

The *Kentucky*

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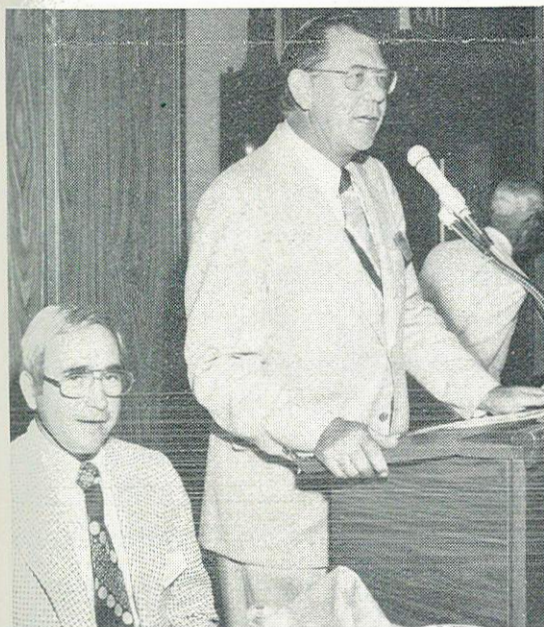
Bulletin of —
The Kentucky Society of Certified Public Accountants

VOLUME XXVII

JUNE, 1974

NUMBER 6

ANNUAL MEETING - 74



Directors To Be Elected By Mail Ballot In July

You have probably noticed that this issue does not contain a President's Message. The purpose of this article is to explain to the members the sequence of events causing the deletion of the President's Message this month.

As you all know, we were to have elected seven new directors at our Awards Night Dinner on March 22, 1974. Included on the meeting notice you received was a list of the seven nominees selected by the Society's Nomination Committee. The election has traditionally been made by those members present at the meeting.

This year, however, something new was added. A group of members styled as Certified Public Accountants Opposing Required Continuing Education solicited proxy votes from certain members in support of an opposing slate of directors.

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Past Presidents at 50th Annual Meeting — from left, Gordon Ford, 1948; John E. Brown, 1961; Wilbur R. Williamson, 1951; Joseph P.

Jones, Jr., 1964; Bradley O. Turner, 1934; Leroy E. Gardner, 1972; David A. Sugg, 1973. Not pictured, Frank G. Overton, 1968.

Past Presidents Honored At 50th Anniversary

One of the many highlights of our 50th Annual Meeting held in Covington from June 13-16 was the dinner held on Friday night in honor of those past presidents who were able to attend.

In the picture on the left, *Bob Lemker*, chairman of the Northern Kentucky Chapter and Program Chairman for the Annual Meeting, prepares to get the evening's activities under way while President *Dave Sugg* contemplates the filet mignon dinner about to be served. In the background, our Director of Continuing Education and former Executive Director, *Bill Caldwell*, heads for the nearest exit, having just learned he would be called upon to introduce the past presidents and deliver appropriate comments.

Bill was finally persuaded to return and did an admirable job on introducing the past presidents, seven of whom are pictured above. *Frank Overton* was unavailable when the picture was taken.

Everyone who attended enjoyed themselves very much and the credit for this must go to the members of the Northern Kentucky Chapter and of course to their ladies also.

And so the 50th Anniversary Meeting is now history. Number 51 is scheduled for the Cumberland area and *Jim Smith*, Cumberland Chapter Chairman, and several of his chapter members have already had their first planning meeting. All indications are that another fine annual meeting is on the way. If you are not presently attending our annual meetings, why not start with 1975?

Published by
**THE KENTUCKY SOCIETY
 OF CERTIFIED
 PUBLIC ACCOUNTANTS**

310 West Liberty, Louisville, Ky. 40202

Bernard W. Gratzner
Executive Director

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 David A. Sugg
President

David L. Chervenak
President-Elect

William W. Ecton
Vice President

Bob D. Cornman
Secretary

David B. Cox
Treasurer

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Term Expires in 1974

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 David Brummal Cox
 Bernard Himmelfarb
 Robert C. McBride, Jr.
 David A. Sugg
 Joe Pat Trevathan
 Joseph C. Von Lehman

Term Expires in 1975

David L. Chervenak
 Clifton C. Demaree, Jr.
 William W. Ecton
 Robert F. Linton
 Ann Holt Moffatt
 Leland O. Steely
 Norbert T. Wagner

