never been a strategy," Holland said. "We write strategic plans for AI or blockchain and then implement them. Now it's time to do that for diversity and inclusion."

Many companies put out statements regarding diversity efforts after the social unrest of 2020. "It's time to make good on those statements," Holland said. "Today's younger generations demand change. They will remind you of what you posted and point out that you said you'd track your representation. You said you'd diversify your board. Did you? What gets measured gets done. The mirror is going to be put in front of you."

Organizations also need to come into 2021 ready to have courageous conversations about DEI. "Companies need to have a space for people to talk about these issues," Holland said. Holland also encouraged companies to think about DEI beyond recruitment and retention to inclusive talent management. "That process starts before someone comes in the door and continues as they're walking out," she explained. "Once someone is on board, how are you promoting them? Talent, particularly those who are culturally diverse, leaves when they're not getting the stretch assignments, and minorities aren't getting those because of bias in talent management."

Talent management is where accounting needs to do a better job, making sure the entire process is inclusive, from hiring all the way through policies and procedures. "If you're not finding Black talent, you're not looking in the right places," Holland said. "We can all do better."

Technology: Move from static to agile with scenario planning

Since the pandemic began, organizations have been strapped for resources, requiring difficult decisions around furloughs and cuts, said Chris Ortega, MBA, director of finance, Emarsys North America, and that has brought technology to the forefront for accounting and financial planning and analysis (FPA) teams.

"Going into the pandemic, a lot of organizations didn't have solid technology in place for adaptive scenario planning," Ortega said. "Those who already understood the role technology plays in making them more efficient were well-suited to operate in the pandemic environment. They could persevere and have those pivot conversations when things got challenging." Ortega said organizations need to move from Excel to more advanced scenario planning tools. Once teams no longer had to manually extract data from Excel models, their time is freed up to focus on high-value activities and analysis. With better data, Ortega says not only can he provide better insight to senior management, but he can also be a better partner to the organization as a whole to contribute to strategic business decisions. "As we go into next year, there are so many scenarios to consider," Ortega said. "This technology will be important for high performance accounting and FPA teams."

Ortega said more sophisticated scenario planning will enable organizations to evolve from a static response to an agile one and accounting professionals are equipped to lead the way. But make sure you can decode the information you're extracting. "Master the art of storytelling," he advised. "Finance and accounting will need to communicate with senior leaders to make an impact. These skills aren't on the CPA Exam, but they're game changers. This economy will turn around, and there will be a new baseline of business. We have the opportunity to shape the narrative, develop new skill sets, and write a new legacy. You're in the driver's seat to move the needle."

Business development: More critical than ever

Calling COVID-19 a disruptor is putting it mildly, but don't let the shock of 2020 keep you from having a great 2021, said Buji ActionCOACH's Craig Hohnberger. "We knew something was going to burst the bull run bubble, so don't sit and dwell. Let's be prepared for what's next." Hohnberger encourages organizations to:

Connect & Engage

Don't let the chaos of 2020 make you forget to recruit new clients in 2021. How will you accomplish that remotely? Once you have new clients, how will you onboard and retain them remotely? These processes will look different, but different doesn't mean impossible.

You might also need new employees next year. Think about how you will hire, teach your culture and help new team members be productive when you can't work with them face to face. Additionally, today's employees are dealing with a lot of stress and COVID "baggage." Even before the pandemic, Gallup surveys showed nearly 70% of U.S. employees were not engaged or actively disengaged so creating an environment where people are healthy at work is critical.

Otherwise, an organization isn't going to be as productive or successful, Hohnberger said. "You really have to be intentional about creating an organization where people want to spend their mental energy. Maintain strong communication systems. Make sure your people are emotionally, mentally and spiritually healthy."

