CPA VOICE

The Ohio Society of Certified Public Accountants

March April 2021

NEVER A DULL MOMENT

HOW 2020 SET THE STAGE FOR THE 2021 ECONOMY

ACCOUNTING FOR IMPAIRMENT OF LONG-LIVED ASSETS

YOU STILL MUST WORK TO KEEP STAR PERFORMERS ON THE ROSTER

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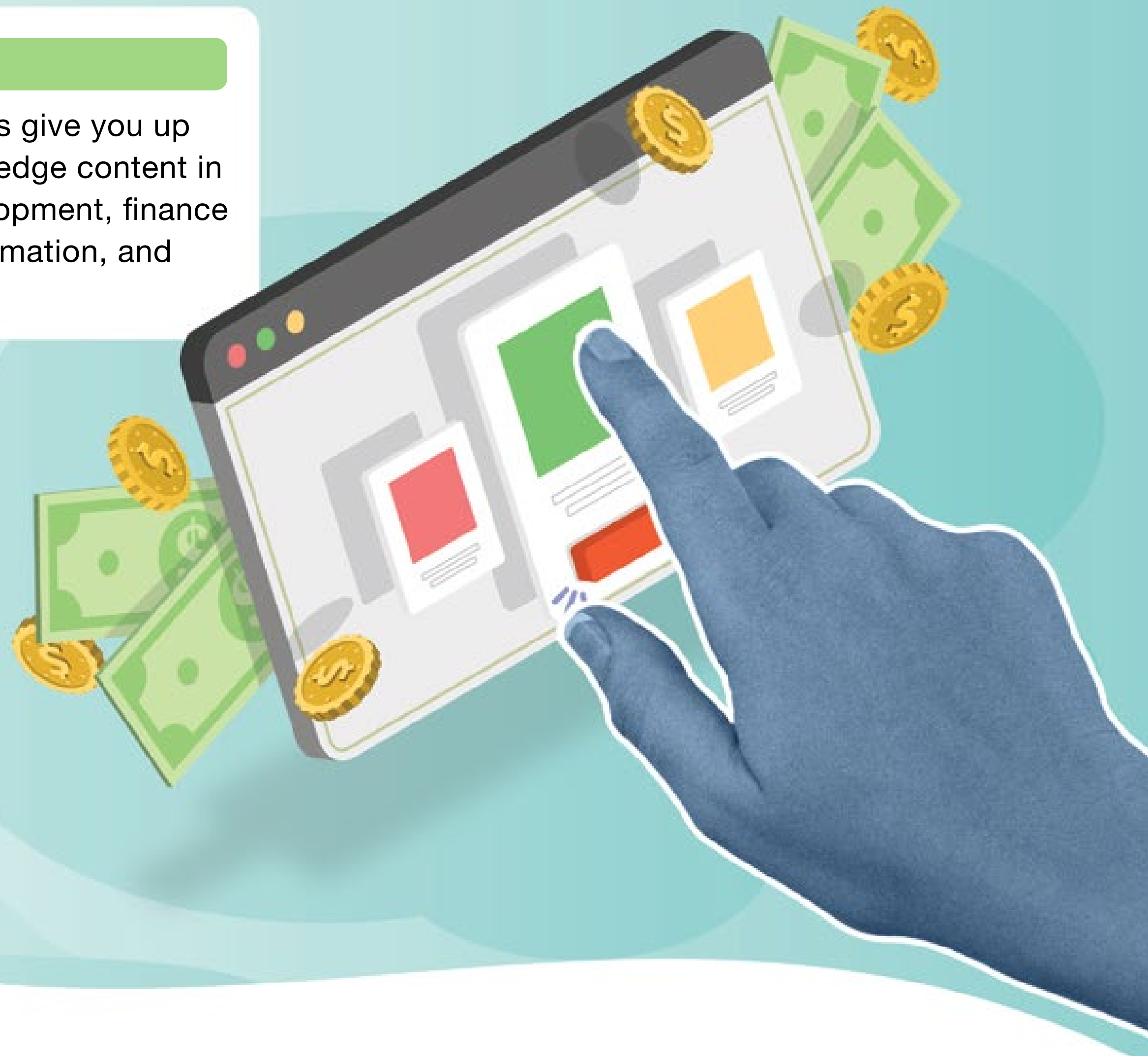

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CPA VOICE
The Ohio Society of Certified Public Accountants
March April 2021

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Forget "returning to normal"

We are now at approximately the one-year anniversary when the world seemed to change overnight. You don't need me to remind you, but things last spring felt scary and unreal. We had no idea what the next three months would look like, and certainly could not have imagined living an entire year in a pandemic.

The end of the year is usually a popular time when people are reflecting on the past, but it's hard not to do that now considering all of the abrupt changes we went through a year ago at this time.

And for a long time, a comforting phrase to repeat has been "when things are back to normal." People still say this, and now that coronavirus vaccinations are becoming more widely available it's something said with a sense of hope, that maybe the finish line is finally in our view.

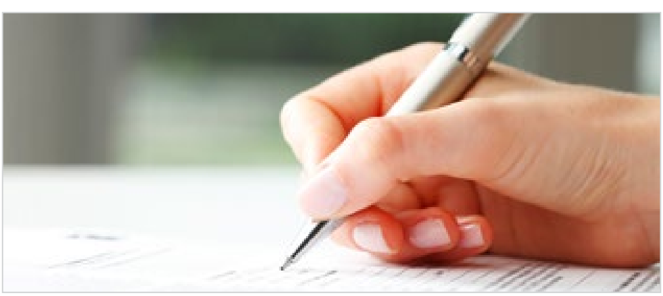
I say forget the finish line. Instead of planning for the day when the world goes back to "how it used to be," focus on what a new future will look like. Consider, what lessons have you learned over the past year that you can take with you into your career development? Into your business? Into the short and long-term goals you want to achieve in your life?

We can't go back into the past, and our future now is going to look a lot different. At The Ohio Society of CPAs, we recognize this and continue to finetune our offerings to ensure we're preparing you for this future. This is a future with more virtual learning, continued advocating for the profession at the Statehouse and filling the pipeline with talented individuals that reflect the diverse communities accounting serves.

Things will continue to change and evolve, but instead of waiting for the day when things go “back to normal,” instead plan for a future where you can take everything you’ve learned the past year and build a comeback that’s better than normal. Build something that will blow normal out of the water.

Self-Assessment Exam

MARCH | APRIL 2021
Product ID: #55322



Log in to **my.ohiocpa.com**, look up the exam using the product ID number above and answer the 12 required questions based on content in CPA Voice.

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Exams remain available online – and may be completed for CPE – through the same month of the following calendar year.

Online Instructions

1. Log in to **my.ohiocpa.com**
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3. If you're a member, click "Enroll." If you're a nonmember, click "Add to cart" and purchase the exam.
4. On the Confirmation Page click “Go to your learning center.”
5. The exam will be available under the "Current" section. Turn off pop-up blockers, then click "Launch."