Term Expires in 1976

Don C. Bobzien
 Wray Thomas Cooper, Jr.
 Bob D. Cornman
 James M. Ratcliffe
 W. Michael Larkin
 J. Donald Riney
 Harold E. Wills

New Members, AICPA

The following have recently been elected to membership in the American Institute of CPAs: *Thomas A. Christopher*, Danville; *Theodore C. Stiles*, Elizabethtown; *Donald L. Frailie, II*, Nelson A. Radwan and *Louis S. Rubin* of Lexington; *Thomas E. Bobannon*, *Arthur P. Hipwell*, *Eddie A. McCoy*, *J. Douglas Mitchell*, *Kim L. Nelson*, *William T. Potts*, *Daniel C. Silliman*, *Joseph A. Stuedle*, *Phillip L. Thompson*, *Alford R. Watts* and *John E. Yeager* of Louisville; *Alfred F. Harris* and *Larry A. Orr* of Mayfield; *Ronald L. Payne*, Owensboro; *David E. Collins*, Pikeville; and *Gary V. Stull* of Chicago, Illinois.

Accounting Principles And Auditing Procedures

Exposure Draft of Guide for Engagements of Certified Public Accountants to Prepare Unaudited Financial Statements

Roy J. Spaulding, Committee Member

The Task Force on Unaudited Financial Statements of the Auditing Standards Division of the American Institute of Certified Public Accountants has issued an exposure draft entitled "Guide for Engagements of Certified Public Accountants to Prepare Unaudited Financial Statements" dated March 1974.

The Guide discusses the following major topics:

1. How to determine when statements are unaudited and when an accountant is associated with them (Chapter 1).
2. The purpose and content of an engagement letter (Chapter 2).
3. The exercise of professional skill and care in preparing unaudited financial statements (Chapter 3).
4. The types of disclaimers of opinion for unaudited financial statements (Chapter 4) and how they differ from other types of disclaimers (Chapter 1).

The Guide also discusses such miscellaneous topics as its applicability to tax returns, credit grantors' forms, and cash-basis statements, subsequently acquired information concerning previously issued financial statements, comparative financial statements, and working papers (Chapter 5).

This is a very comprehensive draft and will be of major importance to many practitioners. The Guide is currently under review by our committee and we expect to submit an appropriate response. We earnestly solicit comments by the membership of the Society. Such comments should be sent to the Accounting Principles and Auditing Procedures Committee in care of the Kentucky Society Office in Louisville within the next month or so; or if you prefer, such comments should be sent on or before September 1, 1974 to the address mentioned in the Guide.

COMPETITIVE BIDDING CALLED "ILL-CONSIDERED" BY WASHINGTON POST

The following is an extract from an editorial that appeared in the December 22, 1973 issue of the *Washington Post*.

"The design of a building, bridge or freeway . . . is not a clearly specified product. Once you have all its specifications nailed down, you have pretty much designed it — and no further need for an architect or engineer. What these design professionals do, of course, is show how that product — that building, bridge, or freeway — can best be built to meet the demands, as Vitruvius put it, of 'commodity, firmness and delight.' . . . This requires talent, experience, and other intangibles that cannot be measured in dollars. The lowest bidding engineer, in fact, is quite apt to give us a prohibitively expensive product — a building that is deficient, a bridge that needs constant repair, or a freeway that causes accidents. Surely . . . those who urge competitive bidding for professional services . . . would not entrust their health to the cheapest doctor, their legal problems to the cheapest lawyer, or their wife's portrait to the cheapest artist."

The editorial concluded that it did not make sense for state legislators to pressure government agencies into " . . . ill-considered competitive bidding simply because these two words have become a popular catch phrase suggesting the ultimate in efficiency, fairness, and economy."

Continuing Professional Education

All courses to date have reached the maximum enrollment, so if you plan to attend the next presentations NOW IS THE TIME TO REGISTER.

JULY 12 — *Basic Concepts in Estate Planning* — Executive Inn, Louisville; Jess G. Denhardt, Jr., CPA, Discussion Leader

JULY 25-26 — *Bank Auditing* — Executive Inn, Louisville; Don C. Bobzien, CPA, Discussion Leader

AUGUST 9 — *APB Review* — Executive Inn, Louisville; George P. Fritz, CPA, Discussion Leader

AUGUST 9 — *Estate Planning for the Executive or Professional Person* — Executive Inn, Louisville; Jess G. Denhardt, Jr., CPA, Discussion Leader

AUGUST 23 — *Accounting for Income Taxes* — Executive Inn, Louisville; W. Michael Larkin, CPA, Discussion Leader

In Memoriam

John L. Bell
Certificate No. 508
Individual Practitioner,
New Albany, Indiana
Deceased May 10, 1974

Eastern Kentucky Forms Chapter

On May 17, Society members from Eastern Kentucky gathered at the Ashland-Ironton Holiday Inn and put the finishing touches on their application for chapter status.

