

The *Kentucky*

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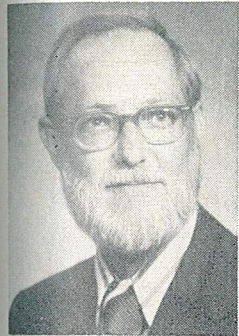
Accountant

Bulletin of—
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NUMBER 2



David L. Chervenak

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JUNE 5-6-7, 1975!

The dates for our 1975 Annual Meeting at the Red Carpet Inn in Bowling Green!

The Cumberland Chapter is putting together a super program that includes several outstanding technical sessions and plenty of fun for all. Plan now to join us then!



William T. Barnes

AWARDS NIGHT- MARCH 21st, NEW CPAS PLUS AICPA REPORT ON SCOPE AND STRUCTURE

On Friday, March 21, the Society will present the semi-annual Awards Night Dinner Meeting at the new Executive-West in Louisville. This is the all new facility just opening immediately across from the familiar Executive Inn.

As is customary, we will honor those who successfully completed the November 1974 CPA examination and the State Board of Accountancy will award CPA certificates to those who have completed their experience requirement.

After the awards ceremony we will hear an address on the report of the Scope and Structure Committee of AICPA. The talk will be presented by Mr. William T. Barnes, CPA, a member of the committee.

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There are two items which should be of particular interest to many of our members that we would like to call to your attention this month.

First, we call your attention again to the AICPA's excellent local firm quality review program. In this successful peer review program, the Institute dispatches a two-man team of reviewers—selected from a nationwide pool of practitioners with demonstrated expertise in auditing—to the firm requesting a review (the review team always comes from outside the reviewee's geographical area). During its two-day stay, the team reviews workpapers and findings of actual engagements selected by the firm under review; normally about four audit engagements and three involving unaudited statements are examined with the aid of detailed checklists. On the afternoon of the second day the reviewers make a confidential oral report to the partners of the reviewee firm—there's nothing in writing, and all parties to the review are enjoined to the same confidentiality after the review as well.

An increasing number of local firms say they've benefited handsomely from the quality review program. Assessment by competent outsiders gives a firm a new perspective on its practice, enabling it to pinpoint both strengths and shortcomings and to take steps to remedy the latter. There's a significant additional benefit if the reviewed firm agrees to furnish a reviewer for a subsequent review: the firm saves money on its review, and the reviewer it later provides often finds that he picks up new and useful techniques during the review he performs. The cost of a quality review if the reviewed firm agrees to provide a qualified reviewer for a later review is \$475 plus up to \$125 of that reviewer's expenses on the subsequent review; if not, \$800.

The AICPA urges you to consider the merits of this program, as many other local firms have done—124 since the program's inception in 1973, in fact. If you're interested, write to Albert Zitzmann, Manager, Financial and Practice Management Divisions, AICPA, 1211 Avenue of the Americas, New York, New York 10036, or call 212/575-6291.

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Published by
**THE KENTUCKY SOCIETY
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 PUBLIC ACCOUNTANTS**

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Scholarship Winners Available For Employment

Several past winners of our Education and Memorial Foundation scholarships have contacted the office recently asking for assistance in finding either summer employment or a full-time position. One of the commitments the Society made to these outstanding students was to help them in this regard if at all possible. There follows a brief resume for the students who have contacted us thus far. We will provide information on the other winners when available.

Wanda J. Thompson—in her third year at the University of Kentucky . . . majoring in accounting with an A average. Seeking summer employment in the Louisville or Lexington area. (1867 Bellefonte Drive, Lexington, Ky. 40502).

Continued on Page 5, column 3

President's Message Continued

The second subject to be brought to your attention is the contribution made by our committees to the overall accomplishment of the Society's goals. The majority of our committees have completed their assigned objectives by now and it is fitting at this time to report on their accomplishments to the membership. As you know, our committees are grouped into four "programs" of common interest. This month's report will be on the committees which make up the Public Relations Program. The Program Director, responsible for coordinating and overseeing the activities of these committees, is *James M. Ratcliffe*. The three remaining programs will be covered in later issues.