Self-Assessment Exam Results

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.

OSCPA prepares for a busy legislative year

OSCPA staff report

A new two-year session in Ohio and Washington has begun, and OSCPA's government relations team is working tirelessly to advocate for our members on a host of developing issues. Those already moving through the legislative process include:

The COVID-19 crisis and related business impact. With member experts' input, OSCPA continues to work with key state and federal officials to ease the bottom-line impact of COVID. We are now evaluating how best to address the municipal income tax withholding issue put into place last March, pushing for federal mobile workforce legislation and working with legislators to explore commonsense solutions to challenging government programs like the Paycheck Protection Program and tax deadline due dates.

State and federal tax conformity legislation. Senate Bill 18 would incorporate into Ohio law many of the IRC changes made in the December stimulus package (the Consolidated Appropriations Act, H.R. 133) such as clarifying the tax treatment of PPP loans by allowing deductions for expenses paid with forgiven PPP loans. In February, OSCPA testified in favor of S.B. 18, which was unanimously voted out of the Senate and at press time was on the cusp of a House vote.

Bureau of Workers' Compensation refunds (i.e., rebates or dividends). OSCPA also spearheaded an effort to ensure pandemic-impacted Ohio businesses will not have to add BWC "dividends" received in 2020 as gross receipts for purposes of calculating Commercial Activity Tax liability. OSCPA worked with BWC, Lt. Gov. Husted, the Ohio Department of Taxation, Senator Kristina Roegner and Rep. Bill Roemer to secure a legislative fix, which was amended into S.B. 18 – the state and federal tax conformity legislation.

Easing licensure requirements for CPAs. OSCPA-driven legislation taking effect April 12 will allow candidates to accelerate when they can start taking the CPA Exam. OSCPA is now working with the Accountancy Board of Ohio on conforming existing rules, including the number of specific accounting and business hours that must be completed prior to testing and possible scholarship changes.

Pass-through entity reform. OSCPA secured the introduction of H.B. 124 which lowers the rates at which Ohio-operating pass-through entities remit taxes on behalf of qualifying nonresident investors' income equal to the rate on residents' taxable business income, effectively reducing the withholding rates to 3%. The Society testified as a proponent of H.B. 124 when the House Ways & Means Committee held its first hearing on Feb. 23.

Bonus depreciation. With the enactment of several pro-taxpayer provisions in the federal CARES Act, there's now the potential for unintended tax increases at the state level. To address this issue, OSCPA worked to secure the introduction of legislation last session to temporarily suspend, for taxable years 2020 and 2021, and for taxable years with a federal net operating loss carryback from taxable years 2020 and 2021, special provisions relating to Ohio's "bonus depreciation" adjustments in years when a taxpayer has an NOL. H.B. 749 died at the end of 2020 but has been reintroduced this session as H.B. 86, which received sponsor testimony at its first House Ways & Means Committee hearing on Feb. 17.

To read a complete list of OSCPA's legislative priorities go to **ohiocpa.com/advocacy**

Accounting for impairment of long-lived assets

By Matthew D. Rosen, CPA, MBA

The COVID-19 pandemic has brought with it a multitude of accounting challenges, including topics such as the accounting of Paycheck Protection Program loans, accounting for lease concessions, or how to maintain an effective internal control environment in a changing workplace. One issue impacting a broad swath of industries that continues to be a significant challenge is the accounting for asset impairments.

When discussing impairment, most, justifiably, think first of goodwill impairment from historically requiring an annual impairment assessment and the standard having multiple Accounting Standard Updates over the past decade. Less familiar to many are the rules for impairment of long-lived assets, such as plant, property, and equipment or amortizable intangibles. Although not substantially changed in more than 10 years – because this topic only applies when there is a triggering event – fewer CPAs have experience in the area.

Although the impairment analysis is burdensome, there are some areas where correctly applying the standard may reduce the scope, and costs, of the analysis.

Summary of the Impairment Model

The impairment model for long-lived assets (FASB ASC 360-10-35) is a two-step approach that begins when events or changes in circumstances indicate that the carrying amount of an asset, or a group of assets, might not be recoverable; this is commonly referred to as the triggering event.

The first step of the model is the recoverability test. Undiscounted cash flows are projected for the remaining useful life of the primary asset and compared to the group of assets' carrying value. If the projected cash flows are less than the carrying value, there *may* be an impairment loss, and the analysis proceeds to the second step.

The second step of the model is the fair value test. First, determine the fair value of the group of assets. If the fair value is less than the carrying value, an impairment loss is recognized for the difference and allocated to the group's long-lived assets.

Areas of Opportunity

1. **Asset Groups** – The analysis for long-lived assets begins with identifying an entity's 'Asset Groups,' the

unit of account representing the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets.

Identifying the asset groups is imperative because each group is reviewed separately, meaning that one asset group may have had a triggering event while another has not. Performing the analysis at too high of a level not only increases the scope of the analysis, but it can lead to incorrect conclusions because the cash flows, or fair value, of one group, may be improperly supporting the carrying values of another. Common examples for asset groups could be a particular product line, separate facility, division or subsidiary.

2. **Triggering Events** – Events to consider include asset or entity-specific factors, such as damage to the assets or a current period loss combined with a history of operating losses. However, broader macroeconomic events indicating significant and adverse changes in the business climate could also be a triggering event. While many, if not most, industries have experienced adverse changes during the pandemic for at least a short period, not all impacted entities will have experienced a triggering event. For the event to trigger the impairment assessment, it needs to indicate that the asset group's carrying value may not be recoverable over its useful life.

   Entities that experienced an adverse impact on their business will want to consider the long-view and ask: How does the pandemic impact the industry's mid and long-term outlook, and how much uncertainty is there in those projections? How much cash does the asset group normally generate relative to its carrying value, and what has the impact been during the pandemic? These questions can help distinguish a short-term impact from an indicator of longer-term uncertainty on recoverability, which requires a more in-depth analysis.

   Accounting Update Alert – The impairment analysis for long-lived assets should occur anytime there is a triggering event and is not limited to being performed at the reporting date. In December, the FASB exposed an ASU that would allow some entities to only assess for goodwill impairment triggering events as of their annual reporting date. Accountants should be aware that this ASU, if adopted, will not apply to long-lived asset impairment.

3. **Bypass Step 1** - There are times when determining an asset group's fair value may be easier than projecting out the recoverability model, especially in situations with homogeneous assets or relatively few assets. As a result, it may be more efficient to bypass the cost recoverability step when performing the impairment analysis. However, proceed with caution if the fair value does not support the carrying value. Before recording the impairment loss, the cost recoverability model should be reconsidered. There can be situations where an asset group may be stated above fair value but still recoverable through undiscounted cash flows. Defaulting to the fair value step can result in an unjustified impairment loss.

While no one wants to be in a position to be considering an impairment loss, understanding and applying the above concepts can help to simplify or reduce the scope of the analysis.