Have a Purpose

Millennials and Gen Z really want a purpose. "Companies who get clear about their purpose will win the day," Hohnberger advised. As an accounting professional, make sure you have discussions about reducing the cost of turnover by engaging the right employees who love your culture and get the job done because they contribute to a greater purpose. "Just making a salary doesn't inspire many people under age 40," Hohnberger said.

Add Value

How do you differentiate yourself when you can't do business face to face and you're selling a product that is becoming a commodity? Hohnberger said it's time to shift to the value-added model. "We help our clients envision and be intentional about what their organizations need to look like in the future."

What will you choose?

Hohnberger believes in the "I Choose" philosophy: we choose everything we have in life – the quality of our teams, clients, relationships, and even our health. "When life punches us in the face, we choose our response," he said. "COVID punched us. While most choose to go below the point of power with blame, excuses or denial, winners choose to go above the point of power with ownership, accountability and responsibility. There's lots of opportunity to crush it for those who pivot and respond better than the competition."

*Natalie Rooney, an Ohio native and former OSCPA staff member, is now a freelance writer based in Eagle, Colorado. She has been writing for state CPA societies for more than 20 years. You can reach her at **natalie.g.rooney@gmail.com**.*

FAST FACTS

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2. Talent management is where accounting needs to do a better job, making sure the entire process is inclusive, from hiring all the way through policies and procedures.

3. As your business grows consider how you will hire, teach your culture and help new team members be productive when you can't work with them face to face.

tax developments

The impact of the CARES Act on Site Selection

By Jeff Tubaugh, CPA, and Mark Zettell

One of the provisions of the CARES Act could have a significant positive impact on companies that are in growth mode and planning additional locations. While many recognize that the correction of the 'retail glitch' (as many in the media call it) helps retailers and restaurants, it can also impact other industries looking to expand.

Qualified improvement property (QIP) was created in 2015 under the PATH Act as a class of real property that was eligible for bonus depreciation. When tax reform came to fruition in late 2017, it was supposed to enhance QIP and provide a tremendous benefit for taxpayers. Ultimately Congress did not capture the correct wording for QIP in the Tax Cuts and Jobs Act of 2017 (TCJA), leaving many taxpayers wondering when the "fix" was coming. After more than two years of waiting, the correction appeared in the CARES Act signed on March 27, 2020.

Why should you care about QIP?

Let's start by explaining when it applies and then the tax benefits.

QIP is defined in the Internal Revenue Code as "any improvement made by the taxpayer to an interior portion of a building which is nonresidential real property if such improvement is placed in service after the date such building was first placed in service. It shall not include any improvement for which the expenditure is attributable to (1) the enlargement of a building, (2) any elevator or escalator, or (3) the internal structural framework of the building." In a nutshell, QIP includes items such as drywall, ceilings, interior doors, fire protection, mechanical, electrical, flooring and plumbing. These are typically items that would be depreciated for tax purposes over 39 years. The key item in the definition of QIP is the requirement that the assets

must be "placed in service after the date such building was first placed in service." In other words, the space had to have been in use prior to the work being done (QIP does not pertain to newly constructed buildings).

As a result of the CARES Act, QIP now has a tax life of 15 years and is eligible for bonus depreciation. The TCJA set bonus depreciation for federal tax purposes at 100% for assets acquired and placed in service by Dec. 31, 2022, with reduced amounts in years following: 80% in 2023, 60% in 2024, 40% in 2025 and 20% in 2026. Because QIP qualifies for bonus depreciation, any assets that a taxpayer places in service by Dec. 31, 2022, that meet the definition of QIP will qualify for 100% bonus depreciation (a 100% write-off!) during the tax year the assets are placed in service.

So why does this factor into site selection? While tax should not be the driver for the best location for your business, it could be a nice tie-breaker when comparing two options for a future location. Let's look at two hypothetical options and their results:

- **Location A** is an existing building owned by a proprietor whose previous tenant went out of business. The cost for the taxpayer to build out the location is $1.5 million, of which $1.3 million pertains to interior construction.
- **Location B** is a brand-new building that a proprietor constructed in hopes of attracting a business like that of the taxpayer. The cost for the taxpayer to build out the location is $1.4 million (lower cost because no demo is required) of which $1.3 million pertains to interior construction.

