

BUSINDNEWS

E-NEWSLETTER FOR AICPA MEMBERS IN BUSINESS & INDUSTRY

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Dear Members

The wild roller coaster ride we are on is taking us rapidly toward Election Day on November 4, 2008. Think of how rapidly things have changed and how widely events have swung so far in 2008. Skyrocketing commodity prices quickly have been followed by rapid declines. The global credit crisis has led to unprecedented actions by governments around the world and also has helped create wild swings in stock prices that have most all of us wondering what is going on and what is going to happen next. Well, only time will tell.

In the meantime, we all have businesses to operate and steer through these rocky times. We look forward to seeing many of you at our Controller's Workshop in Orlando, FL on November 12-14, 2008 where I am sure there will be many lively discussions about these rocky times including the results of the elections, and other current and future events.

At the Controller's Workshop we look forward to inducting our 2008 nominees into the Business and Industry Hall of Fame, an annual event sponsored by the Mergis Group®. We will have the pleasure of having Ernie Almonte, new AICPA Chair, give the awards and speak to attendees about his views on the profession and our role in the economy.

I ask that you please take a just a few minutes and click on this link to review and update your profile information (www.aicpa.org/my+account). Your input will help us better plan and deliver programs, products and services that address your current and future needs. Thank you for doing this.

Please keep your thoughts, comments and questions coming to us via e-mail at cmckittrick@aicpa.org.

Best regards,



Christopher T. McKittrick, CPA
Director of Members in Business, Industry & Government

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Conference Spotlight

FASB Votes Additional One Year Deferral of Fin 48 for Private Companies

At its [board meeting](#) on Oct 15 the FASB voted to defer the implementation date for all privately-owned entities for an additional year. The FASB intends to issue in Q1 2009 a FASB Staff Position providing guidance for pass-through entities and also provide amendments to existing requirements for non-public entities.

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Private Company Financial Reporting Committee Issues Comment Letters

The Private Company Financial Reporting Committee (PCFRC) which has actively advocated for modifications to the requirements of Fin 48, recently issued [comment letters](#) on two FASB conceptual framework projects related to the reporting entity and to the objective of financial statements and the qualitative characteristics of decision-useful financial information.

With respect to the reporting entity project, the key recommendation of the PCFRC was that the PCFRC believes that allowing stand-alone, parent-only financial statements is a desirable option in the private company sector.

Of note in the PCFRC comment letter on the objective of financial statements and decision useful information project is the inclusion by the IASB and the FASB in this joint project of cost as a pervasive constraint in reporting financial information. The PCFRC underscored the importance of including cost in the main text of the Exposure Draft.

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Financial Statement Presentation Paper Issued by FASB and IASB

On October 16, FASB and the IASB [announced](#) the release of a [Discussion Paper](#) on Financial Statement Presentation. A "[snapshot](#)" of the Discussion Paper highlights that no common format for financial presentation currently exists for financial statements in either US GAAP or IFRS.

Two primary complaints raised by users of financial statements include the facts that information is not linked across the different financial statements and that dissimilar items are often aggregated in one number. To address these issues, the FASB and the IASB propose to introduce cohesiveness and disaggregation as the two main objectives for financial statement presentation.

Cohesiveness would ensure that a reader of financial statements can follow the flow of information through the different statements of an entity; disaggregation would ensure that items that respond differently to economic events are shown separately. To achieve these main objectives the Boards have developed a principle-based format that is presented in the

[AICPA Controllers Workshop East
November 13-14, 2008](#)

[Audit Committee and
Risk Workshop —
Repeat Performance
October 23-24](#)

[AICPA Not-for-Profit Financial
Executive Forum
November 6-7](#)

[AICPA National Conference on
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December 8-10](#)

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[Discussion Paper](#) which is open for comments through April 14, 2009.

The "[snapshot](#)" document contains a table illustrating the proposed format for the presentation of financial statements and also contains brief explanations of these two concepts of cohesiveness and disaggregation.

