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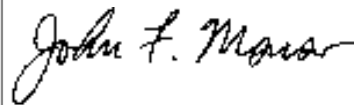
[Free CPE: The AICPA's Financial Literacy Program](#)

DEAR MEMBERS

I hope you all had a great Fourth of July holiday. In the Northeast we had some outstanding weather, but now we are back to hot and humid. Since this is the vacation time of year I am making this message short – but I wish you all a relaxing, stress-free vacation.

Nonetheless, we have lots of news for you, and all that follows. We have some big announcements for not-for-profit organizations, and other info that you need to be aware of including a new ethics rule for those with a tax practice, upcoming baby boomer retirements, global perspective on corporate governance, and other news.

Best regards,



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

TOP STORIES

AICPA Publishes Audit Committee Toolkit for Not-for Profit Organizations

The *AICPA Audit Committee Toolkit: Not-for-Profit Organizations* was developed by a member committee comprised of CPAs from both not-for-profit organizations and public accounting firms to assist the audit committees of not-for-profits in being more effective. Thanks to my colleague Ken Witt for all the leadership and coordination work he did on this project.

Available as a free download from the AICPA Audit Committee Effectiveness Center at the following link, the [Not-for-Profit Toolkit](#) includes an Audit Committee Charter Matrix and accompanying checklists, interview guides, questionnaires and other resources that are intended to be used as active tools and serve as best-practice guidance in the governance of not-for-profit organizations. A print version of the Not-for-Profit Toolkit will be available in the Fall.

AICPA Releases New Edition of Trends & Techniques for Not-for-Profits

This new edition of “Accounting Trends and Techniques - Not-for-Profit Organizations” provides illustrative financial statements and related disclosures representing current best practices for non-governmental not-for-profit organizations, other than health care providers.

The examples have been adapted by a team of CPAs from actual examples of audited financial statements of not-for-profit organizations whose names and other identifying information have been changed. Click on the following link to

[UPCOMING WEBCASTS](#)

[SEC Quarterly Update](#)

[Series 2005 – 3rd Quarter](#)

CONFERENCE SPOTLIGHT

[Controller's Workshop](#)

[Las Vegas](#)

[July 21 & 22](#)

[Fall Business and Industry](#)

[Financial Executives Forum](#)

[October 27 & 28](#)

order your copy of [Trends and Techniques - NPOs](#).

Corporate Governance: Global Perspectives

In a number of previous issues we highlighted articles that have engaged in the debate about the relative merits of the Sarbanes Oxley Act, particularly Section 404, in relation to governance approaches taken outside of the US. A recent article in the Economist continues this debate, focusing on the costs and benefits of SOX 404.

According to the article, a study by Ivy Xiyang Zhang of the William E. Simon Graduate School of Business Administration at the University of Rochester puts the net private cost of SOX 404 at \$1.4 trillion. Zhang's number is an econometric estimate of "the loss in total market value around the most significant legislative events"—i.e., the costs minus the benefits as perceived by the stock market as the new rules were enacted.

In principle, Zhang's methodology is an attempt to reflect all the anticipated costs and benefits, direct and indirect, that impinge on company values. The article itself argues that, if indeed this estimate is true that SOX would have to prevent a great deal of fraud before it could be judged a good buy. To read the entire article click on this link to the [Economist](#).

Separately, a WebCPA article reported on the results of inspections conducted by the Professional Oversight Board of Accountancy in the UK. The findings were primarily procedural deficiencies and included no "systemic weaknesses". However, the article reports that in at least two instances the POBA had concluded that "there was sufficient doubt as to whether" the company being audited "had applied the correct accounting treatment or made appropriate disclosures." To access the article which contains a link to the POBA report, go to [UK Audit Deficiencies](#).