The application was approved by the Board of Directors on May 24 and the sixth Society chapter is now official. Officers elected to serve during the new chapter's first year are:

Chairman — *Robert F. Davis*, Partner, Kelley, Galloway & Goolsby, Ashland

Vice Chairman — *George H. Helton*, Partner, Helton, Butler & Wells, Paintsville

Around The State

David B. Cox has been elected Secretary-Treasurer of the Louisville Estate Planning Forum.

Reliance-Universal, Inc. in Louisville has announced that *Stephen C. Foust* has been named general manager of their Houston, Texas chemical coatings plant.

Otwell C. Rankin and *Joseph H. Keller* were among the 101 outstanding graduates of Eastern Kentucky University who received the University's Centennial Year Medallion at the recent Centennial Alumni Awards Banquet.

Carl E. Weigel, formerly associated with Ernst & Ernst in Louisville, has accepted the position of Senior Auditor at Liberty National Bank in Louisville.

Chris E. Hamman has accepted the position of Controller for the King's Daughters Memorial Hospital in Frankfort.

David E. Collins spoke to a group of graduating high school seniors attending a career day seminar at Pikeville College; his topic "A Career in Accounting."

The Mt. Sterling Kiwanis Club has elected *John T. Lane* to serve as their Vice-President for 1974-75.

James D. Gates has been elected to a three-year term on the Board of Directors of the Kentucky Chamber of Commerce.

C. David McKee spoke on May 28 to the Owensboro Estate Planning Council — his topic "Corporate Reorganization and Estate Planning."

Raymond L. Lindle has been appointed as Treasurer by the National Chemical Corporation, Louisville.

Secretary — *James B. Davis*, Partner, Adams, Davis & Wolfe, Ashland

Treasurer — *Caleb B. Cooley*, Partner, Linton and Company, Pikeville.

All members are urged to join their local chapters and take advantage of this opportunity to serve your Society and your profession by participating in Society activities in your local area.

Past President Honored By Women Accountants

Mr. J. Bernard Brown, President of the Kentucky Society in 1929, passed away on April 18, 1974 as mentioned in last month's issue.

The following resolution was received recently and is printed here in its entirety.

"RESOLUTION"

Whereas, *J. Bernard Brown*, Attorney-at-Law, Certified Public Accountant, and capable business man exemplified his ability to control his time to such an extent he could devote much of it to the promotion of women in accounting, and

Whereas, said *J. Bernard Brown* in the year 1948 encouraged a small band of women accountants in the Louisville area to organize Louisville Chapter No. 18, American Society of Women Accountants, for which we received our Charter February 5, 1949, and

Whereas, *Mr. Brown* was faithful through the years, attending our birthday dinners and public relations meetings each year, giving encouragement to our organized group to promote women in the accounting profession, and

Whereas, on April 18, 1974, the Lord considered that *Mr. Brown's* duties on this earth were completed, and called our friend to join Him in Heaven,

Be it resolved that, it is the consensus of Louisville Chapter No. 18, American Society of Women Accountants, a most valuable friend has been taken from our midst and will be missed as our 'Godfather' that he was, and further

Be it resolved that the *J. Bernard Brown Memorial* to our scholarship fund in the amount of \$400.00 has been established by our members and friends, so that his encouragement to young women interested in accounting shall continue, and further

Be it resolved that the original copy of this resolution be sent to his family, a copy be recorded in our minutes, a copy sent to *The Kentucky Accountant* for publication, and a copy be published in our *Kentuckiana News*.

Subscribed to this day, May 22, 1974, by Louisville Chap. 18, American Society of Women Accountants."

Meet The New Members

Ancil Collett, born in Hazard, is a graduate of Cumberland College. He is on the staff of Jack Cloyd, CPA in Corbin.

Wilbur Paul Creswell, Jr. was born in Middlesboro and graduated from the University of Tennessee. He is an officer in the Middlesboro Federal Savings and Loan, Middlesboro.

Kenneth E. DuBuc, born in Cranston, Rhode Island, is a graduate of Fairfield University. He is on the staff of Chemed Corporation, Cincinnati, Ohio.