Community Services Committee—David Latgen, Chairman. Committee members have met with representatives from Louisville Business Resource Center, Minority Business Committee, and the Office of Minority Business Enterprises of Kentucky Department of Commerce, for the purpose of explaining the committee's purposes and objectives. The only request for assistance has come from the California Community Center, asking for assistance to review tax returns prepared by them. The committee is currently considering the advisability of providing this assistance.

Committee on Cooperation with Bankers and Other Credit Grantors—Joseph L. Hanson, Chairman. The committee presented two seminars to bankers and the subject of both seminars was the impact of inflation on financial statements. The seminars were held in Lexington and Louisville, and each was attended by approximately thirty bankers. The seminars were well received by the bankers, and they showed a particular interest in the discussion of the effect of LIFO method of inventory valuation on financial statements. The committee did not schedule a bankers' night meeting for the Society due to lack of communication in the scheduling process; however, the committee feels that a bankers' night should be scheduled in future years.

Committee on Cooperation with the Internal Revenue Service—Edward J. Mudd, Chairman. The committee had its usual meeting with the Louisville Office of IRS in December 1974. A complete report of this meeting was furnished to the membership of the Society along with the January mailing of *The Kentucky Accountant*. At the committee's request, the District Director agreed that he or a representative of his office would meet with various chapters of the Society at their regular meetings, if the chapters would give him adequate notice of the meeting date.

Committee on Cooperation with Public Accountants—Kenneth W. Goode, Chairman. This committee has been rather inactive in past years and had no activity to report during the current year.

Committee on Relations with Colleges and Universities—Murrell A. Goldberg, Chairman. The goal of this committee is to serve as a liaison to educational institutions on the educational needs, problems and goals for careers in accounting. The committee discussed possible projects for the year and contacted several college professors for suggestions, but did not arrive at any specific projects or actions to be taken during the year.

Public Relations Committee—David B. Cox, Chairman. The committee has reviewed all news releases and tax articles received from the American Institute of CPAs, as well as radio and TV scripts relating to 1974 "tax tips." Arrangements have been made for distribution of this information as follows:

- TV spots—four stations
- Radio spots—forty-five stations
- Newspaper tax articles—139 papers
- News releases—139 papers

The committee has also arranged for several requests for speaking engagements and is in the process of preparing an article which will appear in the next issue of the U of L Business School Alumni Magazine. Within the next few months, the committee hopes to have brochures prepared for distribution to banks and to honor students.

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CHAPTER ACTIVITIES

Northern Kentucky—The chapter met for lunch on October 16, 1974 and had a dinner meeting on November 21, 1974. Bylaws have been adopted and several committee appointments were made by Chairman *Bob Lemker*. The chapter has also held a discussion on the Scope and Structure Report from AICPA, and heard a speaker on the new Pension Reform Act as it pertained to HR 10 Keogh Plans.

On January 14 the chapter members joined the Cincinnati Chapter of the Ohio Society of CPAs for a dinner meeting and a presentation by John C. Burton, chief accountant for the SEC.

Cumberland — The Cumberland Chapter held their first annual golf outing at the Bowling Green Country Club on October 10, 1974. Twenty members played golf and 35 gathered for dinner afterwards. *Joe Cook* won low gross, *Donny Emerson* low net and *Joe Taylor* high gross (sorry Joe, but news is news!) The chapter also sponsored a ladies night Christmas Party on December 10 at the Red Carpet Inn. The Red Carpet Inn is the site for our 1975 Annual Meeting and the Cumberland Chapter is hard at work under the direction of their chairman *Jim Smith* planning for a really fine Annual Meeting.

Bluegrass—The Bluegrass Chapter had a dinner meeting on November 26, 1974 with Martin Glazer, Deputy Attorney General of Kentucky, as the guest speaker to discuss laws and regulations pertaining to the accounting profession.

On January 28 the chapter met for dinner and to hear a talk on DISC Corporations by *Ronald Baum*, Society member who is now with Alexander Grant & Company in Atlanta. Chapter chairperson *Ann Holt Moffatt* reports attendance was good at both meetings.

If you don't see your chapter listed here maybe it's because the officers of your chapter need some help and ideas in scheduling activities for your area. Why not contact them now and get involved with your local chapter. Each chapter will be electing new officers and making committee appointments in the near future, so now is the time to make your interests known.