Location A

The $1.3 million of assets for location A that are interior in nature will qualify as QIP and will be eligible for 100% bonus depreciation with the remaining $200,000 of assets having a 39-year life. Federal depreciation expense in the tax year placed in service would be $1.3 million for the QIP plus approximately $3,000 for the first year of the 39-year assets, equaling $1,303,000.

Location B

The $1.3 million of assets for location B that are interior in nature will NOT qualify as QIP because the building was a newly constructed building with a space that was not previously in service by the taxpayer or a previous tenant. Short of performing a cost segregation study to break out a portion of the $1.4 million of total costs to short-life assets that would qualify for bonus depreciation, the depreciation on the $1.4 million of buildout would be approximately $22,000.

$1,303,000 drops to $22,000 just because of a choice to go into Location B? Correct. If location B is used, a cost segregation study is recommended to identify portions of the building that could be depreciated over a shorter life, but the results still come up significantly short of the $1,303,000

FAST FACTS

1. QIP was created in 2015 under the PATH Act as a class of real property that was eligible for bonus depreciation.

2. The key item in the definition of QIP is the requirement that the assets must be "placed in service after the date such building was first placed in service."

3. As a result of the CARES Act, QIP now has a tax life of 15 years and is eligible for bonus depreciation.

(and you have to pay for the study). It is also recommended that a taxpayer evaluate whether their state allows bonus depreciation or if an alternate calculation will be required.

While many taxpayers will take advantage of QIP for remodeling locations they currently occupy, QIP is also a powerful tool to use for growing companies. If a company is looking to expand in the near future, it is best to consult with a tax adviser when looking at potential options. While tax considerations should not drive the best location, as you can see from our example, there could be a significant cash flow difference based on the site you choose.

Jeff Tubaugh, CPA, is a partner in the tax practice at BDO's Columbus office.

Mark Zettell is the tax managing director and a professional engineer at the BDO office in Grand Rapids, Michigan.

Career Center

How to personally and professionally prepare for success in 2021

By Abigail Draper, OSCPA communication & engagement manager

The past year has been an unexpected adjustment for many professionals who had to develop skills around remote work, new technology, virtual communication and more.

"COVID has forced what the firm of the future looks like for accountants," said Matt Rampe, principal at Rampe Consulting.

He cited a survey from Mark Rosenberg of small to midsize accounting firms stating 36% said their workforce will work remotely going forward.

The changes happening in the profession means CPAs need to consider how they will change as well to keep up.

Professional Changes

Clients don't need to be in your immediate geography. Rampe said because of the dramatic increase in remote work, clients don't necessarily need to be in the same state or city as firms anymore.

"You may have to find clients outside of your immediate geography," Rampe said. "If I'm working with a team of accountants and we're all at home, why do my clients need to live in my town or in my state if we're already working remotely?"

You'll need to find new ways to communicate. It can be difficult to create the same strong relationships when you're not able to have face-to-face conversations. So, Rampe recommends finding new ways to build these relationships with clients. One example of this is writing handwritten notes, which is a "good way to bring the physical back into a more remote workplace."

Part of this new communication strategy should also be setting expectations early and often with clients.

"(This is important) when talking to them about technology changes or even changes of how we're going to work with them in the short term during COVID. I think you just need to be really clear about what's coming and then repeating yourself so that it's not a surprise."

In this same vein, it's important to ask clients how they're comfortable communicating, he said. Some people might be OK with meeting in person with social distancing and masks, for example.

Be open to new revenue opportunities or service expansion. Rampe said to stay informed on the regular tax and legislative changes happening, as there will be relevant information for current clients along with potential to grow the business.