In that same vein, AccountingWeb.com reported on a Wall Street Journal article about the SEC discussions about a contingency plan for steps to take should one of the Big Four accounting firms fail. For that story click on the following link — [Big Three?](#)

ASB Re-Exposes Proposed Risk Assessment Standards

At its April 2005 meeting the Auditing Standards Board (ASB), which sets standards for the audits of non-issuers, authorized the re-exposure of what is now a suite of eight SASs relating to risk assessment.

The ASB believes that adoption of the new standards will improve the quality of audits, but also result in an overall increased work effort by auditors, especially in new engagements and in engagements where the standards are first being implemented. For a more complete summary of the standards click on the following link to the [Spring 2005 In Our Opinion](#), which includes links to the proposed standards themselves.

Companies Worried About Baby Boomer Bust

A recently released Robert Half International survey indicates that as the number of workers nearing retirement grows, companies have begun bracing for their departure. According to the survey, a majority of executives polled recently said their companies are concerned about losing key staff to retirement in the next five to 10 years. An even greater percentage, said their firms are taking steps to compensate for the loss of baby-boom-age employees. More details are available at the following link to the [Robert Half](#)

[Survey](#).

For more in-depth analysis and commentary about the reduction of global wealth and other implications of this aging phenomenon for financial markets and the global economy, click on the following links to the visitor edition of the McKinsey Quarterly - [Global Aging](#); [Aging Europe](#); [Aging Japan](#).

Faith in the Intrinsic Value of Executive Education

In terms of one part of the solution, those of you who have jumped through hoops trying to calculate the returns and justify the investment in employee education may find a recent CFO.com article interesting. While no one else has developed the magical formula to calculate the ROI on Executive Education down to the nth decimal place, according to this article, there has apparently been a shift in attitude, with faith in the intrinsic value of education being more common today, and less justification being demanded for the investment. Click on the following link to [The Value of Executive Education](#).

AICPA Endorses Bill to Allow Small Businesses to Extend Benefits to Employees

The AICPA commended Senator Olympia Snowe (R-ME) for introducing S. 723, the SIMPLE Cafeteria Plan Act of 2005, which would allow small businesses to provide nontaxable benefits such as flexible spending accounts to their employees, and also endorsed other provisions in S. 723 that would allow cafeteria plans of all sizes to offer long-term care insurance as an optional benefit; permit the carryover of unused flexible spending account funds; simplify and increase dependent care accounts, and curtail the "use it or lose it" rule, which causes employees to forfeit their own dollars to their employers when the dollars are not spent on health care or dependent care. To read the comment letter, visit [Cafeteria Plan Comment Letter](#).

New Ethics Ruling on Tax Return Outsourcing Effective July 1

Just in case you have a tax practice on the side, and you are outsourcing tax prep to others, a new AICPA ethics ruling in effect for all professional services performed on or after July 1, except for services done under agreements in existence on June 30 that are completed by year end, requires members to inform the taxpayer, "preferably in writing," that the accountant may be using a "third-party service provider" when providing professional services.

This warning must be done prior to sharing any confidential client information, such as tax-return data, with the outside firm. Failure to comply could lead to disciplinary action. The new [Tax Outsourcing](#) ethics interpretation is available by clicking on the link.

Taxes and Telecommuting

As you well know, individuals working in locations in multiple states or who travel extensively can present employers with significant withholding challenges. According to a recent AccountingWeb.com article, a 2001 report from the Government Accountability Office (GAO) found that the patchwork of state tax laws is a significant barrier to telecommuting.

In an effort to eliminate this barrier, Senator Chris Dodd and Representative Christopher Shays introduced "The Telecommuter Tax Fairness Act of 2005" in both houses of Congress last month. The "Parents' Tax Relief Act of 2005", introduced last Thursday, June 23, 2005, to the Senate, contains a Telecommuting Tax Credit to help encourage and support parents working from home as well.

While these proposed bills will provide some relief, the article which is accessible at [Taxes and Telecommuting](#), outlines a number of activities other than soliciting sales that do create nexus and the related tax obligations.