Continuing Professional Education

The Society CPE Board, through our CPE Director *Bill Caldwell*, has released the attendance figures for the 15 CPE seminars/workshops scheduled during 1974-75. A total of 421 individuals attended the programs throughout the year, broken down as follows:

- 217 members attended 1 presentation
- 39 members attended 2 presentations
- 16 members attended 3 presentations
- 4 members attended 4 presentations
- 62 non-members attended presentations

Listed below is the CPE schedule for the 1975-76 Society year. Please clip this out and save it for your planning purposes.

Date	Location	Course	Discussion Leader
5/15-16	Louisville	Problems of Partnerships	William B. Peden
6/ 4	Bowling Green	Annual Accounting/Auditing Updating Workshop	George P. Fritz
6/ 4	Bowling Green	Purchase, Sale or Liquidation/Corporate Business	William B. Peden
6/19-20	Lexington	Reporting Realty Profits	AICPA
7/11	Louisville	Accounting for Leases	Larry J. Steinberg
7/11	Louisville	Problems/Closely-Held Corporation	W. Michael Larkin
7/24-25	Louisville	How to Use Statistical Sampling Techniques/Smaller Audits	AICPA
8/ 8	Louisville	Pension and Profit-Sharing Plans	Lee Steiden
8/ 8	Louisville	Corporate Liquidations	W. Michael Larkin
8/21-22	Louisville	Workshop/Corporate Income Tax Returns	AICPA
9/ 5	Louisville	Unaudited Financial Stmts	Joseph A. Blitzko
9/ 5	Louisville	Tax Problems of Individuals	John E. Chilton
9/11-12	Louisville	Service to Clients/Hospital Accounting	Panel
9/19	Louisville	Pension and Profit-Sharing Plans	Lee Steiden
10/9-10	Louisville	Workshop/Fiduciary Income Tax Returns	William B. Peden
10/24	Louisville	Income Taxation/Estates and Trusts	J. G. Denhardt, Jr.
10/24	Lexington	Farmers & Ranchers/Tax and Accounting	Bradley D. Wilcox
11/10-11	Louisville	Workshop/Individual Income Tax Returns	AICPA

Profile of a Public Accounting Firm

Position	He Wears	He Drives	He Eats	He Believes	He Hopes	He Knows	He Wants	He'll Settle For
Partner	\$250 dark suit	A Buick Electra	At the Racquet & Tennis Club	The Client's wrong	He's right	Everything	A large new client	A small new client
Manager	\$160 dark suit	A Buick Le Sabre	At the Athletic Club	He's the backbone of the firm	He's indispensable	He isn't	A 4-week vacation	A Sunday off
Senior	\$350 custom-tailored suit	A Jaguar	With managers	He can audit	The manager agrees	He doesn't	All easy jobs	One easy job
Experienced Assistant	Loud shirts	A Ford	Anywhere	He can make senior	The senior won't write any review notes	He will	Partner recognition	Senior recognition
New Assistant	Sport coats	In a bus	From a brown bag	He should have majored in finance	The payroll test will tie in	It won't	To move up fast	Keeping his job
Tax man	\$75 suit & white socks	A Vega wagon	At Walgreens	In the Code	It won't change	It will	To bill 100% of his time	Billing 25% of his time
Systems man	Bell bottoms	Auditors crazy	Promptly at 11:30	His job is important	He can prove it	He can't	To be an auditor	Some chargeable time
Office manager	Old dark suits	Himself	Rolaids	Staff scheduling should be someone else's job	We've hired enough new assistants	We haven't	Co-operation	A raise
Office support person	Anything	To work with a friend	In the cafeteria	He runs the office	He doesn't get caught loafing	He won't	Go home early	Going home at 5:00

President's Message Continued

Committee on Cooperation with State Governmental Agencies — Robert E. Faesy, Chairman. Fifteen letters were mailed to various state governmental agencies offering to meet with them for the purpose of answering questions or discussing problems. Included with the letters was the recent announcement by the State Board of Accountancy regarding competitive bidding. The committee received no responses to the letters nor to the announcement regarding competitive bidding, and has taken no further action during the year.

