

July 2003

# kycpa.org

the magazine

The Kentucky Society of Certified Public Accountants

Volume I

Issue II

DAVID PRICE PRESIDENT  
**FACING**  
THE FUTURE  
PENNY GOLD EXECUTIVE DIRECTOR



## KSCPA Faces The Future

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## Hot Shots



**David A. Costello, CPA** President & CEO (right) of the National Association of State Boards of Accountancy speaks with **Gregory Johnson**, of the AICPA. Costello and Johnson were at the Seelbach Hilton in Louisville for the Eastern Regional Meeting of NASBA.



**Barry Melancon**, CEO and President of the AICPA, was one of many who spoke at Ben Gratzner's farewell luncheon (see article on page 15). Barry spoke of Ben's impact on the profession and his peers and the effortlessness in which he performed.

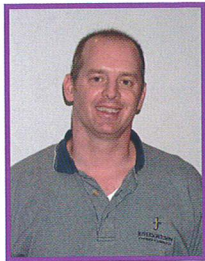


**Larry Fish**, NASBA member from Illinois and **Arlene Thomas**, AICPA Vice President of Professional Standards & Services speak with a NASBA delegate.

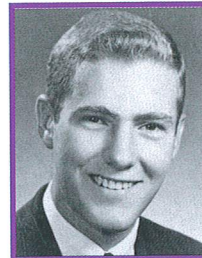
NASBA members met in Louisville to discuss topics concerning regulation, relationships with PCAOB and the computer-based examination.



**Cleopatra and Julius Caesar** were also on hand to present **Ben Gratzner** with a Proclamation of Distinction and Medal of Honor.



**Michael Ashcraft**, Director of the Greater Louisville Small Business Development Centers along with the KSCPA Small Business Committee, are co-sponsoring the upcoming Small Business Solutions Conference. Ashcraft has offered cooperation between the KSBDC and the Society on this and future projects.



The retirement luncheon featured a slide show presentation with pictures of **Ben Gratzner** through the years. Ben is pictured here in a high school photo.

## FINANCIAL STRATEGIES GROUP

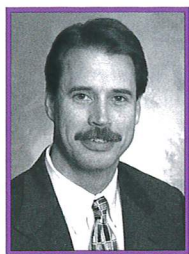


**FINANCIAL STRATEGIES GROUP** has been helping CPAs successfully integrate financial planning into their practices since 1995. Our turnkey program and process allows CPAs to add financial planning without disrupting their traditional practice. We built our program from the CPA's perspective. **FSG** focuses on the implementation, servicing, and on-going management of the financial services division. A needs-based financial planning process is offered to the CPAs clientele.

**FINANCIAL STRATEGIES GROUP** uses a consultative approach that helps the CPA firm determine if it ready to integrate financial services or why an existing program has had limited success. We provide meaningful feedback to the CPA firm to aid them in determining what is best for them and if **FSG's** turnkey program is appropriate for their situation. We will gladly furnish the names and contact information of our current CPA partners. Please contact Jay Dortch or Brian Dawahare at 502-244-4150 for further information, or inquiries may be sent to 12700 Shelbyville Rd., Barkley Bldg., Suite 105, Louisville, KY 40243.



Welcome to the second edition of *kycpa.org the magazine*. As you may recall, this expanded newsletter format



KSCPA President  
David R. Price

covers more in-depth subjects that are important to you, the Society member.

This edition focuses on facing the future. We face challenges from outside the profession as well as from inside. From outside, we face

the effects of legislation and public opinion. These are dramatically changing how we operate. From inside, we face the challenges of those who are not willing to uphold the ethical responsibilities of our profession as well as the challenges of the diverse and changing needs of our members.

I'm very optimistic about the future. Hopefully, this magazine will give you some insight as to the future direction of the profession, of the Society and of the people involved. There are many challenges and much to look forward to. We welcome your comments.

*kycpa.org the magazine* is a biannual publication of the Kentucky Society of Certified Public Accountants. All submissions for publication should be sent to the Editor. Statements expressed within this publication should not be considered endorsements of products or procedures by KSCPA.

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Penny wants to encourage Society members to maintain the high level of ethical and educational standards traditionally expected of this profession.

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AICPA commissioned Penn Schoen & Berland Associates to survey Business Decision-Makers ("BDMs").

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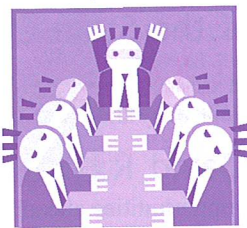
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## Across the Board

The Board of Directors held a joint meeting of the 2002-03 and the 2003-04 boards on Friday, June 13, 2003 in the Society Education Center. President **John H. Hawkins, Jr.** presided.



The Board welcomed new members **Helen Cohen** of Potter & Company, Louisville, (not present); **Lee Groza**, Carpenter, Mountjoy & Bressler, Louisville; **Paula Hanson**, Dean, Dorton & Ford, Lexington; **Thomas O'Bryan**, Home of the Innocents, Louisville; and **F. Bart Shockley**, Greens Automotive Group, Lexington. **Paula Hanson** is returning for a second consecutive term on the board. She will serve as President-elect this year.

