



ARKANSAS SOCIETY OF • ACCOUNTANTS

RESPECTED ACCOUNTING PROFESSIONALS SERVING OUR COMMUNITIES

Monthly Newsletter

August 2010

District VIII Governor

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2010 Seminar Dates

• FROM YOUR PRESIDENT'S PEN •



Dear Members,

The profession we are in is changing. We've got new SSARS standards, new GAAP, new International Accounting Standards, and this crazy new health care legislation. I recently attended the Arkansas Society of Accountants seminar on accounting. As our instructor talked about all the changes we are currently facing, a lot of which make no sense to me, a recurring thought kept popping into my head, "It's time to find a new profession.....it's time to find a new profession.....etc, etc." I'm not sure if that thought was just in my head, or if I was hearing the murmuring of my colleagues located in the general vicinity. Later that evening, as I waited on my delicious steak at my favorite restaurant, The Faded Rose, I was somewhat depressed. My business partner and father-in-law was threatening to quit, my soaked salad was slow in arriving, and the 4 year old love of my life, Georgie, was more interested in playing with her uncle Greg

than loving her daddy. I was at a low point. Admittedly, the low point was somewhat relieved by sharing a banana split with Katherine at the Purple Cow a couple hours later and buying a couple of new blu-ray discs at Best Buy. What can I say, when I get depressed, I eat and buy movies. I think the reason I was so depressed is because I don't like change, and I realized that my livelihood is in a complete state of flux. I went to bed and got up the next morning to attend 4 hours of Ethics discussions. Further depression was sure to ensue...

Amazingly, the seminar on ethics gave me hope again. "Good Lord, why?!?" you might ask? I submit to you that in a world where the accounting profession is changing, real ethics are a constant. I like things that I can count on. The instructor gave us two pieces of information that stuck with me much more than another discussion of Circular 230. First, his definition of Accounting Ethics when something like, "what the accountant does when no one else is watching." This definition reminds me of the gut test. If it doesn't feel right in my gut,

GREETINGS FROM YOUR DISTRICT VIII GOVERNOR

Greetings:

An OSA Committee to address the "IRS Registration requirement" was established on November 16, 2009, by the President, Jim Nolen. The following "Long Range Planning Committee Report" was presented by Chairman Steven M Oblander at the OSA State Convention July 24, 2010. This report very probably fits each ASO's situation as it does OSA's. As you review, please insert your ASO's name in place of OSA's.

"Along with advancements in technology come changes in the tools of our trade, and changes in the way we run our practices and perform our work. As communication systems improve and as the exchange of information becomes instantaneous and more flexible than ever before, our world gets a whole lot smaller. We have to adapt to these changes in order to excel in our field, or even to keep up in a fast moving world, to stay abreast of our competitors, and maintain the quality of service our clients deserve.

Likewise, OSA must make changes and adjustment in its operations and goals in order to survive in this ever changing environment. The past few years has brought about many changes in our organizations' We're an aging society, and much of our enthusiasm seems to have passed on, as have many of our friends who are no longer with us. The younger practitioners coming into our profession, though their numbers are few, are from what I sometimes refer to as the "microwave generation". From warming up baby bottles instantly to on-line research to communicating online with entire social networks of hundreds or thousands of people, they expect and get instant results. That's the world we live in today, and that's the way we need to function in order to maintain

it's probably wrong. That test has worked for me on many occasions in work and in life and I have a feeling it will work as long as I'm breathing. Our instructor also told us a story about something his father said to him upon hearing that his son was going into the accounting profession. To paraphrase, the father reminded his son that since he's not in a profession where he builds a product, the only thing he has to sell is his reputation. That story rang so true with me. What separates us from the accountants down the street? Most of the accountants I know can learn the technical requirements of accounting and tax preparation. However, it is truly good word of mouth and a good reputation that separates us. I began to realize that there will be a place for me in this new accounting world. I have been taught how to act ethically from birth by my parents. I work for an accounting firm that was founded on and continues to value high ethical standards. I'm not saying it's always easy to make the ethical choices and decisions, but my motto is "I'm the one who has to be able to sleep at night."

