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Leroy E. Gardner

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LAST CALL!!!
ANNUAL MEETING
Barkley Lodge
May 23-25, 1973
For last minute reservations, call
the Society Office for assistance.



David A. Sugg

In this last message to you I would like to express first, my gratitude for having had the opportunity to serve as President of the Kentucky Society of CPAs. This has certainly been a rewarding and time-consuming experience. I would also like to thank each of the officers and directors who have served with me for their tremendous support and unselfish service during the past year.

A number of events have occurred during the past year at both the national and state levels which are important to the future of our profession. I would like to review very briefly several of these events.

Continuing Education

Over the past three years, your Board of Directors has studied the question of required continuing education. Two surveys were conducted in 1970 and 1971; one a random sampling and the other a 100% survey of all CPAs licensed to practice in Kentucky. Although the majority of those responding to both surveys indicated approval of the principle of required continuing education, your Board believed it desirable before coming to a final vote on this issue, to expose the specific requirements of a proposed program to all CPAs and then to obtain their reaction and views through a series of "open hearings." Accordingly, the full report of the Committee on Continuing Education was sent to all CPAs in Kentucky and twelve open hearings were scheduled throughout the state.

The open hearings have been completed and the results of these hearings will be reported to your Board of Directors later this month. On the whole, the open hearings were conducted in an atmosphere of constructive criticism and suggestion. Many valid points were made by opponents of required programs and your officers learned a great deal from the comments and questions. Most important, each and every CPA in Kentucky has had an opportunity to express his views and to have those views recorded for consideration by the full Board of Directors. From a review of the activity taking place in other states in regard to continuing education, it appears that Kentucky may be one of the few states which has gone to the extraordinary extent of holding open hearings to seek the views of individual members. I am confident your Board will continue its effort to be responsive to the will of its members and will make good use of the results of the open hearings in deciding its future course on this important subject.

(Continued on Page 2)

1973-74 President To Be Installed

David A. Sugg will be installed as President of the Kentucky Society of CPAs, along with the other newly elected officers and directors, at the Installation Luncheon on May 24 during the Annual Meeting.

Dave is a native of Henderson, Kentucky, and graduated in 1956 from the University of Kentucky. He received his CPA certificate in 1959.

He is a partner in the CPA firm of Potter, Hisle, Sugg & Nolan, Lexington.

SOUTHERN STATES CONFERENCE, JUNE 13-16

Registration and reservation forms for the 1973 Southern States Conference in New Orleans have been sent to all members. If you did not receive yours, write or call the Society Office.

All indications are that this year's program will be one of the best ever. You are urged to get your reservations and registrations in early.

Don't miss this opportunity to visit one of America's famous cities. Do it TODAY!

Published by

**THE KENTUCKY SOCIETY
OF CERTIFIED
PUBLIC ACCOUNTANTS**

310 West Liberty, Louisville, Ky. 40202

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Central Kentucky Group Elects New Officers

At the May meeting of the Central Kentucky Association of CPAs, officers were elected to serve during the year 1973-74.

Those elected were: President, *Victor C. Messmer*, Eastern Ky. University; Vice-President, *Ann Holt Moffatt*, Settle and Holt, Lexington; Secretary, *Bobby E. Baldwin*, Potter, Hisle, Sugg & Nolan, Lexington; and Treasurer, *James B. Landram*, Eskew & Gresham, Lexington.

President's Message (Continued From Page 1)

Proposed Chapter Organization

The Ad Hoc Committee on Chapter Organization has completed its study and has prepared its report which will be submitted to the Board for adoption. The report of the committee sets forth the guidelines for implementation and the operating procedures for chapters and, if the committee's report is adopted by the Board, it will make possible the formation of formal chapters when and if desired by the CPAs in eight defined areas of the state. The formation of chapters will be voluntary within those eight areas; the type of organization proposed makes possible the continuation of a strong statewide organization while still permitting sufficient flexibility for chapter organization. This Ad Hoc committee, which was chaired by *Ken Bunger*, and included *Dr. A. W. Patrick*, *Carl Kelley* and *Bob Cornman*, is to be congratulated on their thorough and timely consideration of this very important project for your Kentucky Society.