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CAREER CORNER

Call for Nominations – AICPA Business and Industry Hall of Fame

If you know someone who has demonstrated the skills and leadership worthy of our 2005 AICPA Business and Industry Hall of Fame Award sponsored by Ajilon Finance, the deadline for nominations for is **August 31, 2005**.

This honor is bestowed only upon the industry's elite - those strategic CPAs who best represent the winning spirit. A Hall of Famer CPA is one who:

- Understands the profession beyond the numbers.
- Effectively manages shareholder and customer expectations.
- Champions new methods and solutions.
- Inspires and motivates others to excellence.

Odds are you know someone who fits the above description, so why not take a moment to nominate them? **You could be sending them to the Seventh Annual Business and Industry Hall of Fame Awards.**

[Click here](#) to fill out a nomination form and send it to us before August 31st. Or, contact your local [Ajilon Finance branch](#) today at 1.866 GO.AJILON for more information on the Business and Industry Hall Awards and for assistance on nominations.

Those who were inducted into the Hall of Fame in 2004 were:

Cynthia Cooper, CPA, CISA, CFE

Cooper's name became synonymous with integrity when she exposed the fraud at WorldCom - to date the largest corporate fraud in history. Her decision to take her findings to WorldCom's board despite discouragement from WorldCom's CFO, resulted in the company admitting it had inflated its profits by \$3.8 billion - a number that has since grown to \$9 billion and counting. Her efforts landed her on the cover of *Time Magazine* after being named one of their "Persons of the Year" in 2002.

John Higgins, CPA, CITP

Higgins's career path took its turn toward technology. He has formed his own company twice and currently heads CPA Crossings, in Rochester, Mich. CPA Crossings serves as a "virtual CIO" for small businesses offering guidance and advice on how to leverage the power of information technology to gain competitive advantage and increase profitability.

Jeff Zydeck, CPA

Zydeck is the CFO of Peerless Steel Company. Under Zydeck's financial stewardship Peerless has delivered a stockholder ROI of over 20% for the past five years. His strategic insight, strong leadership abilities and implementation of new software automations has helped Zydeck achieve a "virtual close", consistently delivering accurate and reliable financial statements in less than one day.

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.

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

Free Webcast held July 12: What You Need to Know About Deferred Comp Plans

The American Jobs Creation Act legislation passed last year made major changes in the way companies need to handle their non-qualified deferred compensation plans. Co-sponsored by the IRS, "*What you and your clients need to know about deferred comp plans!*" will cover how to review deferred comp plans and how to bring them up to speed with the new law's requirements. You'll find a lot of interesting "need to know" information in this program about reviewing deferred comp plans and bringing them to up to speed with the new law's requirements.

Get the latest updates from the Tax Talk Today webcast which was held on Tuesday, July 12, 2:00 p.m. - 3:00 p.m. ET. For more information, visit www.taxtalktoday.tv

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 – 3rd Quarter

The next SEC Quarterly Update is scheduled for September 21– 1-3pm.

CFO Roundtable Series 2005 – 3rd Quarter

The next CFO Roundtable Series is scheduled for September 14 – 1-3pm.

You may want to mark your calendars from the following webcasts. All webcast information can be accessed at [AICPA Learning](#).

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CONFERENCE SPOTLIGHT

Controller's Workshop – Las Vegas – July 21 & 22

Registration for the ever popular Controller's Workshop has just been closed as we go to press with this letter. 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 view the brochure for the [2005 Controller's Workshop](#) at the beautiful Bellagio in Las Vegas? and mark you calendar for 2006!

Fall Business and Industry Financial Executives Forum – October 27 & 28

Alternatively, click on the following link to register for the Fall 2005 [Business and Industry Financial Executives Forum](#) scheduled for October 27 & 28 at the Marriot Marquis in New York City.

[AICPA Controllars 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

[2005 AICPA Business and Industry Financial Executive Forums](#)

New York, NY
10/27/2005 - 10/28/2005

[AICPA National Real Estate Conference](#)

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

[AICPA Not-For-Profit 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

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