"How can you be that trusted adviser for your business clients right now? Just continue to stay open to what those opportunities are."

There is no "gatekeeper" anymore for decision-makers. In terms of getting more business at this time, Rampe said it might be easier to contact decision-makers than ever before. Instead of going through multiple people before reaching the CEO, they might be sitting at home on LinkedIn and more open to connecting.

"I think this creates an opportunity. You might be surprised who you can get on the phone these days or find on social media because it's a more relaxed environment in some ways."

Now is the time to build more "human" skills. A macrotrend right now is technology taking away some routine tasks of accounting, he said. So, now and in the coming year, Rampe suggests focusing on and learning tasks and skills that a computer can't do. Some of these skills are connection, empathy, creativity, innovation and strategic thinking.

He said you need to figure out how to make yourself stand out.

"I think that's a place where accountants need to be thinking, at a firm level and at an individual level – what is my brand? What is my strategy? How am I going to stand out as technology takes over more and more of these routine tasks? I think we have a little bit of runway, but start to build that now."

Personal Changes

Prepare your home office. If you're continuing to work remotely in 2021, Rampe said to make sure you have a dedicated and functional space for work at home.

"Build a physical environment where you can be at your peak productivity and remove distractions as much as you can."

He said if you've noticed something in your home office doesn't work well for you, fix it for 2021. Or, if you don't have a home office, it might be time to create one so you can separate work and home.

Establish new routines. Rampe said if you haven't already, you should find new routines to rest and recharge yourself. "I think it's important for people to kind of recreate rituals. Many have had pre-COVID rituals for going to the gym or relaxing on the weekends. And I think those…need to come back in some way." He said this could be working out at home or getting together with friends on Zoom, whatever works for you. But, especially during busy season, you're going to need a way to re-energize.

Realize we're all going through this and it's OK. "If you feel overwhelmed, if you feel like you don't know what to do in business or your career, or it's just harder than usual, I think everybody's feeling like that right now. So, just acknowledge that we're going through a pretty stressful period and it's okay to feel that stress…It can even be a point of connection to know that everybody's going through this at the same time."

Diversity fatigue is real: Re-evaluate your focus

By Margaret D. Finley, CPEC, CDP

I believe that it takes both energy and resources to solve complex diversity, equity and inclusion practices. Moreover it is difficult to stay dedicated when progress is slow or non-existent. An article published recently in *The Chronicle of Higher Education* titled, "Diversity Fatigue is Real," states, "Underrepresented faculty and staff members share the burden of diversity work in many visible and invisible forms: They often assume heavier workloads in teaching, advising, mentoring, and counseling, and spend more time on outreach, recruitment, training and workshops, and other service work. While their institutions benefit from collective gains in student success, those who do this work find it exhausting to do more than their fair share, indefinitely."

The social unrest over the last several months has resulted in a need to re-evaluate your focus. Do we really understand what we are trying to solve? Why did it take the death of George Floyd for the world to reckon with the destruction of racism and inequality? Today we have companies committing millions of dollars to diversity, equity and inclusion initiatives. You can't keep doing the some practices and expect a different outcome. It's time to re-evaluate and here are some tips to do so:

1. Figure out your why

Before a startup does anything on the DE&I front, a deeper examination of motives and goals is required. You need to know why DE&I initiatives are critical for your business. If your answer is 'I don't want my company to implode from a scandal,' that's not good enough. You need to find something aspirational. You don't start building a product if you don't know your why. Diversity is not a box you should simply check off.

2. Make small tweaks

At the core of addressing for DE&I is the thesis that exclusion, discrimination and harassment is a systemic problem, which means a data-informed, systematic approach is required to interrupt it.

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There's not one training or a single program or — better said — there's no silver bullet. Today, it's about taking a step back to rethink how you engage with your people and how you respond to their experiences."