Matthew D. Rosen, CPA, MBA, is a director at Barnes Dennig & Co., Ltd. in Cincinnati. In addition to extensive experience with manufacturers and entities with significant international operations, Matt is a technical advisor for accounting and audit matters for multiple industries and CPA firms across the U.S.

FAST FACTS

1. Although impairment analysis is burdensome, there are areas where correctly applying the standard may reduce the scope and costs.

2. The impairment model for long-lived assets is a two-step approach that begins a triggering event. The first step recoverability test. The second step is the fair value test.

3. Areas of opportunity are asset Groups, triggering events and bypassing Step 1.

FEATURE

NEVER A DULL MOMENT:

How 2020 set the stage for the 2021 economy

By Kevin Barry, CFA®, PRM™, and Andrew Marino, CFA®

Early last year – a long time ago, in a galaxy far, far away, it seems – many of us had expectations for a 2020 that did not include a pandemic. Little did we know that a complete surprise was imminent, with far-reaching consequences to lives, livelihoods, and the economy. Here in early 2021, we can acknowledge the extreme personal, emotional and economic hardships COVID-19 unleashed and celebrate the heroic response by the public and private sectors.

As the year progressed and capital market conditions steadily improved, these advances were often at odds with virus trends, headlines, and our day-to-day experiences. If polled in February 2020, few investors would have guessed that U.S. stocks would finish the year with an annual return nearly two times higher than their roughly 10% long-term average, as shown in Figure One. This serves as a powerful reminder that the stock market and the economy are not interchangeable and that their movements are sometimes out of sync.

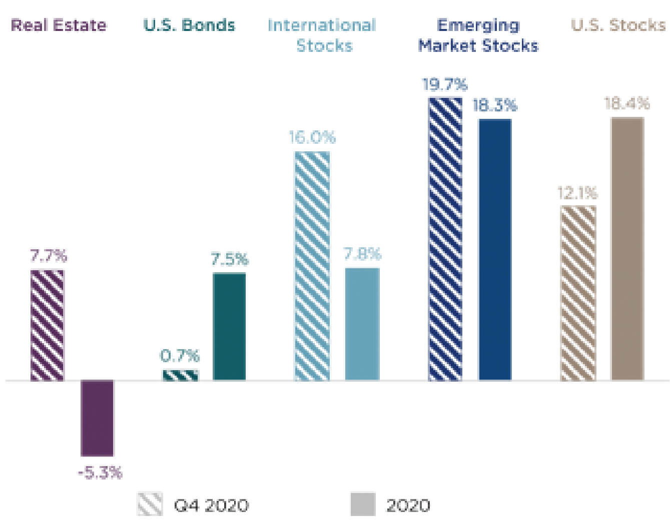


Figure One: Tumultuous Year Ends in Gains for Most Asset Classes

Source: CAPTRUST Research. Asset class returns are represented by the following indexes: S&P 500 Index (U.S. large-cap stocks), MSCI EAFE Index (international developed stocks), MSCI Emerging Markets Index (emerging market stocks), Bloomberg Barclays U.S. Aggregate Bond Index (U.S. bonds), and Dow Jones U.S. Real Estate Index (real estate).

U.S. economic data was downright scary in early 2020 as it became clear that trillions of dollars of economic activity was evaporating because of virus-related restrictions. Yet as the year progressed, successive estimates for 2020 and 2021 gross domestic product outperformed earlier, more dire predictions. This serves as another reminder for investors: It is important to consider both the current state of things (extremely bad, at times), as well as the trend (steady improvement) when assessing the investment landscape.

Monumental fiscal and monetary stimulus from governments around the world played an important role to sustain households, economies and markets. The numbers, as shown in Figure Two, are staggering. To keep the math simple, trillions of dollars of economic activity were lost, and trillions were provided by governments to counterbalance the loss of activity and support recovery until widespread vaccinations can be achieved, including December's fiscal relief package.

	Potential Central Bank Liquidity Injection		Potential Government Fiscal Stimulus		Total Monetary and Fiscal Stimulus	
Region	$ Trillion	% of GDP	$ Trillion	% of GDP	$ Trillion	% of GDP
U.S.	$6.21	29.0%	$4.19	19.6%	$10.40	48.5%
Eurozone	$2.38	17.9%	$4.27	32.0%	$6.65	49.9%
Japan	$1.03	20.0%	$2.79	54.1%	$3.82	74.1%
UK	$0.57	20.7%	$0.59	21.6%	$1.16	42.3%
China	$1.43	10.0%	$1.22	8.4%	$2.64	18.4%
Others*	$0.94		$2.85		$3.79	
Total	$12.56	14.5%	$15.91	18.4%	$28.47	32.9%

Figure Two: Fiscal and Monetary Stimulus—February 2020 to December 2020

*Source: Cornerstone Macro. *Others includes rest of world, the World Bank, International Monetary Fund, and Asian Development Bank*

In late 2020, investors faced three significant sources of uncertainty simultaneously: worsening virus conditions, questions about the size and timing of the next round of fiscal stimulus, and political uncertainty as we neared the conclusion of a highly polarized election season. Today, many of these uncertainties have lifted.

We know the outcome of the elections, and, although there continues to be uncertainty about the extent of policy change – particularly given the rare 50/50 split within the Senate –