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AICPA Issues FAQ on Fair Value

There has been much in the news of late about the role of fair value accounting in the current financial crisis. A brief chronology of some of the key developments follows:

- On Sep 30 the SEC and FASB issued a press release with [clarifications on fair value accounting](#), which was followed on Oct 10 by the FASB issuance of [FSP FAS 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active \(FSP\)](#). The [FSP](#) clarifies the application of [FASB Statement No. 157, Fair Value Measurements \(SFAS 157\)](#) in a market that is not active and provides an illustrative example. The example is intended to demonstrate how the fair value of a financial asset is determined when the market for that financial asset is inactive.
- On October 7, the SEC [announced](#) details on the study of "mark-to-market" or fair value accounting, as mandated by Congress in Section 133 of the Emergency Economic Stabilization Act of 2008 (Act). The SEC is soliciting [comments](#) for this study which is expected to be completed by Jan 2, 2009.
- On Oct 15 the European Union voted to approve [IASB Amendments](#) to IAS 39 which allowed for the reclassification of certain financial assets already permitted under US GAAP. These amendments reflect the intent to reduce differences between US GAAP and IFRS.

The AICPA has developed an [FAQ on Fair Value Accounting](#) which contains some basic explanations of fair value accounting along with a more technical explanation and links to a number of resources including the views of the Council of Institutional Investors and the positions of the CFA Institute.

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Summary of Economic Stabilization Act Provisions

Our colleagues in the Personal Financial Planning Section have made available to all members a summary of the Economic Stabilization Act of 2008. In addition to the basic "bailout" provisions of the Act, this [PFP Summary](#) provides some detail on some of the key provisions of interest to our members in business, including AMT relief, the extended tax breaks for individuals, tax provisions

for businesses, energy incentives and modifications to disaster relief measures.

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A Calmer Perspective on the Future of the Financial Sector

A recent Booz Allen Strategy + Business Resilience Report [Taking a Calmer View](#) offers a glimpse at what the future of the financial services sector might look like after the crashing waves of the current crisis settle a bit.

The authors of the article argue (hopefully not prematurely) that the current situation is a financial crisis, not a wholesale economic meltdown. The current crisis “*was not driven by economic or geopolitical fundamentals*.” It is rooted in the risk management of particular financial-services institutions.” They see three particular opportunities as this debacle unfolds: one for financial institutions in developed economies, one for financial services sectors of emerging economies or BRIC markets, and one for government regulators.

A brief synopsis of the opportunities the authors see in each of these three areas follows:

- With respect to developed economies, a greater concentration and convergence of financial institutions and business models with much less leverage is a given. This will create opportunities for smaller “niche” models that can operate independently of the large organizational cultures, with limited capital.
- The opportunities in the emerging economies will vary depending on the local markets as growth will be primarily a function of local lending. But the strength of economies in countries like India, China and Brazil, combined with improving regulatory and governance infrastructures will contribute to increased size and scale.
- Globalization will likely accelerate following this crisis with a likely shift of preeminence from New York and London to Shanghai, Dubai, and Singapore. De-leveraged financial systems will be less profitable, contribute less to GDP, and employ fewer workers. As policy makers and governments focus as much on managing investment flows as managing global trade, they will likely harmonize investment regulations and tax regimes.

In closing, the authors conclude that the financial services companies that have survived the immediate crisis can use their skills to restructure their businesses and play an active role in building the next platform of a sustainable financial services industry.

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New HSA Website Available to Help Small Businesses

Courtesy of colleagues in our [Tax Section](#) - the Treasury Department and the SBA have launched a [new website](#) to assist small businesses in determining how Health Savings Accounts (HSAs) can help meet their employees' health care needs. It describes the advantages of HSAs, provides

comparisons to other health coverage options, and has other materials to help employers and individuals determine whether and how to enroll in HSA-eligible coverage and how to save for health care costs through an HSA.

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Bank of America Electronic Confirmation Process — AICPA Q&A

In a letter dated July 21, 2008, sent to their clients and certain auditors, Bank of America (BOA) announced that effective October 1, 2008, it will no longer respond to paper confirmation requests and will only respond to confirmation requests submitted electronically via a designated third party service provider. The AICPA has developed the following [Q & A](#) that addresses some of the more common questions being received by our Audit and Attest and Hotline staffs.

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Career Corner

War for Talent is on as Western Countries Face Worldwide Crunch

While the focus of the media is, rightfully so, on the current and anticipated loss of jobs as a result of the economic crisis, a recent [Knowledge@Wharton](#) article reports on the impact of the underlying demographics of our aging workforce and the need for skills resulting from the demand created by rapidly developing economies.

