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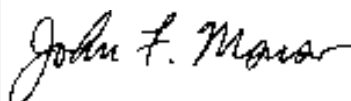
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DEAR MEMBERS

As year-end activities and financial statement audits begin to wind down, I want to make you aware of an opportunity to get involved in professional activities. Each year at this time, AICPA reaches out to our membership to encourage you to volunteer your time to be on a committee. For you, we have the Business & Industry Executive Committee (BIEC) which is a very diverse group of 15 members who work for companies of all sizes in many different roles. This committee is the first place the AICPA turns when we have questions about how best to serve industry members, their thoughts and reactions to different issues, etc. The commitment is modest — there are three face-to-face meetings per year, each one lasting one and a half to two days. AICPA reimburses travel expenses (within guidelines) if requested. We look for younger members and those more seasoned, men and women, from small, medium and large companies, in a variety of traditional and non-traditional roles in their company. Committee service is typically three one-year commitments.

If you are interested in nominating someone (including yourself) please visit our volunteer website: <https://volunteers.aicpa.org/Default.aspx>. The website is open for nominations until May 1. The appointments will be made in July for the year beginning in October 2005.

I hope we see your profile in our nominee listing.



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

TOP STORIES

AICPA Private Company Financial Reporting Task Force Issues Report

A task force comprising representatives of key constituents of private company financial reporting released its final report on February 28 recommending that generally accepted accounting principles (GAAP) for private companies be developed based on concepts and accounting that are appropriate for their distinctly different needs.

The task force based its recommendations in large part on research conducted with over 3,700 lenders, investors, sureties, business owners, financial managers, and public accounting practitioners. The AICPA will work with the FASB and the Financial Accounting Foundation on the next steps to address these recommendations in order to meet the needs of all constituents of private

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

UPCOMING WEBCASTS

[The SEC Quarterly Update Webcast Series — March 16](#)

[CFO Roundtable Webcast Series — Transforming 404 Compliance Efforts Into Business Value — May 4](#)

CONFERENCE SPOTLIGHT

[Roger Staubach Keynote at Spring 2005 B&I Financial Executive Forum](#)

[11th XBRL International Conference – Boston, April 26-29th, 2005](#)

UPCOMING CONFERENCES

Mark Your Calendars and Plan to Attend! Visit the AICPA Web site for more information on any other programs. Bear in mind that we have a variety of industry-specific conferences that you may be interested in; you can find out about these when you [visit the CPA2Biz Web site](#)

[AICPA/CAM-I Cost Management Advanced Practices Symposium](#)

Tempe, AZ
5/11/2005 – 5/12/2005

[AICPA Spring Business and Industry Financial Executive Forum](#)

Dallas, TX
5/12/2005 – 5/13/2005

company financial reporting.

Gary Cademartori, a current member of our Business and Industry Executive Committee, served on the Task Force, and an article by Gary about the thorough process that the Task Force engaged in to complete its work will be featured in the B&I supplement to the April CPA Letter which will be available in early April.

The report, information on the research conducted, and additional information about the task force are available at [PCFRTF Report](#).

SEC Issues One-Year Section 404 Extension for Non-Accelerated Filers

On March 2, 2005, the Securities and Exchange Commission (SEC or Commission) issued a one-year extension for the Section 404 reporting requirements of the Sarbanes-Oxley Act of 2002 for *non-accelerated filers* and *foreign private issuers*. The full text of this final rule on the extension of compliance dates can be accessed by clicking on the following link: <http://www.sec.gov/rules/final/33-8545.htm>.

The compliance dates have been extended to the first fiscal year ending on or after *July 15, 2006 (from the previous compliance date of July 15, 2005)* for their management report on internal control and accompanying auditor's report and certain other disclosures and representations related to internal controls.

In addition, the Commission has the following three initiatives underway which demonstrate their commitment to ensuring that Section 404 reporting is a success:

- The establishment of the SEC Advisory Committee on Smaller Public Companies, which will focus on the impact of the Sarbanes-Oxley Act on smaller companies and other aspects of the federal securities laws.
- The announcement of the SEC roundtable discussion on April 13, 2005 to discuss registrants' and accounting firms experiences implementing the new reporting requirements under Section 404 of the Sarbanes-Oxley Act.
- The establishment of a task force of the Committee of Sponsoring Organizations (COSO), which will focus to provide more guidance on how the COSO framework can be applied to small companies. To access additional information on this task force, click on this link to read the news release: [COSO Small Business Guidance](#).

Additional information can be found at the AICPA [Center for Public Company Audit Firms](#) site.