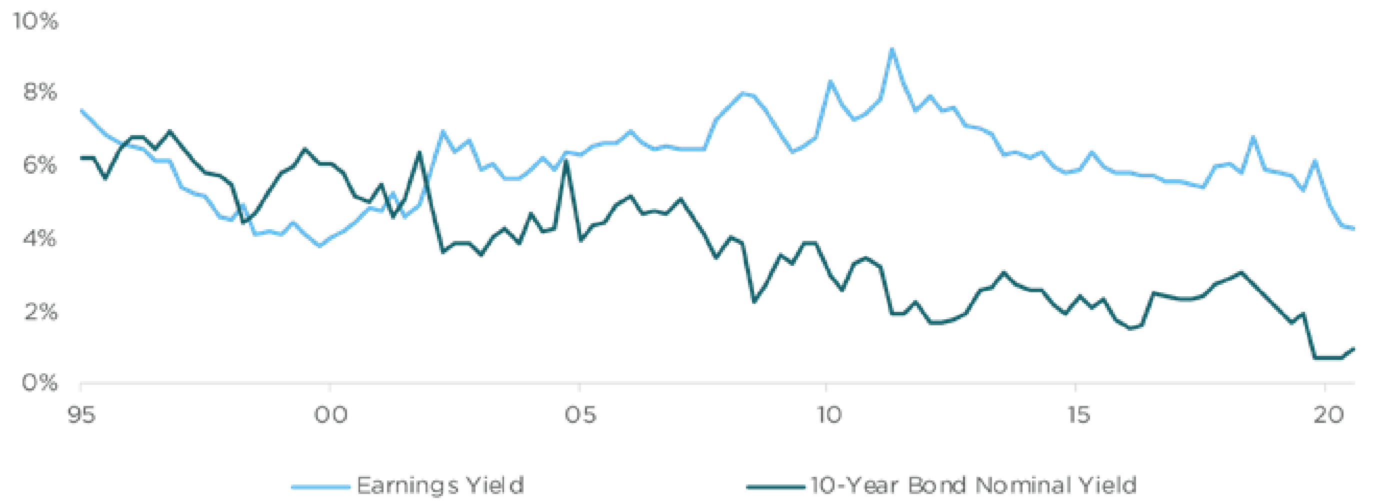


Figure Three: S&P 500 Equity Earnings Yield and the 10-Year U.S. Treasury Yield

Sources: Bloomberg, U.S. Treasury, CAPTRUST Research

the likely policy direction is less uncertain. December also brought passage of a follow-on stimulus bill, albeit somewhat streamlined at $900 billion. Lastly, vaccine distribution has begun to the most critical and vulnerable populations. Taken together, these events serve to eliminate some of the worst-case scenarios and create a backdrop for continued market recovery.

Policy Outlook

Assessment of four major policy influences – monetary, fiscal, regulatory and trade policies – guide our investment process. The most significant driver of both the capital market rebound in 2020 and our 2021 outlook is monetary policy.

As pandemic fears peaked early last year, capital markets were in terrible shape. Most alarming was the degree of disruption within the normally well-behaved bond market. It is difficult to emphasize enough the significance of the Fed's interventions in restoring market functioning and reducing the long-term damage to institutions and the economy.

The monetary policy environment will remain a significant tailwind. Current Fed Chairman Jerome Powell, who is roughly halfway through his 14-year term, said in June that the Fed is "not even thinking about thinking about raising rates." This is significant given the importance of low rates on capital market stability. We do not see this shifting in the near term.

For fiscal policy, we expect the new administration to follow the December stimulus package with additional measures, including small business support, payments to families, unemployment supplements, and an extension of the moratorium on evictions and foreclosures. Such initiatives will place further burden on already sky-high deficits. At the same time, they are likely to be market-friendly in the near term if they strengthen the economic bridge until widespread vaccinations are in place. Other, less market-friendly aspects of the policy agenda bear watching, particularly potential changes to corporate and personal tax rates.

The Biden-Harris administration has also advocated a more aggressive regulatory policy, with climate change initiatives as one clear example. Regulatory policy changes can create both winners and losers, so we will watch the direction of regulatory policy initiatives closely. With respect to trade policy, our expectation is for near-term status quo, given other pressing priorities. This may mean no easing of tariffs, but no new ones, and cooler rhetoric.

What Now?

The environment we have described suggests a note of caution, as well as a heightened focus on risk management, for a few reasons. The first is the current level of market prices. Neither stocks nor bonds are cheap. For example, the S&P 500 Index's recent forward price-to-earnings ratio (in the low 20s) is well above its 25-year average of 16.8. However, the equity risk premium — the difference between equity earnings yields and bond yields — stands at 3.7%, near the top of its 25-year range.

With these valuations, we have seen a number of comparisons between current conditions and the dot-com crash of 2000. However, there is a critical underlying difference: the level of interest rates. As Figure Three illustrates, today's 10-year risk-free rate is near 1%. In comparison, the yield in 2000 was above 6%, providing far more competition for the marginal investment dollar.

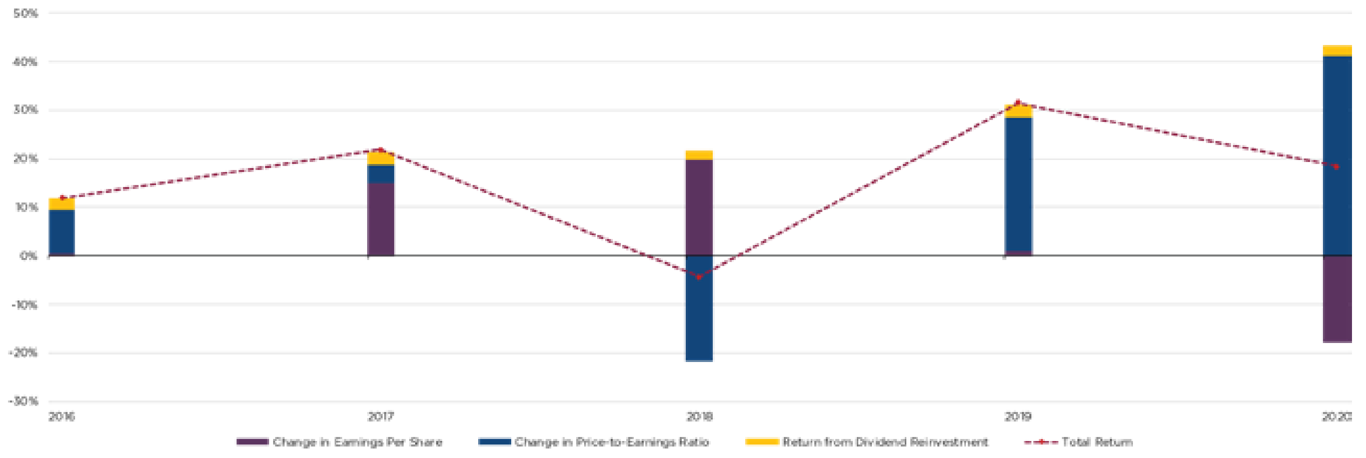


Figure Four: Contributions to S&P 500 Total Return
Sources: Bloomberg, CAPTRUST Research

Supported by positive vaccine news, in recent months we saw changes in equity market style leadership from growth towards value and from larger to smaller companies as the recovery broadened to encompass a much wider swath of stocks. Although our expectation is for this broadening to continue, we are eager to see earnings growth trend higher, reducing the level of valuations to more normal levels and allowing stocks to grow into their valuations. As shown in Figure Four, most of the recent market return can be attributed to price-to-earnings multiple expansion, rather than to earnings growth.

While our current outlook is optimistic, we are aware of potential negative influences on economic recovery and earnings growth. While all investors should be encouraged by 2020's price recovery, it is no time for portfolio heroics -- sample risks and uncertainties remain, suggesting the need for continued vigilance.

To summarize our base case for the next 12 to 24 months:

- New virus strains remain a risk factor, although we remain hopeful for much broader immunity in 2021.
- We see a continued path toward above-average GDP growth as reopening and restocking cycles take hold.
- Following a late-2021 to early-2022 surge in pent-up demand, we could see sizable earnings surprises.

While the ups and downs of 2020 presented a powerful stress-test, investors who stuck with their strategy and followed a consistent approach were rewarded. While it doesn't always pay off quite so quickly (we thought it might take a few years), having a plan and sticking to it is much safer in the long run than winging it when headlines are screaming bad news.