The article underscores the fact that talent has become a strategic issue for all businesses, and that the practice of “poaching” talent so common in Western enterprise is not a strategy that companies will be able to rely upon. The article outlines four distinct trends (identified in a recent book by Boston Consulting Group authors) that are emerging as companies try to counter this talent crunch: recruiting for rapid growth; developing deep skills and commitment in their people; training new hires to achieve early results; and allowing leaders to seize opportunities.

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Register now for the ABV Exam!

This year’s exam window is scheduled from November 10th through December 13th. Registration is available July 1st through October 31st. With the increased demand for professionals having accredited valuation experience, now is a great time to become a part of one of the most highly regarded valuation credentials in the legal and business community. [Learn More](#).

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AICPA Launches New CFF Credential

Members in business, especially those in internal audit or other control related functions might also want to consider the new Certified in Financial Forensics (CFF) credential approved by the AICPA governing council in May 2008. [Learn More](#).

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CPA Marketplace Resources Updated

The [CPA Marketplace](#) resources on C2B have been updated along with the rest of the C2B website. If you are in the job market, seeking to hire a CPA, or looking for professional development guidance, click on the link above to access these member benefits.

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Tech Center

Update on SEC XBRL Requirement

Hear Arleen Thomas, CPA, AICPA senior vice president —: member competency and development, give a [1-minute update](#) (Windows Media required) on the progress of eXtensible Business Reporting Language, including the development of a preparers guide and recent SEC action that may soon require public companies to file their 2008 financial statements using XBRL. Also visit the AICPA's [Web site](#) for more information.



Source: AICPA

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Learning Links

New NPO Financial Reporting Alert Available

As part of a continuing effort to develop guidance and resources specifically targeted to our members in business our publications team is developing a series of Financial Reporting Alerts intended to be used by members of an organization's financial management and audit committee to identify and understand current economic, accounting and regulatory developments and their impact on financial reporting.

In recent issues we have introduced the [2008 Financial Reporting Alert](#) for members in business and industry and a Financial Reporting Alert for not-for-profit organizations the [NPO Accounting Issues and Risks 2008](#).

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Free Test Drive for New AICPA CPEExpress

The AICPA's popular online learning library has a new name and enhanced functionality. A 30 day free trial of CPEExpress, formerly known as InfoBytes, is being offered to introduce the new features and appearance of the product. For more info click on [CPEExpress](#) and register for your free trial.

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Financial Training Decision-Makers:

For information on in-house training and tools to manage professional development, go to [AICPA Learning](#) or call 1-800-634-6780, Option 1.

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Codification Corner

New FASB Codification Resource Available

A new Financial Reporting Alert (FRA) is now available. *FASB Codification Developments — 2008: Strengthening Financial Management and Reporting* is intended to provide accountants practicing in business and industry with a better understanding of the Codification and provides case studies on how to navigate the Codification system and conduct accounting research.

This alert gives an overview of the codification project, including the scope of the project, guidance affected, transition information, new terminology used in the codification, special features of the codification research system, the verification process, as well as how the FASB plans to issue updates to the codification.

Click on the following link to order your copy of the [FASB Codification FRA](#).

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Codification Website on AICPA.org

To help facilitate access to resources related to the codification, the AICPA has developed a [Codification Website](#) which features a link to the May 15 [AICPA webcast: Understanding FASB's Accounting Standards Codification](#), the May JofA article [Framing the Future: A First Look at the FASB's GAAP Codification](#), and other codification

resources.

We have also compiled resources on our [Financial Management Center](#) for Members in Business, Industry and Government about the Codification project, including a [GAAP Codification Q & A](#), an archive of the recent FASB Webcast- [Move to Codification of US GAAP](#), and the FASB [Project Pages](#).

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Upcoming Webcasts

Final Installment of Fall Strategic Management Infocast Series — Nov 20

The Fall 2008 Strategic Management Infocast Series, offered by the AICPA in collaboration with CIMA (The Chartered Institute of Management Accountants) and CMA Canada kicked off in September with a presentation by Balanced Scorecard guru Robert S. Kaplan. On October 18 Steve Player, North American Program Director for the Beyond Budgeting Round Table showed how the Beyond Budgeting principles can help organizations break free from budgeting's annual performance trap and move towards continuous planning and adaptive control.

