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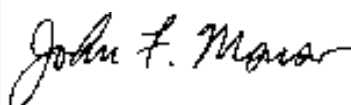
At the recent Business and Industry Financial Executives Forum, my colleague Dan Noll, our Director of Accounting Standards, led a standing room only early-riser session on the report issued by the Private Company Financial Reporting Task Force led by Jim Castellano, former chair of the AICPA. We reported on this task force several times in past issues of BusIndNews, as well as during speaking engagements throughout the country.

At its meeting a couple of weeks ago, the AICPA Governing Council passed a resolution announcing the profession's intent to work with the FASB to evaluate potential changes to GAAP for privately-held, for-profit companies, as recommended by the Task Force. The resolution directs the AICPA to work with the Financial Accounting Foundation and FASB to identify and implement a process that would evaluate, where appropriate, potential changes in recognition, measurement and disclosure differences from current GAAP as applied by public companies. It is important to emphasize the words "where appropriate" because difference for difference sake is not the intention here.

To learn more about private company financial reporting, visit [PCFRTE](#).

If you have been involved in a Sarbanes-Oxley Sec 404 internal control initiative in your organization and did not complete the very brief survey I mentioned in the cover to our last BusIndNews, please take a minute now and share your views by clicking on the following link - [Tech Survey](#)

Best regards,



John F. Morrow, CPA
AICPA Vice President
The New Finance

TOP STORIES

Syndicated Loans—an Increasingly Popular Financing Option

A May 2005 Business Finance Magazine article outlines the advantages and disadvantages of syndicated loans which are becoming an increasingly popular form of financing for mid-size companies. Syndicated loans are cheaper than issuing debt or equity securities and offer a creative way for banks to lend larger amounts of money to a single borrower at attractive rates by spreading the risk among a number of institutions and staying in a senior position in relation to

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Washington, DC
June 22-24

[Controller's Workshop](#)

Las Vegas - July 21 & 22

[AICPA National Not-For-Profit Industry Conference](#)

Washington, DC
6/22/2005 - 6/24/2005

[TECH 2005: The AICPA Information Technology Conference — Celebrating 25 Years](#)

Las Vegas, NV
6/27/2005 - 6/29/2005

[AICPA Controllers Workshop](#)

Las Vegas, NV
7/21/2005 - 7/22/2005
Pre- and/or Post-Conference
Optional Workshops

[National Conference on Credit Unions](#)

Las Vegas, NV
10/26/2005 - 10/28/2005

[AICPA National Real Estate Conference](#)

Las Vegas, NV
11/3/2005 - 11/4/2005

[AICPA Not-For-Profit](#)

other debt instruments or equity. On the downside for the borrower is a shorter term, usually 1-7 years, and a greater number of covenants are incorporated into the financing agreements.

According to the article, in addition to negotiating covenants that you can live with, one key to success is selecting the right lead bank – one substantial enough to take a sufficient slice of the pie to create a large enough syndicate to meet your total financing requirements. To access the article, click on the following link to [BF Syndicated Loans](#),

SEC Tackles Small Business Challenges with SOX Section 404

The SEC Advisory Committee on Smaller Public Companies has announced that its next meeting will be held on June 16th and June 17th. The scope of the Advisory Committee is to assess the current regulatory system for smaller companies under the securities laws and to make recommendations for changes.

The meeting will be available via Web cast at www.sec.gov and the public will be able to address the Advisory Committee via written statements or oral testimony during this meeting. Instructions on how to do so are included within the complete text of the Advisory Committee announcement which can be accessed at [SEC Advisory Committee Meeting](#), and the agenda will be posted to the SEC Web site within the next few weeks.

Corporate Governance: Multiple Dynamics, Multiple Models

In the two preceding issues of BusIndNews we highlighted some observations and research about corporate governance from an international perspective. A recent BusinessFinance link featured an article reporting on corporate governance research done by Ulrich Steger of IMD in Switzerland. Ulrich's findings indicate that corporate governance is the "result" of four forces in varying degrees: personalities; business model and strategy; capital market; and rules and laws.

These results also dispute the notion that there is one set of "best practices" for corporate governance. His research identified four models of corporate governance: CEO-centered (prevalent in the U.S.); checks-and-balances (e.g., Germany's two-tiered boards or even the highly independent boards that exist in the U.K.); owner-centered (a big shareholder or a family); and consensus-oriented (which courts the governance involvement of banks, suppliers, customers, and other stakeholders).