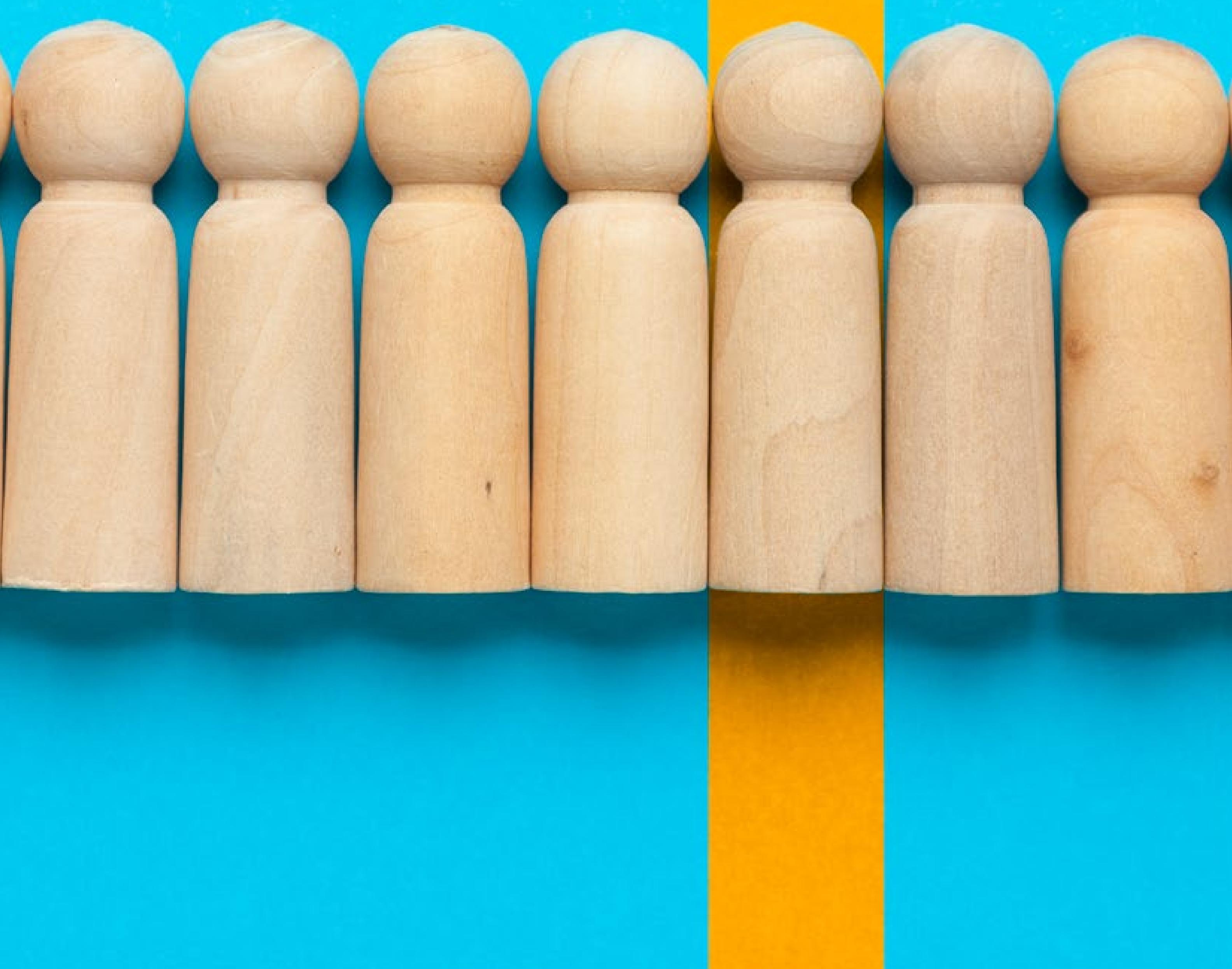
As CAPTRUST's chief investment officer, Kevin Barry, CFA®, PRM™, leads the firm's Investment team, the team responsible for investment manager due diligence, asset allocation, and discretionary investment management for CAPTRUST's institutional retirement plan and wealth management advisory businesses. He has more than 20 years' experience in portfolio management, capital market strategy, and investment research.

Andy Marino, CFA®, joined CAPTRUST from FiduciaryVest in April 2019. As an investment strategist in CAPTRUST's Investment Group, he specializes in financial market reporting tailored to both institutional investors and private clients. Prior to joining FiduciaryVest, Andy was the director of research and a portfolio manager with Eton Advisors.

public practice

You still must work to keep star performers on the roster

By Bridget McCrea



It’s time to rethink the workplace, how work gets done, and what leaders can do to keep top performers on the team now and as the job market recovers.

If you think your best employees will stay put because the pandemic has driven up unemployment rates and minimized mobility, think again. And if you don’t believe your top performers are worth fighting for, you could be in for a big surprise when it comes time to recruit their replacements.

“Top performers do four times the work of others and the math proves it,” said Dick Finnegan, CEO at C-Suite Analytics, pointing to a study that found that the top 5% of any company’s workforce produced 26% of that company’s total output. This holds true during all economic conditions, he noted, and it’s particularly relevant right now.

“Our COVID-driven national unemployment rate is high, and you’re going to hear things like, ‘James quit, but there are a lot of people looking for work right now, so go find me another James,’” Finnegan said. “You can easily find a warm body to fill the seat, but if James was a top performer, you probably won’t find another one like him.”

Citing the U.S. Bureau of Labor Statistics, Finnegan also pointed out that when you compare the number of people who are voluntarily quitting their jobs now versus the same period in 2019, the difference comes to just 18%. That means 82% of workers are still quitting and moving to new jobs voluntarily.

“There’s a lot of action in the job market, even though we tend to think there isn’t,” Finnegan said.

Clearly accounting firms still have to think about employee retention – and particularly about retaining that small percentage of team members who do four times the work of others – at a time when an economic recession, a pandemic, and other outside forces are capturing most of their attention.

Put simply, this isn’t the time to sit back and assume those star players will stay on the roster just because their lives have been upended by the events of 2020. “A company might think it has it made because the firm offers career ladders, a great benefits package, or some other perk, but those are not the things that make people want to stay,” Finnegan said.

Finding – and keeping – star players

As head of professional recruitment for Adecco, Jason Kaiman has his finger on the pulse of the employment market. Regardless of factors like the potential for COVID spikes, political unrest, and economic uncertainty, Kaiman said companies should remember that the underlying crisis is health-related and not specifically an economic crisis.

“Knowing this, a lot of organizations that we’re working with continue to hire and grow their teams, the obvious market conditions notwithstanding,” he said.

Specifically, Kaiman said professional services firms are scouting for “A-level talent” that will help them become more efficient, nimble and technologically adept. Achieving that goal requires a different mindset than the one companies had pre-COVID. A recent Adecco survey of 8,000 professionals (including those working in accounting and finance) pinpointed scheduling flexibility, the ability to work remotely and a company’s ability to adapt to change as the “new” employee retention criteria.