As accounting practitioners, we can learn anything new that comes our way. It may hurt, and it may take time, and it might make us think, but we've done it before and we can do it again. It's our ethics and reputation that determines the quality of our clients and the work we produce. As the old saying goes, "some things never change."

Brad Crain, CPA

our usefulness to our members.

In the past few years we've seen a decrease in our dues collections, which may reflect a decrease in our membership. We ask why? Are we not providing sufficient service or benefits to hold our members together? Do our members not 'need' us anymore? Are they getting their CPE and their professional networking on line or from down the street? Is there some reason they don't feel like their membership in OSA is something useful or beneficial to them? If you have answers or ideas, don't ever hesitate to share them with your leadership.

With the implementation of Tax Preparer Registration requirements beginning September 1 of this year comes opportunity for the growth of OSA. Many of those preparers becoming subject to registration were previously unregulated and have no group affiliation. These people are potential members for various reasons. They can become part of a network of professionals willing to share ideas, problems, and solutions; and through membership in OSA, with some effort on our part, they can have access to their required CPE. This new type of member gives rise to yet another class of membership. California now has a Virtual Membership. This is a possibility for OSA. We may never see the virtual member, but we can serve him, and he can serve us by adding to our numbers.

**FROM YOUR NSA STATE
DIRECTOR**

When you were a kid did you ever go hunting for treasure? I remember as a kid, being the Brave Pirate Brian digging holes in our

backyard looking for buried treasure. Mostly all I ever dug up was dirt and rocks and the occasional rusty piece of metal. As it turned out the rusted metal was no treasure; in fact, apparently it's only purpose was to insure I had had a recent tetanus shot.

A "rusty piece of metal" (only my opinion of course) was discovered buried in the Health Care Bill that passed several months ago. After reading this you may want a "shot" of something yourself. What was buried in the Health Care Bill was three lines that changed the 1099 reporting requirements beginning 2012. Form 1099 will be required to be issued to all companies and individuals you pay \$600 or more and includes payments for goods as well as services. The biggest changes created by this new law is that corporations will no longer be exempt from receiving a 1099 and more importantly is that 1099s will have to be issued for goods that are purchased. So according to the new law, you and your business clients will now have to issue 1099s for goods that you purchase from companies like Walmart, Office Depot, your tax software company, your phone company, etc if you pay them at least \$600 in the year. As you can imagine, this dramatically increases the number of 1099s that will have to issued. This new law is especially burdensome on small businesses who use our services because they do not have an accounting department to gather the necessary W-9s and computer software to track payments to vendors. These small businesses will be forced to either hire an employee or pay increased accounting fees in order to comply with the new law. We, as accountants will no doubt have to hire additional temporary personnel to be able to produce the additional 1099s for each of our business clients...and all before January 31st.

NSA opposes this new law and will be fighting to get it repealed.

There is good news because as I write this article, US House bill H.R. 5892, The Small Business Tax Relief Act of 2010, would repeal the Form 1099 reporting requirements. This bill was introduced and immediately sent to the House floor. Hopefully Congress will vote to repeal.

You may recall that in my article last month that I mentioned Congress had introduced a bill that had a section in it that would affect taxes on small accounting firms. This bill would have caused small public service companies that were currently taxed as S corporations to be subject to self employment tax on the corporations profit. NSA joined a coalition to fight this bill and I'm happy to report that this section has now been removed from the bill. Just another example of NSA protecting you and me, the small practitioner.