3. Understand your privilege

To further the progress of DE&I efforts, take the time to explore the advantages that current team members have that might not be extended to others. To be a good ally, you need to understand what got you here, what you earned and what you didn't. Think about what you have and what you can deploy for other people. Think about how you're making unconscious assumptions about what it means to be 'qualified' for a role and whether they map onto capabilities. Mapping your privilege means recognizing that talent and potential are equally distributed, but opportunity is not.

Commit to championing diversity, equity & inclusion

It is important for companies to periodically re-evaluate the work they have committed to doing. While committing to diverse individuals is important and necessary, it doesn't stop there. Under-represented individuals must be given an opportunity to advance in the company and if progress is not being made – the right issues are not being addressed. Having diversity in leadership communicates to staff, especially diverse staff, that there is a pathway to leadership and shows them a concrete example of what that looks like. At the end of the day action over words always win.

Margaret D. Finley, CPEC, CDP is the OSCPA diversity, equity and inclusion strategist.

Beth Heimbuch
Student, Xavier University

Nasiba Mian
Student, University of Toledo

The value of choosing a recession-proof career

By Nicole Fracasso, OSCPA communications intern

For accounting students, the profession is proving to be reliable during these unprecedented times.

"Knowing that it's recession proof has helped me," said Beth Heimbuch, accounting major and senior at Xavier University. "When I first declared I was nervous, but now that I'm a senior and especially with the circumstances I feel like I've decided on a good major. It's nice knowing there's always going to be work to do regardless of where you're working from."

Heimbuch aso works with The Ohio CPA Foundation as a student ambassador, and while COVID-19 has certainly impacted her experience, she said it has been great so far.

As a student ambassador, Heimbuch gives presentations to students to introduce them to the profession twice a month.

"I felt working on my communication and leadership skills with different students and faculty members is something that's important," she said. "So, I wanted to work on that and help other people see why accounting is a great major to choose."

In addition, Heimbuch said this experience has been educational for her.

"Honestly, I did not know how many benefits being a student member has. Even just through presenting to students I've learned a lot about what the Ohio Society of CPAs does," she said. "I'm planning on taking the CPA exam so it's nice knowing there are discounts on exam review materials and you can apply for scholarships. The benefits make me excited for studying for the CPA exam."

Throughout this year, accounting has also proved to be rewarding for Nasiba Mian, an MSA student at University of Toledo.

"Accounting is a very meaningful and fulfilling career," she said. "Especially during these unprecedented times, you'll still be able to help companies make business decisions and make an impact on the community."

This year, Mian participated in OSCPA's Accounting Career Leadership Academy (ACLA) and attended online events such as OSCPA's Women, Wealth and Wellness conference in July.

"The experience has been nothing short of great. It was just wonderful, it added so much to my professional and personal growth," she said. "ACLA allowed me to network with recruiters from firms and companies. It allowed me to learn the structure of the CPA exam. It was just overall a great opportunity to meet great people, network with them and learn more about their career path as well."

Despite the chaos and uncertainty of 2020, accounting will remain essential.

"It has made me more aware that companies still need to make solid sound business decisions," Mian said. "More than ever, I'll be challenged pursuing this career, but it will also be rewarding."

members in motion

AKRON

Elysia Blasko, CPA, and **Ashley Zoeller, CPA**, have been promoted to manager, assurance at Cohen & Company.

Adam Fink, CPA, has been promoted to director, tax at Cohen & Company.

Alex Huth, CPA, has been promoted to senior manager, assurance at Cohen & Company.

Sarah Lee, CPA, has been promoted to director, assurance at Cohen & Company.

Matthew Wenger, CPA, has been promoted to senior manager, assurance at Cohen & Company.

Krista Zuchowski, CPA, has been promoted to senior manager, tax at Cohen & Company.

Kyle, Rohrig, CPA, has been promoted to partner, tax and business at Marcum.

Dan Leffler, CPA, senior manager at Sikich has been selected for Leadership Akron.