“About 76% of the individuals surveyed said that the mix of remote work and office work in the future will be critical,” Kaiman said, pointing out that accounting firms aren’t generally known for flexible work arrangements. This presents a great opportunity for firms willing to provide remote work options for parents whose children are now learning from home and for workers with health concerns who don’t want to come into an office.

With 84% of the employees surveyed by Adecco expressing confidence in their employers’ ability to transform and change, Kaiman said accounting firms should consider their current resiliency levels and how they can be improved. “Historically, accounting organizations have been somewhat conservative,” he said. “Now, some are taking a lead role in transformation while others are waiting to figure out what their next step will be.”

Finally, with 21.2% of people nationwide working remotely as of the Bureau of Labor Statistics’ October count, Kaiman said accounting firms must rethink not only where their star employees are performing their work, but also how they’re managing those tasks outside of the conventional office environment. That could mean rethinking the traditional hourly schedule and shifting to more of a project- and deadline-centric workflow.

“Consider adding flexibility into how the job gets done, versus the number of hours that someone is clocking in on a daily basis,” Kaiman said. “That’s going to be the new norm on the other side of all of this, and most employers have already adjusted to it.”

Opening communications

Along with setting up more flexible work arrangements and allowing star players to do their work on their own terms, Finnegan said accounting firms should also be talking regularly to their employees about their job satisfaction.

He said every organization should implement "stay interviews" (a concept Finnegan invented in 2012) to open lines of communication with their existing employees that often go unexplored between the hiring interview and the exit interview, and simply to help managers better connect with team members. A structured discussion that takes place between a manager and each individual employee, the stay interview should focus on the specific actions that the company can take to strengthen that employee's engagement and satisfaction with the organization.

Finnegan boils down the stay interview to five key questions, each of which should prompt an open discussion that the interviewer can use to impact change in the organization: When you travel to work each day, what things do you look forward to? What are you learning here? Why do you stay here? When was the last time you thought about leaving our team and what prompted it? What can I do to make your experience at work better for you?

"The employee's responses to these questions opens the door to retention and engagement solutions," Finnegan said.

> **"Ask yourself, 'How can I make small changes to my employees' jobs so they can do more of what they want?'"**

Another proponent of the stay interview, Jennifer Lee, executive director of learning and development at JB Training Solutions, said the firms using the concept to both listen to and share information with their star performers will have a better chance of retaining them once the work world begins to normalize and the job market picks back up. Additionally, a satisfied employee's enthusiasm can spread across the team and lift overall retention for the firm.

Lee said recognizing superstar team members for their efforts, supporting them with relevant training and coaching them virtually will go a long way toward keeping them on the roster in all business conditions.

"Your superstars are the people who are always there for you, doing a good job, and 100% all-in for the organization," Lee said. "The more you can recognize that, the better."

Finally, remember this "new normal" isn't going away anytime soon, so changes are probably in order.

"The way you did business in the past can't be the way you do business going forward," said Gary Shutan, CPA, MBA, partner at Wipfli LLP. "We're all dealing with this right now, and the firms that do a great job at adapting to those changes will be the ones that don't have to worry about their people leaving. In fact, more people are going to want to come to work for them."

Bridget McCrea is a Florida-based freelance writer who covers business and technology for various publications.

This story originally printed in the Winter 2021 issue of INSIGHT Magazine, a publication of the Illinois CPA Society, is reprinted with permission.

FAST FACTS

1. Even in the current environment, plenty of workers are moving to new jobs voluntarily. That means employers need to work hard to hang on to high performers.

2. Employees today particularly value scheduling flexibility, the ability to work remotely and a company's ability to adapt to change.

3. Organizations should talk to their employees regularly about their job satisfaction.

Taxpayer filing requirements for foreign accounts

By Anthony Cooper, J.D., M.B.T.

If your client has a financial interest in, or signature authority over, any foreign accounts, certain filing requirements with the U.S. Department of the Treasury – in addition to the IRS – might apply. Filing requirements might also apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have a foreign account.

The filing deadline for the Report of Foreign Bank and Financial Accounts required by the U.S. Department of the Treasury is April 15 and follows the federal income tax due date guidance, which notes that if the tax due date falls on a weekend or legal holiday, the form is considered timely filed if filed on the next business day. An automatic six-month extension is available. Electronic filing of the FBAR is mandatory using the Bank Secrecy Act e-filing system for the Financial Crimes Enforcement Network. Tax preparers must receive a signed consent form from the client before submitting the foreign reporting form. If the tax preparer does not receive the client's signed authorization to file their foreign reporting form, the tax preparer will not be able to file any of the required disclosure statements on the client's behalf.

Additionally, the IRS requires information reporting on foreign interests or activities under applicable IRC sections and related regulations, and the respective IRS tax forms are due when the client's income tax return is due, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above.

Therefore, if the client has any direct or indirect foreign interests that require disclosures to the IRS, the client must provide the tax preparer with the information necessary to prepare the applicable IRS forms.

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the IRS may result in substantial civil or criminal penalties.

The tax preparer should obtain the client's signature on the engagement letter indicating that the client agrees to provide the tax preparer with complete and accurate information regarding any foreign accounts that the client or the client' entity may have had a direct or indirect interest in, or signature authority over, during the tax year referenced in the engagement letter. The foreign reporting requirements are very complex, so if the client has any questions regarding the application of the U.S. Department of the Treasury or the IRS reporting requirements to the client's foreign interests or activities, encourage the client to ask for advice in that regard. The tax preparer should also advise the client that the tax preparer assumes no liability for penalties associated with the failure to file or untimely filing of any of these forms.

Anthony Cooper, J.D., M.B.T., is a tax specialist with CAMICO (www.camico.com), responsible for providing CAMICO's policyholders with information regarding corporate income, gift and estate tax issues.

FAST FACTS

1. Those with a financial interest in foreign accounts, might face filing requirements with the Department of the Treasury.
2. The filing deadline for the Report of Foreign Bank and Financial Accounts is April 15.
3. Electronic filing of the FBAR is mandatory, and tax preparers must receive a signed consent form from the client before submitting the foreign reporting form.
4. Additionally, the IRS requires information reporting on foreign interests or activities due when the client's income tax return is due.
5. Foreign reporting requirements are complex, so encourage clients to ask questions.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Career Center

How to handle management decisions you don't agree with

By Jacqueline Lombardo

One of the realities of being on a team is that occasionally, decisions won't go the way you want them to. Whether you were a part of the decision-making process or the decision was handed down to you, you might be responsible for ensuring the rest of the team carries it out.

Perhaps the natural reaction in this situation is to make it known to your team that you don't agree with the course of action. That is the wrong way to approach it. You might disagree with the decision behind closed doors, but as a leader in your company, you need to be part of presenting a unified front. To do otherwise can spread dysfunction like a poison within your organization.

Do you find that tough to do? Here are a few tips for handling management decisions you don't agree with.