New Ethics Rules Approved

On the national level a landmark event occurred with the approval, by a 93% vote of the membership of the American Institute, of the revised Code of Professional Ethics. This revised code represents the first full restatement in more than fifty years. The overwhelming approval of the new code clearly reflects the mood of the profession to set a higher level of attainment and image for itself.

The new rules make it mandatory for CPAs to follow the opinions of the Accounting Principles Board or its successor, the Financial Accounting Standards Board, except only in such unusual situations where the use of such opinions would produce misleading results (previously CPAs could depart from such opinions by citing "other substantial authoritative support"). Tougher and more specific rules relating to independence are clearly intended to improve the appearance, as well as the fact, of independence in the public's mind. The new code puts its emphasis in a positive fashion on high professional standards and places a strong new emphasis on professionalism.

Expanding Services and Responsibilities

Additional areas of service by CPAs are beginning to take shape in increasing need for reports on internal controls and reports on the results of social programs. Committees of the American Institute are presently at work improving and expanding the guidelines for such services and CPAs can look for an increasing number of requests for such services. It also appears that it will be only a matter of time before CPAs will be asked by their clients, if not by others, to participate in some fashion in reporting on forecasting. Since the SEC will now permit forecasts in published statements, it is only logical that some clients will begin to seek assistance not only in the preparation but also, eventually, in providing additional assurance for such published forecasts.

If we consider that the accounting profession has moved rapidly in the past five years in developing and implementing changes in or documentation of accounting principles, we can probably expect much faster progress with the new full-time Financial Accounting Standards Board. Once this Board gets fully geared-up, it is easy to anticipate at least a dozen or more new opinions each year. These activities together with the many other developing trends, are going to make it increasingly difficult for CPAs to keep abreast of the needs of their clients. This is a challenge which the accounting profession is willing, and based on past experience, able to accept. These factors reflect more strongly than ever the need for CPAs to work together through their professional organization. I believe the accounting profession is on the threshold of its greatest expansion in history, and I believe your Kentucky Society can and will play a large part in your individual participation in that future success.

Around The State

George S. Fritz has been elected president by the Louisville Chapter of the Muscular Dystrophy Association of America.

R. Wayne Stratton was elected treasurer of the Louisville Jaycees in elections held on April 19.

The sophomore and senior distributive education classes at Henry Clay High School in Lexington recently heard an address by Kenneth M. Fortune on "Financial Statements for Use in Business Operation."

The Buechel-Fern Creek Jaycees recently elected James D. Gates as their president.

William H. Bennett represented the accounting profession at career day activities at Seneca High School, Louisville, on April 25.

Ronald G. Geary presented a talk on "Tax Considerations in Incorporating Your Business" at a recent meeting of the Independent Garage Owners of Kentucky, Inc.

On April 16, Martin Amlung spoke before the Kentucky-Area Chapter of the Bank Administration Institute; his topic "Accounting for Bank Holding Companies."

Any free time Larry Steinberg had in the past is probably gone now as he has recently been elected treasurer of the City of Bancroft, director and treasurer of the Chance Nursery and Kindergarten, Inc., and treasurer of Adath Israel Brotherhood.

Joe Wermeister spoke on April 17 as part of a program presented by the Louisville Credit Management Association; his topic "Three Views of Financial Statement Analysis."

James A. Polk has been named "Boss of the Year" by the Hopkinsville Chapter, National Secretaries Association (International).

Carl F. Pollard spoke recently at a dinner and technical meeting of the Bluegrass Chapter, National Association of Accountants; his topic "Hospital Accounting."

The Graduate School at the University of Louisville has awarded Archie W. Faircloth a Graduate Dean's Citation and membership into Phi Kappa Phi, the all-university honor society,

Professional Development

June 22—Executive Inn, Louisville

Tax Free Reorganizations — Discussion leader, Donald B. Hequem-bourg, CPA, Price Waterhouse & Co., St. Louis, Mo. A one-day seminar to teach the participant from public practice or industry the tax effects and procedures associated with mergers, acquisitions and reorganizations, enabling him to participate in the decision-making process.

Standards of Reporting—Short Form Reports — Discussion leader, George P. Fritz, CPA, Coopers & Lybrand, Louisville. A group discussion and problem-solving session offering intensive practical training in the techniques of short-form report preparation.