Committee on Career Opportunities — Harvey K. Faulkner, Chairman. The committee contacted every high school in the state for the purpose of making the high school counselors aware of the Kentucky Society of CPAs, and of the Society's programs and interest in high school students. Approximately forty requests were filled for speakers of the Society to appear before selected student groups for career day programs or other meetings. The Society chapters throughout the state were contacted and participated in supplying speakers in their respective areas. The committee attended a career day program at Kentucky State University and the students evidenced a great deal of interest in obtaining an understanding about our profession. The committee also attended the Kentucky Personnel Guidance Association State Conference in Louisville, and felt that the personal contact with the guidance counselors from over the state was very worthwhile.

Committee on Cooperation with the Bar — Emmett W. Kottke, Chairman. This committee has generally been a standby committee which functions only when special problems arise. So far this year, the committee has had no activity.

Accounting Principles And Auditing Procedures

INVENTORY OF FINANCIAL STATEMENT DISCLOSURE REQUIREMENTS

David R. Rose, Committee Member

The Kentucky Society will soon issue a comprehensive listing of financial statement disclosure requirements. The purpose of this listing is to provide guidance to members in preparing audited and unaudited financial statements.

It is only a checklist and does not attempt to be all-inclusive. It should serve as a mind jogger—the official source material (referred to in the checklist) should be read for the details and official requirements.

New Members, AICPA

The following Society members have recently been elected to membership in the American Institute of CPAs: James A. Fluty, Danny L. Russell and Larry J. Wubbers of Ashland; David R. Mathis, Calvert City; Allan W. Steely, Corbin; Larry J. Rutledge, Glasgow; Earl L. Watts, Hopkinsville; Patrick C. Bean, Judson C. Royster, Annelle Schwickert, and Ralph I. Stevens, III, Lexington; Larry P. Becker, R. Terry Collins, Terry L. Cooper, Dennis H. England, Phyllis H. Gordon, John W. Hagan, John W. Hampton, William J. Hurt, Thomas F. Kinderman, Patrick B. McGinnis, Gary E. Mann, Burns E. Mercer, Michael J. O'Brien, Arnold T. VanEtten, II, Billie W. Wade, Linda S. Wheeler and Harvey E. Willis, all of Louisville; Joseph A. Hancock, David L. Hendrix and Mark Mattingly of Owensboro; Ronald W. Johnson, Paintsville; Bruce W. Gladish and Clifford A. Reed, Cincinnati; George K. Grace, Evansville; and John A. Hamilton of New Albany, Ind.

AWARDS NIGHT

—Continued

Mr. Barnes was born in Beaver Dam, Ky. and attended school in Hopkinsville. He graduated from the Bowling Green College of Commerce in 1937. He is a partner and the National Director of Taxes in the Washington, D.C. office of Coopers & Lybrand.

All members planning to attend the March 21st meeting should make it a point to read and become thoroughly familiar with the committee's report. It was published in its entirety in the January 1975 *Journal of Accountancy*. Among the recommendations made in the report that have created great interest among members are:

—That a program for the recognition of specialties should be established within the AICPA.

—That appropriate senior committees of the AICPA should develop a qualifying process for specialists in their areas, including appropriate examinations and inaugurate a program of activities to serve the needs of these specialists.

—That consideration should be given to granting Institute membership status to those non-CPAs who successfully complete specialist examinations and fulfill other requirements.

The social hour begins at 6 PM, dinner will be served at 7, and the meeting will get underway immediately after dinner.

NOTICE!!! The Kentucky High School Basketball Tournament will be taking place on the 21st, so please plan accordingly. If you desire overnight accommodations at the Executive-West, *make your reservations NOW!*

SCHOLARSHIP WINNERS

—Continued

Philip P. Hoskins—Will complete his sophomore year at Georgetown College in May 1975 . . . accounting major with a 3.8 grade average. Seeking summer employment. (103 Saffell Street, Lawrenceburg, Ky. 40342).

Cynthia M. Snider—Accelerated graduate from Murray State University . . . earned a 3.1 grade average in her accounting studies. Available now for full-time employment. (7616 Buena Vista Court, Louisville, Ky. 40219).