Ask yourself whether you trust your company's leaders

Do you trust the company's leaders? You might disagree with how they handle a particular situation but know deep down they have good intentions and only want what's best for the business.

If you don't trust them – or the decision is unethical or illegal – you might be working for the wrong organization.

Consider whether the decision is actually a good one

Why did leaders make the decision they did? If you were part of the process, you might have access to all of the same facts and statistics they did. Otherwise, consider whether there are other factors you're unaware of. Maybe they've dealt with a similar issue in the past.

Try to put yourself in the shoes of someone who believes deeply in the decision that was made. Why did they make this choice? Consider where the business will be in three, five or 10 years as a result of this choice.

Ultimately, if you trust that the decision was made with good intentions and the best information available, you can throw your support behind it.

Get your team on board

The ultimate success or failure of any initiative depends on how much buy-in there is from the people actually doing the work. If you champion the project and show your team you believe in it, they'll put more effort into helping it succeed.

Resist the temptation to make statements like, "Well, Kristin thinks we should do it this way." And be aware of non-verbal cues like sighing or eye rolling. Halfhearted or even hostile expressions show people you're not fully on board, and they're less likely to buy in as well.

Understand every change can face difficulties

Even the best-laid plans can encounter challenges. It might require more time, money or effort than the firm initially planned. Don't treat this as proof that you were right and everyone else was wrong; that's like looking for reasons the project will fail. Committing to give your best effort means dealing with problems and looking for ways to overcome them.

Dealing with decisions you don't agree with is something every team member must do from time to time. Once the decision has been made, it's not in your best interest to dissent or try to disrupt the plan.

While it might be difficult to adjust your expectations at first, do what you can to get on board, get support from your team and make it happen. Your organization has a better chance of success in every endeavor with your support and hard work behind it.

Jacqueline Lombardo is a project manager with Boomer Consulting, Inc.

DEI: What gets measured, gets done

By Margaret D. Finley, CPEC, CDP, OSCPA diversity, equity & inclusion strategist

We're hearing a lot of buzz about how to move the needle for Diversity, Equity and Inclusion (DEI). I think we can all agree that business imperative means we need measurement, analytics, metrics, dashboards and key performance indicators to manage business. But what does it all mean and – more importantly – what does it mean to *you*?

"What gets measured, gets done." In short, the simple act of identifying a key measure, in and of itself, improves the likelihood of it being accomplished. This simple concept should be one of the most fundamental business imperatives for any organization — regardless of its size, whether it is publicly or privately held, for-profit or non-profit. If utilized properly, there is no downside, other than the resources and time required to track and accumulate the data (which is one of the reasons we only measure what is important).

Measuring something gives you the information you need to make sure you achieve what you set out to do. Let's think about two ways measurement leads to goal achievement: How often have you heard (or said) "it's not on my performance objectives, so it's not a priority for me." It might not be the attitude we are hoping for, but for many people, the simple act of measurement increases motivation to perform and be rewarded.

The term "eustress" refers to "good stress," or the opposite of distress, and captures the healthy response to stress we have when something is attainable, but almost too far out of reach. Research shows that the desire to win is heightened when rivalry and time pressure coincide, and the simple act of measuring something sparks that sense of rivalry in many people. Of course, that rivalry doesn't need to be with others; it can be with one's own self as a sort of "competition" to see whether you can beat a goal. Without a measure, there is no way to determine whether you have won, and therefore, less motivation to get something done.

Then there is that small matter of accountability. When we set goals and measure performance against that goal, we have the ability to hold ourselves (and others) accountable for the resulting success or failure. We have concrete data that shows us what we did or did not do, what the impact was, and what we need to do differently. Without accountability we really can't coach people towards success and growth, and we have a heck of a time meeting our overall targets.

Business intelligence is not throwing numbers on a page

Here are a few things you can do to make your reports interesting, meaningful and helpful:

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- Understand the difference between a measure and a metric: A measure is one quantitative number that counts something. A metric gives you more information because it compares the measure to some other baseline.
- Understand the difference between an "outcome" metric and a "performance" metric. An outcome metric tells you the result of something. It's a "lag measure," because it occurred in the past. A performance metric tells you how well the activities are performing that have been determined as the most likely to positively impact the outcome. These are "lead measures," because they are driving the outcome in advance of the measurement of that outcome.
- Figure out what you want to know before you start measuring things. Reports often are a dumping ground for all the data that's available, whether it's useful or not. These types of reports do NOT contain the motivational metrics and measures that create eustress and increase performance.
- Design your report to tell a story. Once the right data is measured and collected, your report should contain eye-catching information to lead the reader to the most important points. Make it visual, interesting, and helpful, and you will become the "go-to person" for people who want to know what's happening.

The year has been eye-opening for many corporate stakeholders, as 2020 brought a long-overdue change in how companies approach diversity, equity, and inclusion. "Check-the-box" DEI is no longer acceptable, with employees and society demanding that organizations take tangible actions that drive long-term, sustainable change. Advancing DEI in the workplace is hardly a new idea, but past DEI initiatives have often fallen short of the real accountability needed to solve the problem. If you want to pay more than lip-service to your DEI goals, you might want to consider linking DEI goals directly to leaders' incentive plans. This link between compensation and DEI is still a relatively infrequent practice. This approach, I believe, will certainly ensure that DEI goals are established, they are measured, and they will get done.

Here are a couple of questions to consider when establishing goals:

1. Where is our company today on DEI? Where do we want it to be? By when? Before you can design an effective incentive plan, you must determine and clearly communicate your organizational DEI strategy and objectives. What do you want to influence, for whom, and over what time period? It is essential to give full attention to all aspects of DEI. Companies often focus on representation —something that is easier to see and measure — at the expense of equity and inclusion, which might be less apparent, but are critical to an effective and successful DEI strategy. Like any other incentive metric, you need to be able to measure DEI by identifying the key outcomes you desire and understanding where you are today on these crucial issues. You need to know where you're starting from, where you want to go, and how you're going to get there. Examine your current data, benchmarks and goals to form a level set, and then define how you will quantify current state, goals, and progress along the way. Finally, build consensus around the implications of the status quo, ultimate goals and metrics for evaluating success. Set specific timeframes to inform compensation goals and ensure accountability.

2. How will we create an environment to support real DEI change? Metrics are not magic. Your organization won't change, and you won't achieve your DEI objectives just because you decided to add metrics to your incentive plans. You need to set your company up for success by creating a culture that will support change in DEI. This means lining up authentic support from leaders of your compensation plans, and from your board and other stakeholders. Effective programs, plans and policies will help drive a more diverse workforce that feels fully included in all aspects of their work and are treated equitably for all opportunities.

3. Will we use the Short-term Incentive (STI) Plan or the Long-term Incentive (LTI) Plan? Most companies that incorporate DEI metrics today do so in their short-term incentive plan, measuring and rewarding for annual, incremental progress in their DEI objectives. However, achieving DEI objectives is a multi-year, on-going endeavor, and so perhaps better suited for the LTI plan. Because the LTI delivers the most significant portion of compensation to US executives, it takes a brave organization to be serious about long-term change and place this part of their executives' pay at risk for DEI achievement.