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PCAOB Forum in Ft. Lee, NJ — March 22-23, 2005

The next two day forum for smaller public companies and their auditors offered by the PCAOB will be held in Fort Lee, New Jersey at The Hilton Fort Lee at the George Washington Bridge on Tuesday, March 22, and Wednesday, March 23, 2005. The two-day program will be hosted by Chairman William J. McDonough and staff from the offices of inspections and standards-setting. The March 22 session will focus on educating smaller registered accounting

[AICPA Controllers Workshop](#)

Las Vegas, NV
7/21/2005 – 7/22/2005

AICPA Fall Business & Industry Financial Executive Forum

October 27 – 28, 2005
Pre conference optional workshops: October 25 and 26, 2005
Post conference optional workshops: October 29, 2005
Marriott Marquis
New York, NY

[AICPA National Conference on Employee Benefit Plans](#)

Las Vegas, NV
5/16/2005 – 5/18/2005

[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

firms about the Board's work. Attendees will have the opportunity to earn continuing professional education credits. The March 23 session will concentrate on PCAOB issues impacting audit committees at smaller public companies.

In addition to Fort Lee, the Board plans to hold four more forums in Colorado, Pennsylvania, Florida and Massachusetts. Pre-registration for the forum is required. For more information about [PCAOB Forums](#) click on the accompanying link.

Emerging Companies and Boards of Directors: What Works Best?

The article carrying this title from [PwC's CFO Direct](#) is the first of four on post-Sarbanes-Oxley corporate governance being featured in *Business Finance Magazine*. A key thesis of the article is that independent board members are critical to the success of a company, even those that are small and run by entrepreneurs with the help of family and friends. Also, the need for good governance for emerging businesses is equal to that of large public companies.

The article identifies principles of good governance regardless of company size, the art of selection, and alternatives to traditional approaches that may be suitable for emerging companies, in particular the use of an advisory board or adopting a two-board structure. Situations that might dictate alternative solutions identified in the article include:

- The founder not being ready to bring outsiders onto the board of a family-owned business.
- Situations where a trusted advisor may be too busy to offer the level of commitment that board service requires.
- Business relationships where the person sought for board service could be considered an insider and the company needs outside, independent directors.

Additional Board Responsibilities for Compliance, Ethics

SmartPros.com reported recently on an amendment to the Federal Organizational Sentencing Guidelines of 2004 that could adversely impact the ability of many companies and not-for-profit organizations to attract board members. A key provision of the amendment results in a switch from staff supervisors to board members of the responsibility for overseeing adherence to compliance and ethics programs.

The amendment notes that boards of directors must "be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program." In addition, board members must review reports (annually, at a minimum) from those individuals responsible for the program on a day-to-day basis.

Finally, board members are required to have ongoing training on ethics and compliance — with required periodic updates.

For more details click on the following link to [Ethics Oversight](#).

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IRS Settlement Initiative for Executive Stock Option Scheme

An executive stock option settlement initiative has been offered by the Internal Revenue Service (IRS) to executives and their companies, for a tax shelter scheme whereby stock options or restricted stock was transferred to family controlled entities in order to evade income and employment taxes.

Executive taxpayers will have until May 23, 2005 to accept the IRS settlement initiative. This IRS offer also extends to the corporations that issued the stock options to the executives as part of their compensation. Click on the following link to read the complete IRS announcement of this [settlement initiative](#).

Workplace Regulations and Key Steps for Workplace Injuries

The March 2 Chamber of Commerce SmartBrief featured an article on workplace injuries and applicable employment laws noting that while many companies have well established procedures because of the nature of their businesses, service companies oftentimes are not so well prepared. The key steps they outline when dealing with a workplace injury are:

- Obtain proper documentation.
- Identify and complete paperwork to comply with all legal obligations.
- Review internal policies.
- Determine the work relationship.
- Consider drug-testing regulations.
- Involve legal counsel.

For the full article on [workplace injuries](#) click on this link.

Employees Less Optimistic Than Management About the Economy

In an interesting counter-point to the primary findings of optimism about the economy from our own Business and Industry Economic Outlook Survey and other sources, a survey by Hudson Highland Group found that the confidence of 9,000 U.S. workers surveyed in February fell to its lowest level in 12 months.

Fears of job loss rose to the highest level in more than a year: 21 percent of respondents were concerned about losing their own job, compared with 19 percent in January. Further, the number of workers who said they expected their companies to lay off staff in the coming months rose to 18 percent in February from 16 percent a month earlier.

If you recall, one of the statistically significant findings of our last survey was a slight decline in the number of small companies anticipating increases in other capital spending and work force size. It will be interesting to see if there are other indicators of softening in the economy when we do our next survey in May.

For more details click on the following link to the article on [CFO.com](#).

Interest Rate Primer

In the meantime, if you are like most of us who sometimes find the business press less than fully edifying in its coverage of the dynamics of economic forces, you might find this BusinessFinanceMag.com [Interest Rate Primer](#) to be helpful. This primer gives an overview of Fed policy and practice with respect to interest rates, “the sharpest tool in the shed” for influencing economic growth and spending.

It identifies the record-high current account deficit as the most likely trigger for

dramatic interest rate increases. Absent a dramatic increase precipitated by changes in the investment policies of foreign investors driven by the current account deficit, or other significant event, the pace of Fed rate increases will be determined by the triad of forces that shape inflation — wage growth, job creation and the ability of companies to pass along price increases.