Remember, *The Society can only provide this checklist—it is up to you to use it.*

IN MEMORIAM

Otwell C. Rankin

Certificate No. 591

Partner — Rankin, Rankin & Company, Covington

Deceased — February 6, 1975

Around The State

Robert T. Cunningham recently addressed the Accounting Club at Murray State University; his topic, "Public Accounting with an International Firm."

Fred V. Brown, formerly associated with Ernst & Ernst in Lexington, has accepted the position of controller for the Freeman Corporation in Winchester.

Raymond L. Kring was recently appointed Deputy Commissioner of the Kentucky Department of Revenue by Governor Julian Carroll.

The Glasgow Rotary Club heard a speech recently from *Donald H. Love* on the subject of "The Pension Reform Act of 1974."

Charles G. Phillips, formerly associated with Ernst & Ernst in Lexington, has accepted a position as regional controller of the Cumberland River Comprehensive Care Center in Corbin, Ky.

John R. Livesay, formerly associated with Coopers & Lybrand in Louisville, has accepted a position with the Simron Energy Corporation in Lexington.

The Campbellsville Junior Women's Club heard an address from *C. Ronald Wise* recently on "Filing your Income Tax Properly."

David H. Brooks has been promoted to Vice-President of Stock Yards Bank and Trust Company in Louisville.

Armand L. Ostroff served as a member of the seminar faculty at a seminar on the Pension Reform Act presented by the Office of Continuing Legal Education for the UK College of Law; his topic, "Participation and Vesting Standards for Qualified Plans."

The Jeffersontown Optimist Club heard an address on January 13 by *Milton G. Moore* on the subject of "1974 Individual Income Tax and Pension Reform Changes."

John W. Koerner spoke to the St. Matthews Kiwanis Club on January 28; his topic, "Individual Income Tax Returns."

W. Bruce Lunsford, formerly associated with Alexander Grant & Company in Cincinnati, has joined the law firm of Kaeting, Muething and Klekamp, also in Cincinnati.

AICPA Issues Warning On NSPA Accreditation Program

The State Legislation Committee of the American Institute of Certified Public Accountants has issued a warning to state CPA societies regarding the true intent of a national accreditation campaign by the National Society of Public Accountants.

According to Max Myers, chairman of the AICPA State Legislation Committee, the NSPA-sponsored Accreditation Council for Accountancy has recently engaged in a nationwide mail campaign offering NSPA members the opportunity to obtain recognition as an "accredited accountant" by means of a take-home exam consisting of an open book practice problem and several true-false statements.

Myers pointed out that the NSPA, in answer to the question whether there is a passing grade for the ACA test, states in its own literature that the test is "evaluated rather than graded" and is not a "pass-fail" situation.

"While the furtherance of accounting expertise should be encouraged throughout the profession," Myers continues, "the real intent of the NSPA's accreditation program must be questioned."

"It is quite obvious to anyone familiar with accountancy law and regulation that such a program is nothing more than an exercise in titling designed to afford participants status in the absence of any meaningful demonstration of their professional competency."

Myers warns that the public is likely to be confused and possibly deceived by those who would offer their services as an "accredited accountant."

"The public," he explains, "demands that professional accounting services, particularly in third party situations, be performed by competent individuals who have demonstrated their competency through passage of the Uniform CPA Examination and are duty-bound to present fair and independent attestations."

The State Legislation Committee of the AICPA has called upon the professional CPA societies to advise their memberships to be alert that the designation "accredited accountant" may be misrepresented as a measure of one's competency or standing within the profession. Efforts to portray such titling as recognition of one's demonstrated achievement in accounting should be resisted in the best interest of the public and the profession.

SITUATION WANTED — CPA candidate, to be certified this spring. Seeking position in public accounting with partnership potential or will consider acquiring practice of retiring practitioner. Heavy experience in taxes. Write Box 75-2, The Kentucky Accountant.

NOTICE!!
 Deadline For Applications
 For The May 1975
 CPA EXAMINATION
 SCHEDULED
 For May 7-8-9 is
 March 1, 1975

POSITION WANTED — Computer programmer and operator, IBM system 3-5 year's experience. Available immediately for employment in Central Kentucky. Salary negotiable. Write Box 75-6, The Kentucky Accountant.

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