July 13—Holiday Inn - Brownsboro, Louisville

Income Taxation of Estates and Trusts — Discussion leader, J. G. Denhardt, Jr., CPA, Individual Practitioner, Bowling Green.

July 27—Executive Inn, Louisville

Unaudited Financial Statements — Discussion leader, Joseph L. Hanson, CPA, Monroe Shine & Co., New Albany, Ind.

for graduating "With Highest Honors" in August 1972 from the Master of Business Administration program.

Arnold Wells spoke on April 5 to the Paintsville Kiwanis Club; his topic "New Features and Rules in the 1972 U.S. Individual Income Tax Return and the Tax Policy Review Bill of 1972."

William H. Simmons has recently been elected internal vice president of the Owensboro Jaycees and has also been named a director of the Owensboro Chapter, National Association of Accountants.

Kenneth E. Ruby has been elected secretary of the Kentucky Chapter, Hospital Financial Management Association.

James T. Carney has been elected a director of the Blue Grass Area Chapter of the National Association of Accountants.

Firms And Firm Changes

The firm of Lybrand, Ross Bros. & Montgomery has formally announced the adoption of its international name, *Coopers & Lybrand*, effective as of April 1, 1973.

Society director Mark Smallwood has been transferred from the Louisville office to the Detroit office of Coopers & Lybrand.

More On Continuing Education

At the recent open hearings held throughout the state to discuss required continuing education, many members requested information concerning the status of such programs in other states.

At the time, the information available to the Society Office was that three states — California, Nebraska, and South Dakota — have passed legislation requiring continuing education as a prerequisite for renewal of the annual license to practice.

Since then, three other states have passed legislation establishing such a continuing education requirement.

In Colorado, the vote was 63-0 in the House and 29-1 in the Senate. The bill has been signed by the Governor.

In Kansas, the bill passed the House 115-3 with one abstention and the Senate 35-3 with one abstention.

In Washington State, the vote was 34-12 in the Senate and 95-1 in the House. This bill has also now been signed by the Governor.

In each of these states, the bill as passed gave to their respective State Boards of Accountancy the authority to establish a program of required continuing education and to adopt rules and regulations as needed for the administration of such a program. In Kansas, the Senate added a provision limiting the requirement by adding the phrase "not to exceed a total of forty hours per year."

AUDITOR

Graduate accountant with 5 years experience. CPA desirable. Travel from Frankfort office with area of travel limited to State of Kentucky. Starting salary — \$14,000. Send resume' to Box JK, The Kentucky Accountant.

Meet The New Members

Raymond K. Bell, a native of Lexington, is a graduate of the University of Kentucky. He is associated with Conrad Cox & Associates, Inc. in Lexington.

Robert August Berling, Jr. was born in Covington and graduated from Thomas More College. He is on the staff of Touche Ross & Co., Cincinnati, Ohio.

Joseph E. Blandford, Sr., born in Lebanon, Ky., is a graduate of the University of Louisville. He is associated with American Air Filter Co., Louisville.

John D. Bourne was born in Jackson, Mississippi and graduated from Mississippi State University. He is on the staff of Ernst & Ernst, Louisville.

Gayle Franklin Broughton, a native Louisvillian, graduated from Bellarmine College. He is associated with Coopers & Lybrand, Louisville.

Gregory T. Bruce was born in Hopkins County, Kentucky, and graduated from Murray State University. He is on the staff of Amick & Helm, Madisonville, Ky.

Robert James Carlsen, born in Brooklyn, is a graduate of New York University. He is associated with Coopers & Lybrand in Louisville.

James William Clouse was born in Fountain Head, Tennessee, and graduated from Western Kentucky University. He is on the staff of Peat, Marwick, Mitchell & Co., Louisville.

Spencer A. Coates, born in Louisville, is a graduate of Western Kentucky University. He is associated with Peat, Marwick, Mitchell & Co., Louisville.

Michael D. Doll was born in Louisville and graduated from the University of Kentucky. He is on the staff of Ernst & Ernst, Lexington, Ky.

James E. Faulkner, born in Lenarue, Ky., is a graduate of the University of Kentucky. He is an individual practitioner with offices in Paris, Ky.