Each model is a self-contained corporate governance system, with distinctive strengths but also weaknesses. Similar to a "situational leadership" model, effective corporate governance varies by company, by economic cycle, and over time and each of these four models is more effective than the others in given circumstances.

In spite of this research, I still think the sharing of best practices is a good thing – it's how we learn from each other. Maybe the term "best practice" is over used – maybe we should use the term "benchmark" to avoid confusion and manage

[Financial Executive Forum](#)

San Francisco, CA

11/16/2005 - 11/18/2005

Pre- and/or Post-Conference

Optional Workshops

[AICPA Conference on Healthcare](#)

Las Vegas, NV

11/17/2005 - 11/18/2005

[The AICPA National Conference on the Securities Industry](#)

New York, NY

11/29/2005 - 11/30/2005

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

Washington, DC

12/5/2005 - 12/7/2005

[National Conference on Current SEC and PCAOB Developments — Video Simulcast NY](#)

New York, NY

12/5/2005 - 12/7/2005

[National Conference on Current SEC and PCAOB Developments - Video Simulcast CA](#)

San Francisco, CA

12/5/2005 - 12/7/2005

expectations. Isn't a best practice in the eyes of the beholder? What is best practice for one organization might not be for another.

To read the complete report click on the following link which requires free registration on [BetterManagement.com](#) website.

FACTA Disposal Rule Went into Effect June 1

Beginning June 1, a new federal rule requires businesses and individuals to take appropriate measures to dispose of sensitive information derived from consumer reports to prevent the unauthorized access to — or use of — information in a consumer report. The Rule applies to people and both large and small organizations that use consumer reports, including: individuals who pull consumer reports on prospective home employees, such as nannies or contractors; and entities that maintain information in consumer reports as part of their role as a service provider to other organizations covered by the Rule.

Examples of consumer reports include credit reports, credit scores, reports businesses or individuals receive with information relating to employment background, check writing history, insurance claims, residential or tenant history, or medical history. While the standard for the proper disposal of information derived from a consumer report is flexible, the FTC encourages those who dispose of any records containing a consumer's personal or financial information to take similar protective measures.

Information is available at [Privacy Safeguards](#)

Two Studies Raise Concerns About 401(k) Plans

AccountingWeb.com reported recently on two studies raising separate concerns about 401(k) plans. A new study by Hewitt Associates shows that more workers - about 70.3 percent - contributed to 401(k) plans last year, up from 69.8 percent in 2003. Still, many workers invested too heavily in their own company's stock.

A separate study by the SEC said pension consultants, chosen by companies to help pick mutual funds and other investments for 401(k)s, may not be revealing conflicts of interest. More than half of the consultants provided services to pension funds and money management firms, the study said. Click on the following link to [AccountingWeb](#) for the article.

Flex Spending Time Limits Extended

A recent [Accountingweb.com](#) article reported on a U.S. Treasury announcement that provides workers who use flexible spending accounts (FSAs) an additional two and one-half months to spend the funds they set aside for health care expenses. The article indicated that it will be left up to employers to adjust their plans to allow for the extended period, so if you have an FSA plan for your employees you should initiate the necessary changes.

AICPA/DOL Free Fiduciary Responsibility Seminars

A reminder about the free [DOL Fiduciary Education Seminars](#) co-sponsored by the AICPA. For more information click on the link above to register for upcoming seminars on June 28 in Chicago, IL ; and July 13 in Atlanta, GA .

AICPA Partners with IRS on Nationwide Tax Forums

The AICPA is once again partnering with the IRS in the Nationwide Tax Forum Series, which provide the latest tax information, hands-on workshops and networking opportunities. The three-day forums are being held this summer and early fall in Atlantic City, NJ; Orlando, FL; Minneapolis, MN; New Orleans, LA; San Antonio, TX, and Las Vegas, NV. For more information about the forums and how to register, go to <http://www.taxforuminfo.com>. AICPA members are eligible for a discounted pre-registration fee of \$75 by using the discount code AICPA604.