- The **November 20** program will feature **Brett Knowles** with a presentation [Strategic Performance Management: Keeping it Simple](#). In *Keeping it Simple* Knowles will demonstrate how to develop a "rapid pilot" Balanced Scorecard implementation plan using a proven 5-step process. The "rapid pilot" process significantly reduces the time spent in the planning process by developing simple plans that can be tested, consolidated and analyzed for fine-tuning.

Click on the links above to register for these free programs (optional CPE credit for \$29.95).

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Adopting IFRS: Getting Your Organization Ready — Oct 31, 2pm-4pm ET

There is a lot more to adopting IFRS than learning the debits and credits. For every organization there are far reaching implications to their:

- Infrastructure and operations;
- Financial performance and reporting metrics;
- Implementation timeline – what needs to be done when;
- Internal project implementation team – who should be included
- Need for buy-in – the Board, investors, internal staff and others
- And much more ...

Plus... there are a lot of *post-implementation* issues to consider.

Join leading experts as they discuss their experiences implementing IFRS within their own

organizations, including:

- Aaron Anderson — Director, IFRS Implementation and Administration, IBM
- Robert Laux — Senior Director, Technical Accounting & Reporting, Microsoft Corporation
- Lewis Dulitz — Vice President of Accounting Policies & Research, Covidien

Register today at [CPA2Biz - IFRS](#) for this 2 hour live web event.

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Conference Spotlight

[AICPA Controllers Workshop East](#)

November 13-14, 2008

Hilton — Walt Disney World

With the same great agenda as the Controllers Workshop West, and an equally great location, the [AICPA Controllers Workshop East](#) is *developed by controllers for controllers* to help you expand your technical knowledge and know-how while enhancing your leadership skills.

Whether you're a CFO, a Controller, a Financial Manager or Staffer you will find many informative and useful sessions at this interactive, hands-on conference. This popular Workshop will equip you to successfully drive business, maintain results and handle today's challenges in your role as a key corporate decision-maker

The pre-conference line-up on Wednesday Nov 12 includes the ever popular CFO to Controller workshop, which is a full-day offering; Conflict Management for Controllers and Building a World Class Performance Management System are being offered as half-day sessions. You can also get up to speed with a half-day session on IFRS.

Register today for this fall's [AICPA Controllers Workshop East](#) at the Hilton - Walt Disney World® Resort in Lake Buena Vista, FL, and also take advantage of the pre-conference workshops being offered on Wed Nov 12.

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[AICPA Not-for-Profit Financial Executive Forum](#)

November 6-7

Anaheim, CA

How is the current economic crisis going to impact your no-for-profit organization, and how should you respond? With limited budgets, increased demands on accountability and incessant dependability on fundraising efforts — it's hard to know how to implement strategies and streamline processes to help your not-for-profit organization reach its goals.

Register today for the [AICPA Not-for-Profit Financial Executive Forum](#) being held at Disney's Grand Californian Hotel® & Spa in Anaheim, CA. and join industry leading not-for-profit executive for this solutions-based conference addressing critical issues within the nonprofit industry.

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[AICPA National Conference on SEC and PCAOB Developments](#)

December 8-10

Multiple Locations

Don't miss the latest accounting and reporting issues that affect SEC reporting entities and their auditors. You'll also benefit at the conference from interactive learning experiences and numerous networking opportunities.

In addition to the [Washington DC](#) main event at the Marriott Wardman Park, this year's conference will have video simulcast events at the following locations: [Houston, Tx](#), [Chicago, Il.](#), [La Jolla, Ca](#), [New York](#) and [London](#). Click on the links to register for your desired location today.

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AICPA Industry-Specific Conferences

AICPA industry-specific conferences are designed to keep you abreast of current developments in your industry and on-board with the latest thinking that will help you meet the challenges specific to your business in this difficult economic environment.

[AICPA/FMD National Conference on the Securities Industry](#) — Oct 30-31,
New York

[AICPA National Real Estate Conference](#) — Nov 13-14, Phoenix AICPA

[National Conference on Banks and Savings Institutions](#) — Nov 20-21,
Washington, DC

[National Construction Industry Conference](#) — Dec 4-5, New Orleans

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