NSA will have it's Annual Meeting in just a few weeks in Arlington, VA. Elections will take place at this meeting to install the new officers for the year. Donny Woods, from Nashville, AR will be installed as President of NSA. This is an honor for ASA as I believe this is only the second Arkansan to ever serve as President of the National Society. Donny has served ASA and NSA for many years and this honor will be well deserved. I hope you will join me in Arlington to support Donny. Remember to congratulate him the next time you see him.

Brian Thompson, CPA
NSA State Director

IRS OFFERS ONE-TIME SPECIAL FILING RELIEF PROGRAM FOR SMALL CHARITIES

The IRS has announced that small nonprofit organizations at risk of losing their tax-exempt status because they failed to file required returns for 2007, 2008 and 2009 can preserve their status by filing returns by October 15, 2010. IRS Commissioner Doug Shulman made the following comments regarding the special filing relief:

Today, we're announcing relief for small nonprofit organizations who are at risk of losing their tax-exempt status because they have missed or are about to miss the deadline for filing Form 990-N or Form 990-EZ with IRS. We believe it's important to give these organizations an opportunity to preserve their valuable tax exemption.

Here's why relief is needed: Back in 2006, Congress passed legislation mandating that all tax-exempt organizations, except churches and church-related groups, file annual returns with the IRS starting in 2007. This meant that very small organizations that had never filed before would have to start doing so.

This law also said that any organization failing to file for three consecutive years would automatically lose its federal tax-exempt status. So the IRS spent the past three years conducting an extensive and unprecedented outreach effort to alert very small organizations to their new filing responsibility. Among the examples, we have sent over 1 million letters to small nonprofit organizations alerting them about the filing requirement since the law was

passed. But even with that effort, we found when we got to May 17, the first date that would trigger the three-year rule, we found that many organizations still had not filed a return.

So here is what we're doing: We're offering a two-part program to bring small organizations back into compliance. First, we're extending the filing deadline to October 15 for the smallest organizations, those with gross receipts of \$25,000.00 or less. These are the groups that have to file the 990-N, the e-postcard. It's very simple. All they need to do is provide eight information items. If an organization goes to our website, IRS.gov, supplies those eight items and files electronically by October 15, it will be back in compliance and its tax-exempt status will be intact.

We're also offering relief for somewhat larger organizations, which are eligible to file the Form 990-EZ. For these groups, we're launching a voluntary compliance program. Under this program, you file your three delinquent returns and pay a small fee. As long as you file by October 15, you won't lose your tax exemption. I should note that none of this relief is open to larger organizations that have to file the Form 990 or to private foundations that file Form 990-PF.

To help these small organizations, today we're posting a lot of useful material on our website. This includes a list of names and last-known addresses of at-risk organizations, along with guidance about how to come back into compliance. The organizations on the list have return due dates from May 17 through October 15, 2010, but the IRS has no record they filed their required returns.

It's really important for small charities to pay attention to this announcement. These groups do great work in communities across the United States and are vital to the vibrancy of our nation. The last thing we want to do here at the IRS is have these groups lose their tax-exempt status because they haven't filed a short, simple form. So we urge these small groups to take a minute and make sure they've filed. It's a very easy, quick process to file, and we decided to extend the deadline to offer this relief to help these groups out. It's easier to file now than to lose their tax-exempt status and face going back and reapplying.

Our message is simple: If you don't have your filings up to date, now is the time to take action and get back in compliance. We're taking these steps today to go the extra mile and help small tax-exempt groups.

THINKING OF SELLING? LET'S TALK!

For Sale: New-LR Gross \$120k; NE AR Gross \$160k; SE AR Gross \$225k; Central AR Gross \$101k; LR Gross \$232k-Sold; N AR Gross \$664k; Springdale Gross \$167k; Central AR Gross \$174k; Call or check our website for complete listing information. Ready to sell? We do all the work to make it quick and easy by bringing you serious and qualified buyers! Completely risk-free and confidential.