The article also suggests that to accurately forecast long-term interest rates, CFOs track long term productivity growth and inflation expectations as measured by surveys and the spread between traditional Treasury bonds and inflation-linked Treasury bonds.

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CAREER CORNER

What's Your Turnover Risk?

In case you missed it, the December issue of [JofA](#), highlighted a novel approach at public accounting firm Plante & Moran dubbed their “High Touch System” which has reduced turnover in their firm to half the industry average.

Click on the link above to access the article which offers a number of key recruiting and retention best practices in addition to the following checklist of questions about your key staff members as a tool for assessing your turnover risk. The more times you can answer “yes” to these questions, the more likely it is staff will remain at your organization.

- Do you know why this staff member works for your organization and not some place else?
- Do you know this staff member’s no. 1 career concern, and are you working with him/her to address it?
- Does the staff member believe he/she is fairly compensated?
- Do this staff member’s values align with your culture?
- Does this staff member have enthusiasm and passion for the work he or she does?
- Is this staff member’s expertise critical to the organization?
- Is this staff member able to achieve and maintain a balance between personal and professional responsibilities?
- Does this staff member know you will actively promote his or her development via training and challenging projects?
- Have you asked the staff member what the firm can do to help him/her be more successful?

Workers Confident in Their Leaders

Contrary to the survey reported on in a recent issue of *BusIndNews* indicating that employees questioned the basic morality of their companies’ leaders and did not feel that they were treated well, a recent Robert Half survey found some positive news in the opposite vein.

According to the Robert Half survey 47% of the respondents indicated that they were very confident in their leaders and another 38% indicated they were at least somewhat confident, leaving only 15% subject to a “vote of no confidence”. For details click on the following link to the [RHI Survey](#).

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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 AICPA [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

Featured Self-Study CPE

[Tax Update for Controllers](#) — Finally, a tax course designed to meet the unique needs of the Controller! Get just the latest information on tax developments which will impact your company. Controllers will find this tax update provides only valuable information for their business. Recent tax legislation, regulations, cases and rulings will be presented from the controller's perspective.

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.

For more self study courses, please visit www.cpa2biz.com or call 888-777-7077.

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UPCOMING WEBCASTS

The SEC Quarterly Update Webcast Series — brought to you each calendar quarter by the AICPA and CFO.com – the series showcases the profession's leading experts on what's "hot" at the SEC. The first quarter update with John Compton and John Murray was held on March 16.

In addition to the normal discussion of SEC "Hot Topics," this edition included an informative discussion of the FASB's new accounting standard on fair value accounting for stock options, Statement 123(R) "Share Based Payments,". The discussion focused on the significant elements of this new standard and its implications on executive compensation strategies. If you missed the broadcast and are interested in viewing it, [click here](#).

The next webcast in the **CFO Roundtable Webcast Series — Transforming 404 Compliance Efforts Into Business Value** on May 4 will focus on the question of *"how can organizations extract the maximum amount of business value from these monumental compliance efforts?"*

By registering for all four of either series you can save \$67.

For all of your continuing education needs from AICPA Info Bytes and Self-Study to Webcasts and On-Site Training go to [AICPA Learning](#).

CONFERENCE SPOTLIGHT

Register Now for Spring 2005 B&I Financial Executive Forum

This Spring's Financial Executive Forum to be held in Dallas in collaboration with the Texas State Society May 10-14 is shaping up to be a terrific event, featuring a keynote presentation "The Heart of a Champion," by Roger Staubach and a panel discussion on important public policy issues led by AICPA Chair Bob Bunting and Texas Society CEO John Sharbaugh. In addition to a packed two-day conference agenda, exceptional pre- and post-conference sessions are being offered. And don't forget... 40 credits of CPE are available with registration in the main conference and the optional sessions, so you can get a whole year's worth of CPE at one series of events!

Beyond Disaster Recovery: Business Continuity Planning, will be offered as a full day session on Tuesday May 10. This "conference within a conference" on this topic you will be hearing more about if you have not already, will include a panel of leading experts from regulatory agencies and industry who will share their experiences as pioneers in this arena, in addition to an interactive application case study.

We also have a new full day leadership program developed by Bill Bryan and Alan Patterson — *Tools for Effective and Ethical Leadership*, and a half day session in collaboration with the Balanced Scorecard Collaborative, *Align Planning and Budgeting To Your Strategy*. Click on the following link to register by **March 25** and receive your [\\$75 early bird discount](#).

11th XBRL International Conference – Boston, April 26-29th, 2005

The 11th XBRL International Conference will focus on the ways that XBRL can improve the business reporting process with a theme of "**Better, Faster, Smarter Business Reporting Using XBRL.**" As evidence of the maturing of this technology, the conference will include demonstrations of real products providing real solutions using XBRL, showing the advantages of using XBRL technology to preparers, regulators, and analysts with special insight into the SEC XBRL Voluntary Filing Program.

To register for this conference click on this [XBRL International Conference](#) link to the website for the XBRL International consortium, of which AICPA is a sponsor and host.

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