Alternative Minimum Tax - AICPA Supports Repeal

Since we are addressing a number of tax matters in this issue, we decided to put in one more. In a press release dated May 23, AICPA reported support of the repeal of the individual and corporate AMT. While the AMT was put in place to provide a minimum level of tax for the wealthiest individuals and corporations, it is now impacting even lower middle income tax payers which was not the intent. On the corporate side, the AMT is impacting struggling and cyclical companies at a time when they can least afford it. For more information on the AICPA's position on the AMT, [click here](#).

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CAREER CORNER

RHI Survey Reports CFOs Stay Connected While on Vacation

A recent survey developed by Robert Half Management Resources, conducted by an independent research firm and including responses from 1,400 CFOs from a stratified random sample of U.S. companies with more than 20 employees indicates that nearly three-quarters (74 percent) of CFOs said they check in with the office at least once or twice a week during their vacation; 34 percent said they do so daily.

The press release summarizing the findings offers several tips for executives who want to be accessible yet still enjoy plenty of rest and relaxation:

- **Designate point persons.** Inform key parties well in advance of your upcoming absence and appoint someone you trust to manage major projects and daily responsibilities on your behalf.
- **Provide staff with clear instructions.** Let your team know upfront what matters would require your immediate attention and those that can wait for your return. Request they offer solutions to urgent issues they communicate to you.
- **Be specific in out-of-office messages.** State in your out-of-office e-mail responses and voice-mail recordings whom to contact for requests in your absence and when you will return to the office.
- **Determine "check in" times.** If you must check e-mail and voice mail, do so during specific times, such as early morning or evening. Let your staff know when you will be checking in to avoid interruptions throughout the day.
- **Understand the importance of a vacation.** Recognize that breaks are a necessity, not a luxury. Don't minimize the value of taking enough time to

recharge.

AICPA Career Resources

To make sure you have the competencies needed to take charge of your career and keep you on the learning curve, assess your own proficiencies using the [Competency Self-Assessment Tool](#). Remember, this is FREE to AICPA members. Also consider using this tool with non-CPAs in your organization for only \$49 per user per year. It does take a couple of hours to complete, but you need not complete the whole self-assessment in one sitting.

Looking to make a career move? Need to find someone with CPA skills for your staff? Or, just want to learn more about career issues? Visit the [CPA Career Center](#).

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LEARNING LINKS

Featured Self-Study CPE

[Internal Controls: Design and Documentation](#) — This course explains the COSO Framework in-depth; how internal controls can be effective and yet cost efficient; and how to create useful (and affordable) documentation using leading methods including matrix analysis, BSA and CSA.

For a complete listing of internal control resources available from the AICPA click on the following link — <https://www.cpa2biz.com/stores/ic>

Free CPE: The AICPA's Financial Literacy Program

This free program lays the groundwork for success as a community financial literacy volunteer. Access it on the CPA Financial Literacy Resource Center at www.aicpa.org/financialliteracy.

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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UPCOMING WEBCASTS

SEC Quarterly Update Series 2005 – 2nd Quarter

The next SEC Quarterly Update is scheduled for June 22 – 1-3pm.

CFO Roundtable Series 2005 – 2nd Quarter

Transforming 404 Compliance Efforts into Business Value, the 2nd Quarter CFO Roundtable Series webcast is available on CD-ROM archive at [CFO Roundtable Q2](#).

You may want to mark your calendars for the following webcasts:

- Not-For-Profit Organizations Strategic Briefing – June 14
- Employee Benefit Plans Strategic Briefing – June 30

All webcast information can be accessed at [AICPA Learning](#).

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CONFERENCE SPOTLIGHT

National Not-for-Profit Industry Conference — Wash. DC — June 22-24

This year's national NPO conference begins on Wednesday evening June 22 with a special keynote by Diane Aviv, President of the Independent Sector. For additional information about the [Not-for-Profit Conference](#) click on the preceding link which also contains a link to the AICPA Not-for-Profit Financial Executives Forum to be held in San Francisco November 16-18.

Controller's Workshop — Las Vegas - July 21 & 22

Time is short for registering for the ever popular Controller's Workshop. Designed with longer, interactive sessions that offer practical in-depth guidance, this conference has sold out the past several years. Click on the following link to register for the [2005 Controller's Workshop](#) at the Bellagio in Las Vegas. We hope to see you there!

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