Accounting Practice Sales
Call: Kathy Brents, CPA at (501) 669-2505
P. O. Box 70, Cleveland, AR 72030
Email: kathy@accountingpracticesales.com
Also visit us at www.accountingpracticesales.com

JUST FOR FUN

A bicycle can't stand alone; it is two tired.

A backward poet writes inverse.

A chicken crossing the road: poultry in motion.

When a clock is hungry it goes back four seconds.

You are stuck with your debt if you can't budge it.

A calendar's days are numbered.

A boiled egg is hard to beat.

He had a photographic memory which was never developed.

If you jump off a Paris bridge, you are in Seine.

Santa's helpers are subordinate clauses.

Marathon runners with bad shoes suffer the agony of de feet.

The roundest knight at King Arthur's round table was Sir Cumference. He acquired his size from too much pi.

No matter how much you push the envelope, it'll still be stationery.

Two silk worms had a race. They ended up in a tie.

I wondered why the baseball kept getting bigger. Then it hit me.

2010 SEMINARS REMAINING

There are three ASA sponsored seminars remaining in 2010:

Gear UP Business Entities Seminar

September 23 and 24

Crowne Plaza in Little Rock

Gear Up 1040 Seminar

November 18 and 19

Embassy Suites in Little Rock

Gear Up 1040 Seminar

December 2 and 3

Holiday Inn in Springdale

In conjunction with the September 23 and 24 seminar, we will be holding our annual business meeting, installation of officers and reception.

If you need more information or a registration form for any of the seminars, call 501-305-9110 or email asaarkansas@yahoo.com



**APPLICATION FOR MEMBERSHIP IN
THE ARKANSAS SOCIETY OF
ACCOUNTANTS**

P.O. Box 479
Searcy, AR 72145
asaarkansas@yahoo.com
www.arspa.org

Last Name _____ First Name _____ Middle Initial _____ Business Phone _____ Home Phone _____

Business Address _____

How many years of accounting have you had? _____ Date of Birth _____

Sole Practitioner [] Partner [] Employee [] Corporate Officer []

Name of Firm _____ Number of Employees _____

Name of Partner(s) _____

Are you a Licensed, Registered or Certified Public Accountant? _____ If yes, give License# _____

Are you an Accredited Public Accountant? _____ If yes, give Accreditation # _____

Are you an Enrolled Agent _____ If yes, give EA # _____

Do you hold an Associate or Baccalaureate degree with a minimum of 24 semester hours in Accounting? Yes _____ No _____

Are you engaged in any other trade or profession? _____ If yes, please describe _____

Please list other accounting organizations in which you hold membership: _____

I hereby state that the accompanying statements are correct to the best of my knowledge and belief. I further state that I will abide by the Constitution and By-Laws of the Society and will practice in strict conformity with the Code of Ethics and Rules of Professional conduct adopted by the Society.

Date _____ Signature of applicant _____

Annual dues are payable IN FULL in advance and are prorated for credit by ASPA on a monthly basis to August 31 - the end of ASA's fiscal year.

[] Membership Annual Dues \$110.00 [] Firm Annual Membership \$50.00 [] Diamond State Annual Dues \$15.00
(Non-Residents only)

Do Not Write Below This Line

State Member Approving Membership

Signature _____	Title _____	Date _____
Sponsor, If Any	FOR ASPA OFFICE USE ONLY	
Amount	Date Received	Control Number
[]	[]	[]

*State Society dues payments may be deductible as an ordinary and necessary business expense. However, they are not deductible as charitable contributions for Federal income tax purposes.

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Donna Gowan / EXECUTIVE SECRETARY

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FOR YOUR INFORMATION

The ARKANSAS PUBLIC ACCOUNTANT is the monthly publication of the ARKANSAS SOCIETY OF ACCOUNTANTS. We are a professional organization dedicated to the promotion of accountants and tax preparers in the State of Arkansas. We accept newsworthy articles and advertising. If you have either of these for publication, please contact the editor.

Return Service Requested

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