Richard J. Hardesty was born in Bellevue, Ky. and graduated from Xavier University, Cincinnati. He is a partner in the CPA firm of Aronowitz, Chaiken & Hardesty in Cincinnati, Ohio.

Dennis L. Hayden, born in Owensboro, Ky., is a graduate of Brescia College there. He is on the staff of

Schuetz & Taylor, Paducah, Ky.

Margaret E. Hayden was born in Lebanon, Ky. and graduated from Bellarmine College. She is associated with the Internal Revenue Service in Atlanta, Georgia.

John Ely Henson, born in Olney, Ill., is a graduate of Murray State University. He is on the staff of Touche Ross & Co., Louisville.

Michael Blanton Jones was born in Glasgow, Ky., and graduated from Western Kentucky University. He is associated with J. C. Holland & Company in Bowling Green.

Thomas Michael Jones, born in Hardin County, Ky., is a graduate of the University of Kentucky. He is on the staff of Touche Ross & Co., Elizabethtown, Ky.

Bailey Kurtz, Jr. was born in Lexington, Ky. and graduated from the University of Kentucky. He is associated with Ernst & Ernst, Louisville.

Charles H. Lindon, born in Camp-ton, Ky., is a graduate of Eastern Kentucky University. He is on the staff of Potter, Hisle, Sugg & Nolan, Lexington.

Robert Joseph Lubbers is a native of Louisville and a graduate of Bellarmine College. He is associated with Touche Ross & Co., Louisville.

Levis D. McCullers, born in Mayo, Florida is a graduate of the University of Florida. He is an associate professor at the University of Kentucky, Lexington.

Sharon Klar Miller, born in Louisville, is a graduate of the University of Louisville. She is on the staff of Christen, Brown & Rufer, Louisville.

Denver Lee Nelson, Jr. was born in Maysville, Ky. and graduated from the University of Kentucky. He is associated with Alexander Grant & Company in Lexington, Ky.

James Earl Nett is a native Louisvillian and a graduate of the University of Louisville. He is on the staff of Peat, Marwick, Mitchell & Co., in Louisville.

Dennis L. O'Brien was born in Corpus Christi, Texas and graduated from Bellarmine College in Louisville. He is associated with National Food Service, Inc., Louisville.

Kelley F. Owens, born in Smithtown, Ky., is a graduate of Eastern Kentucky University. He is associated with The Christopher, Inc., Louisville.

Charles William Robinson was born in Charleston, South Carolina, and graduated from Marshall University in West Virginia. He is on the staff of Adams, Davis & Wolfe, in Ashland, Ky.

James R. Rudd, born in Louisville, is a graduate of Indiana University. He is associated with Coopers & Lybrand in Louisville.

Charles E. Rutledge was born in Allen County, Ky. and is a graduate of Western Kentucky University. He is on the staff of Gregory & Taylor in Glasgow, Ky.

Danny R. Scott, born in Paducah, Ky., is a graduate of Murray State University. He is associated with Ernst & Ernst in Louisville.

Richard E. Scott was born in Louisville and graduated from Bellarmine College. He is associated with Codell Construction Co., Winchester, Ky.

Ronald R. Shoemaker, born in Dayton, Ohio, is a graduate from the University of Louisville. He is on the staff of Churney & Counts, Louisville.

Daniel C. Silliman is a native Louisvillian and a graduate of Bellarmine College. He is associated with Ernst & Ernst, Louisville.

Richard Byron Sipes was born in Webster, Ky. and graduated from Western Kentucky University. He is on the staff of Coopers & Lybrand, Louisville.

Gerald W. Smith, born in Cincinnati, Ohio, is a graduate of the University of Cincinnati. He is in charge of the Louisville office, Arthur Young & Co.

Kelly Gene Spear was born in Willow Shade, Ky. and graduated from Western Kentucky University. He is on the staff of James R. Meany & Associates, Bowling Green, Ky.

Phillip Michael Tackett, born in Olive Hill, Ky., is a graduate of Morehead State University. He is associated with Kelley, Galloway & Goolsby in Ashland.

James Donald Wallen was born in Prestonsburg, Ky. and graduated from Morehead State University. He is on the staff of Linton & Company in Pikeville.

Eldon R. Wayne, born in Louisville, is a graduate of Georgetown College. He is associated with Charles R. Hatton, CPA, Louisville.