CANFIELD

Kayla A. Emanuelson, CPA, has been promoted to manager at Schroedel, Scullin and Bestic.

Samuel D. Fries, CPA, has been promoted to senior manager at Schroedel, Scullin and Bestic.

Adam Timblin, CPA, has been hired as a senior manager at Schoedel, Scullin and Bestic.

CANTON

Jeffrey Buckshaw, CPA, has been hired to manage the audit and assurance time at 415 Group.

Shelley Knight-Bourn, CPA, has been hired as an internal audit associate at 415 Group.

CINCINNATI

Brian Hertzman, CPA, has been promoted to senior vice president and CFO at American Financial Group.

Jake Brunner, CPA, Kerri Finke, CPA, Kristen Meyer, Aaron Price, CPA, Joseph Smith, and **Andrew Sullivan** have been promoted to senior at Clark Schaefer Hackett.

John Buckholt, Brooke Hampton, Devon Herzig, Royce McGee, Brandon Neltner, and **Matthew Seman** have been promoted to staff II at Clark Schaefer Hackett.

Elizabeth Hahm, has been promoted to marketing communications director at Clark Schaefer Hackett.

Austin Heminger, CPA, and **Rebekah LoVellette, CPA**, have been promoted to manager at Clark Schaefer Hackett.

Kathy Linnemann, has been promoted to manager, learning and development at Clark Schaefer Hackett.

Jon Punckett, CPA, and **Brendan Walsh, CPA**, have been named shareholder at Clark Schaefer Hackett.

CLEVELAND

Dmitriy Berkovich, CPA, principal at Apple Growth Partners has ben named one of Crain's Cleveland Notable Immigrant Leaders in 2020

members in motion

Keith Libman, CPA, partner at Bober Markey Fedorovich has received the 2020 Gries Family Award for Community Leadership by the Jewish Federation of Cleveland.

Christopher Bzninak, CPA, has been promoted to manager at Clark Schaefer Hackett.

Andrew Battaglia, CPA, Thomas Bedell, CPA, Brooke Hastings, CPA, Nathan Kreutzer, CPA, and **John Krznaric, CPA**, have been promoted to manager, assurance at Cohen & Company.

Keith Corbin, CPA, Brandon Pritchard, CPA, and **Tammy Tran, CPA**, have been promoted to manager, tax at Cohen and Company.

Michael Demko, CPA, has been promoted to director, assurance at Cohen & Company.

Aaron Ferlotti, CPA, Peter Kampf, CPA, and **Kyle LaPlante, CPA**, have been promoted to manager, transaction services at Cohen & Company.

Bryan Friedmann, CPA, and **Kevin Kray, CPA**, has been promoted to senior manager, assurance at Cohen & Company.

Stacey Rodgers, CPA, has been promoted to director, learning and development at Cohen & Company.

Andreana Shengelya, CPA, has been promoted to director, tax at Cohen & Company.

Becky Simmons, CPA, Stephenie Truong, CPA, and **Patrick Walsh, CPA**, have been promoted to senior manager, tax at Cohen & Company.

Samantha Smudz, CPA, has been promoted to director, transaction services at Cohen & Company.

CHICAGO, IL
Patrick Grodach, CPA, has been promoted to manager, tax at Cohen & Company.

COLUMBUS
Perry DiFranco, CPA, Andrew Dunfee, CPA, and **Karen Johnson, CPA**, have been promoted to manager at Clark Schaefer Hackett.

Jacob Edwards, CPA, and **Scott Johnson, CPA**, have been promoted to senior at Clark Schaefer Hackett.

Samuel Elkanick, and **Matt Sheehan** have been promoted to staff II at Clark Schaefer Hackett.

Brad Miller, CPA, senior manager at Brixey and Meyer has been selected for Leadership Columbus Class of 2021.

Anthony Ott, CPA, has started a new position as director, state and local tax services at Covetrus North America.