Ronald W. Johnson was born in Winchester and graduated from Eastern Kentucky University. He is associated with Helton, Butler & Wells, CPAs in Paintsville.

Jerry L. McClellan, born in Ironton, Ohio, is a graduate of Ohio University. He is associated with Humana, Inc. in Louisville.

William Clark Pearce is a native of Louisville and graduated from the University of Kentucky. He is on the staff of Touche Ross & Co., Louisville.

Joseph Leon Thomas, Jr., born in Lebanon, Ky. is a graduate of the University of Kentucky. He is also on the staff of Touche Ross & Co., Louisville.

Larry James Withers was born in Somerset and graduated from Eastern Kentucky University. He is on the staff of Smith, Artis & Reams, Ashland.

WANTED — Medium size CPA firm in Louisville area needs auditor with at least two years experience. Send resume, types of audits performed together with related responsibilities thereon, and salary required — Box 74-6, The Kentucky Accountant. **All replies strictly confidential.**

HELP WANTED — Medium size CPA firm in Louisville area needs CPA with 2 to 5 years experience in auditing. Send resumes, types of audits performed and related responsibility thereon, and salary requirements to: Box 74-5, The Kentucky Accountant. **All replies will be kept confidential.**

Directors' Election *Continued from page one*

At the meeting on March 22, President *David Sugg* ruled that proxy voting would not be allowed and the Nominations Committee's slate was elected by balloting of the members present.

On April 15 the Proxy Committee of CPAs Opposing Required Continuing Education filed suit in the Jefferson County Court, Chancery Branch, Fourth Division, to have the proxy votes admitted and the election held on March 22 invalidated.

On June 13, members of the aforementioned Proxy Committee were present at the Annual Meeting in Covington and had with them a court order dated June 12 which in effect invalidated the election of March 22 and further ruled that the proxy votes submitted by the CPAs Opposing Required Continuing Education must be allowed.

Needless to say, this created no little confusion at the Annual Meeting and ultimately resulted in the decision not to install officers and directors at the Installation Luncheon scheduled for Friday, June 14. Now you can under-

stand why we have no President's Message this month.

On June 18, both parties to the suit entered into an Agreed Order which will set aside the Court Order mentioned above. Under the conditions of the Agreed Order, the election of directors and officers which took place on March 22 has been invalidated and the officers and directors in office on March 21 will continue to serve until properly replaced.

An election by mail ballot will be conducted in July to determine the new directors. The balloting will be conducted in a manner similar to that used by the AICPA in their mail ballots. Each regular member will receive a ballot, to be mailed from the Society Office on July 3.

In order to have your ballot counted, it must be *received* by the election committee before midnight July 23.

You are most strongly urged to watch for your ballot in the mail; to read carefully the material which will be presented by each side along with the ballot; AND to execute your ballot and return it as directed by the stated deadline.

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LECTURERS AND SUBJECTS

LOUIS A. GRIEF — M.B.A.; C.P.A. — Associate Professor of Accounting, University of Louisville — Theory: Sat., Aug. 24-Oct. 19; 9:00 A.M.-12:30 P.M. Tuition: \$80.00 (Text Not Included)

R. THOMAS BLACKBURN — J.D.; C.P.A. — Lecturer, Belmont College, Nashville, Tennessee, and the University of Tennessee, Advanced Accounting and Federal Income Tax; Lecturer, University of Louisville, School of Law; Associate, Law Offices, Ewen, MacKenzie & Peden — Law: Sat., Aug. 24-Nov. 2; 1:30 P.M.-5:00 P.M.; Tax Section: Oct. 18 and Oct. 25; 6:00 P.M.-9:30 P.M. Tuition: Law \$80.00 Tax \$25.00 (Text Not Included)

RELMOND VANDANIKER — D.B.A.; C.P.A. and LEVIS D. McCULLERS — Ph.D.; C.P.A.; Associate Professors, College of Commerce, University of Kentucky — Practice: Sun., Aug. 25-Oct. 20; 1:30 P.M.-5:00 P.M. Tuition: \$80.00 (Text Not Included)

CHRISTOPHER W. DUNGAN — M.B.A.; C.P.A. — Associate Professor of Accounting, University of Louisville — Auditing; Fri., Aug. 23-Oct. 11; 6:00 P.M.-9:30 P.M. Tuition: \$80.00 (Text Not Included)

For further details contact Don Smith, Professional Lecturing Services, Suite 701, 310 W. Liberty St., Louisville, Ky. 40202. (502) 583-1691.