4. What DEI metrics will we track? DEI metrics will vary by company and need to be tied to the company's overall DEI objectives and strategy. If you've established a robust DEI program, you won't be able to use all of the goals you've established in your incentive plans. Most organizations that use DEI metrics today are measuring achievement of representation.

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

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George Brockman, CPA

Dave Brockman, CPA

One family's impact on the profession

By Nicole Fracasso, OSCPA communications intern

Dave Brockman, CPA, knew from a young age he wanted to pursue a career in accounting. While he might not have completely understood what it meant to be a CPA at that time, he took a front seat and watched his dad, George Brockman, CPA, use his accounting skills to make an impact on others.

"I didn't know what I was witnessing, but I had the chance to see my dad in action and I saw how he was viewed in the community – how he was respected, how people listened to him and paid attention to things he shared," Brockman said. "He had a great influence on my decision to become a CPA."

Brockman recalls speaking to a high school history teacher who said to him, "Dave, your dad's the brightest tax guy in Ohio." While at the time he did not think much of it, as he reflected on the conversation later in his career, he realized the significance of it.

"It's just the fact that he had that reputation for helping people and being a smart person who could figure out complex things," Brockman said.

George Brockman grew up after the Great Depression on a family farm in a rural area, served in the Korean War for four years and then returned to attend Miami Jacobs College where he earned his associates degree in accounting. Afterwards, he went to work for Monnier & Co., CPAs and eventually became the managing partner of the firm, his career spanning about 36 years.

During his career, George was very involved with OSCPA, joining the Executive Board, and eventually becoming chairman.

"He was very active in the society and very dedicated to the profession," Dave Brockman said. "He was appreciative of what the profession provided him in terms of his career and his ability to help clients. He used to share with me that he really felt like he was truly a trusted adviser, and clients came to him with some of their most trusted secrets."

Brockman said he and his father were the second father-son team on the OSCPA Executive Board, and that he had his father do the pinning ceremony.

"It's pretty special having both of us being CPAs in the family," he said. "One of my sons is also a CPA, so the tradition continues."

Before his death in December, George Brockman took a portion of his estate and put it into IRAs that he designated for charitable causes, among which was The Ohio CPA Foundation.

"He went to a local community foundation where he set up a donor fund where he made instructions of where he wants those funds to go. They would follow his wishes upon his passing," Brockman said.

Brockman said because his father came from humble beginnings, he always felt very privileged to be a CPA.

"I think he felt like a CPA (credential) gave him an opportunity to do a lot of things in terms of helping people but also in terms of providing a very nice life for him and his family," he said. "I think he felt like he wanted a way to provide that for other people."

And George Brockman also provided valuable wisdom: "Always do the right thing," his son said. "That's really the biggest piece of advice that he gave me."

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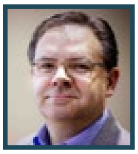
Jamie Dixon, CPA


Lori Kaiser, CPA, CGMA

CINCINNATI

Jacob Finley, CPA, has been promoted to senior accountant, tax services at Brixey & Meyer.

Becky Kolkmeier, CPA, has been promoted to manager, tax services at Brixey & Meyer.

Angela Wurtenberger, CPA, has been promoted to Cincinnati office managing shareholder at Brixey & Meyer.

COLUMBUS

Lori Kaiser, CPA, CGMA, founder and CEO of Kaiser Consulting, LLC, has received the National Association of Women Business Owners Columbus Chapter 2020 Visionary Award.

DAYTON

Matt Dickert, CPA, has been promoted to senior manager, tax services at Brixey & Meyer.

John Garrity, CPA, has been promoted to shareholder at Brixey & Meyer.

Jessica Jordan, CPA, has been promoted to senior manager, CFO services at Brixey & Meyer.

Logan Miller, has been promoted to senior accountant, audit and assurances services at Brixey & Meyer.

Lily Morgan, has been promoted to HR coordinator at Brixey & Meyer.

Xiaoyi Peng, CPA, has been promoted to senior accountant, CFO services at Brixey & Meyer.

Tom Petrovic, CPA, has been promoted to audit and assurance practice line leader at Brixey & Meyer.

Kevin Weckesser, CPA, CVA, has been promoted to president at Brixey & Meyer.

TOLEDO

Jamie Dixon, CPA, has been promoted to partner at Gilmore Jasion Mahler.

William Vaughan Company, has been named a Top workplace winner by The Toledo Blade and earned a spot on the Top Workplaces for superior work/life flexibility.

Disciplinary actions
2020

Brenner, Joseph M. of Port Clinton, OH

As a result of an investigation of an alleged violation of the codes of professional conduct of The Ohio Society of CPAs and AICPA, Mr. Brenner entered into a settlement agreement under the Joint Ethics Enforcement Program, effective Dec. 14, 2020.

Information came to the attention of the Ethics Charging Authority (ECA – The Ohio Society of CPAs Professional Ethics Committee (OSCPA) and the AICPA Professional Ethics Executive Committee (AICPA)) alleging a potential disciplinary matter with respect to Mr. Brenner's misrepresentation of the number of continuing professional education (CPE) hours obtained and reported to the Accountancy Board of Ohio during a 2018 CPE audit.

The ECA has reviewed the number of CPE hours that Mr. Brenner reported to the Accountancy Board of Ohio during his license renewal and the number of hours that the Accountancy Board of Ohio was able to verify during their audit of Mr. Brenner's CPE records and Mr. Brenner's response to those findings.

Based on this information, there appears to be prima facie evidence that Mr. Brenner has violated the following rule of the OSCPA and AICPA's codes of professional conduct.

1.400.001 Acts Discreditable

Misrepresenting the number of CPE hours obtained and reported to the Accountancy Board of Ohio during a 2018 CPE audit.

Agreement

In consideration of the ECA forgoing further investigation of Mr. Brenner's conduct as described above, and in consideration of the ECA forgoing any further proceedings in the matter, Mr. Brenner agrees as follows:

To waive his rights to a hearing under the OSCPA bylaws Article VII, Section B and the AICPA bylaws section 7.4.

To neither admit nor deny the above specified charge.

To his suspension from membership in the OSCPA and AICPA for a period of one year from the effective date of this agreement. During the period of suspension, he is prohibited from representing himself as a member of the OSCPA and AICPA and from using any AICPA credentials.

To comply immediately with professional standards applicable to the professional services he performs.

To submit evidence of satisfactory completion of the three-hour Ohio CPA Professional Standards and Responsibilities course within six months of the effective date of this agreement.

That the ECA shall publish his name, the charges, and the terms of this settlement agreement.

That the ECA shall monitor his compliance with the terms of this settlement agreement and initiate an investigation where the ECA finds there has been noncompliance.

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