Darci Congrove, CPA, managing director at GBQ has received the 2020 C-Suite Award.

Bill Miller, CPA, partner at KPMG has been selected for Leadership Columbus class of 2021.

Scott Bechtel, CPA, has joined the construction and real estate services team at Rea & Associates.

DETROIT, MI
Ryan Boylan, CPA, has been promoted to senior manager, assurance at Cohen & Company.

Kevin Carney, CPA, has been promoted to director, tax at Cohen & Company.

EAST LANSING, MI.
Dean Beier, has been promoted to staff II at Clark Schaefer Hackett.

Evan Campbell, Ben MacGown, Joseph McNamara, and **Daniel Morris**, have been promoted to senior at Clark Schaefer Hackett.

Elizabeth Chapman, CPA, has been promoted to manager at Clark Schaefer Hackett.

MAYFIELD VILLAGE
Amy Gibson, CPA, and **Marie Lenarduzzi, CPA**, have been promoted to partner, tax and business at Marcum.

MEDINA
Jeff Kovacs, CPA, has been named CFO at Hospice of the Western Reserve.

MIAMI VALLEY
Trey Barnes, CPA, has been promoted to staff II at at Clark Schaefer Hackett.

Kimberly Cornett, has been promoted to payroll support staff II at at Clark Schaefer Hackett.

Sean Cornett, CPA, and **Brianna Damico, CPA**, have been promoted to manager at Clark Schaefer Hackett.

John Masheck, CPA, has been named shareholder at Clark Schaefer Hackett.

Aaron Perkins, has been promoted to payroll services at Clark Schaefer Hackett.

SPRINGFIELD
Mark Butler, CPA, April Caulfield, Kaleigh Dobie, and **Caleb Macaluso, CPA**, have been promoted to senior at Clark Schaefer Hackett.

Katherine Kloimwieider, has been promoted to manager, outsource accounting specialist at Clark Schaefer Hackett.

Jared Marlin, has been promoted to outsource accounting specialist II at Clark Schaefer Hackett.

Audrey Martin, has been promoted to manager, outsource accounting specialist at Clark Schaefer Hackett.

Jenni Patterson, has been promoted to senior outsource accounting specialist at Clark Schaefer Hackett.

Lisa Perdue, has been promoted to manager, outsource accounting specialist at Clark Schaefer Hackett.

Jesse Young, CPA, has been named shareholder at Clark Schaefer Hackett.

TOLEDO
Malachi Benesh, CPA, and **Andrew Brock, CPA**, have been promoted to senior manager a Clark Schaefer Hackett.

Faith Dempsey, has been promoted to staff II at Clark Schaefer Hackett.

Amr Elaskary, CPA, has been promoted to manager at Clark Schaefer Hackett.

Lydia Cornett, CPA, has been hired as a senior manager at Clark Schaefer Hackett.

YOUNGSTOWN
Tarik Awad, CPA, and **Carmela Minnie, CPA** has been promoted to senior manager, tax at Cohen & Company.

Jacqueline Podolsky, CPA, has been promoted to manager, tax at Cohen & Company.

Nicole Rococi, CPA, has been promoted to director, tax at Cohen & Company.

Scott Wilms, CPA, has been promoted to manager, assurance at Cohen & Company.

Disciplinary actions
2020

Janice Hanzak and JC Hanzak & Company CPAs of Concord, OH

Under the automatic disciplinary provisions of the OSCPA bylaws, Ms. Hanzak's membership was terminated effective August 26, 2020, following revocation of her CPA certificate and firm registration by the Accountancy Board of Ohio for violating state board statues 4701.16(A)(3), (A)(9), & (A)(11) - Unlawful practice; failure of a holder of a CPA certificate or PA registration to obtain an Ohio permit or an Ohio registration, or the failure of a public accounting firm to obtain a firm registration; and failure of a public accounting firm to comply with RC 4701.04.

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