### In other action, the Board:

- Approved the 2003-04 budget as prepared and presented by Secretary/Treasurer **Scott Graff**. The budget is balanced with revenues and expenditures of \$2,347,000. The Society is projecting for the fiscal year ending June 30, 2003 to have revenues of \$2,146,000 and expenditures of \$2,142,000, for a favorable balance of \$4,000.
- Accepted membership actions as presented by staff that reflect the Society will end this year with 4,731 members, plus 91 student members.
- Heard a presentation by Richard Stump, with IMPACT (Administrative Services Group, Inc.), concerning the advantages of the newly formed Professional Associations Insurance Trust, headed by the Society.
- Received a report from President-elect **David Price** and the Associate Executive Director Connie Nipp on the May 30, 2003 meeting of the Leadership Council. The Council agenda dealt with: 1) the new computer-based CPA examination that will

be available beginning April 2004, and possible roles for the Society in preparing candidates for the new examination process and dealing with the expected cost increase, and, 2) the role of Society leadership, especially members of the Board of Directors and the Leadership Council, in the critical task of membership recruitment and retention.

- Approved Outstanding Committee Chair awards for **Shannon Bryant**, with Paul Schulz Advertising, Louisville, for her service to the Accounting Career and Opportunities Committee; **Brian Woosley**, Stiles, Carter & Associates, Elizabethtown, Governmental Accounting Committee; **G Alan Long**, Long & Fisher, Richmond, Peer Review Committee; and, **J. Todd Taylor**, Taylor Advisors, Louisville, Relations with Bankers and Lawyers Committee. The awards were presented at the Society's Annual Business Meeting luncheon on Friday, June 27, 2003.
- Heard comments from Richard Carroll, the Executive Director of the Kentucky State Board of Accountancy, on recent activities of the State Board.
- Received a report from **Linda Schild**, chair of the Trustees of the Society's Educational Foundation, on the activities of the Foundation and plans for the immediate future relative to fundraising and the awarding of scholarships. Linda also thanked Jenni Buckner for her work on the Educational Foundation Golf Tournament, Chad Sleczkowski and the other members of the staff for their outstanding support this year.
- After hearing from **Brian Buchanan**, with PricewaterhouseCoopers,

Lexington, the chair of the Society's Professional Ethics Committee, and upon recommendation of the Committee, the Board voted unanimously to implement the provisions of Article XI, Section 6 of the bylaws (and expelled from membership); 1) Ronald J. Epling, formerly the finance director for the city of Florence, Kentucky, for his conviction and sentencing on March 25, 2003 to 16 years in prison for theft over a period of several years from the city of Florence, totaling more than \$2.8 million; and 2) Jeffery S. Ginn, a sole practitioner in Lexington, voluntary plea of guilty in the United States District Court, Eastern District of Kentucky, to charges involving theft from several clients.

In making his closing

remarks to the Board, President **John Hawkins, Jr.** thanked the Board members for their faithful attendance and service during his year as president, and singled out the four members who are completing their three-year term on the Board and will not return next year. They are: **Sarah Hardy** of Louisville, **Dennis B. Parrot**, KPMG, Louisville; **Linda K. Schild**, Boone County Board of Education, Florence; and **Jerry W. Shelton**, Shelton & Associates, Bowling Green, who is completing six years on the Board including service as the 2001-02 President.

**The next meeting of the Board of Directors will be at 10:00 AM on Friday, August 22, 2003, in the Society Education Center.**

## Joint Meeting Brings Great Progress

The Kentucky State Board of Accountancy and the Society Board of Directors held a joint meeting on Friday, June 20, 2003 at the State Board office in the Heyburn Building. State Board President John Clay presided.

Together, the State Board of Accountancy and the Society made great progress in preparation for the 2004 session of the Kentucky General Assembly.

At the joint meeting, the two organizations worked together to fine-tune statutory and regulatory language, and in the process came to a historic agreement on the need for Kentucky to move closer to "substantial equivalency". As the CPA profession becomes more global, it is incumbent upon both organizations to help streamline the bureaucratic requirements for temporary multi-state assignments. With these changes, Kentucky will be at the forefront of a national movement toward substantial equivalency.

Other issues on the horizon include a more simple legal structure for the adoption of AICPA standards and rules, a move designed to reduce the need for unnecessary and redundant legislative action in the future. In an effort to lessen legal entanglements when firms dissolve, the Board is proposing a standard regarding firm name retention.

New regulations are also being drafted to complement the new CPA examination format. These changes will coincide with the implementation of the new computerized testing systems that will be in place by next spring. This new national system will affect CPA candidates in many ways, including significant changes in the testing deadlines and sitting fees. Both the State Board of Accountancy and the Society have pledged to be ready for this revolutionary change.



## SEC Pushes Passage of Legislation to Speed Hiring of Accountants, Economists, Compliance Examiners

The Securities and Exchange Commission is expediting passage of H.S. 658 the Accountant, Compliance, and Enforcement Staffing Act of 2003, which will greatly streamline the Commission's efforts to add more than 800 lawyers, accountants, economists and examiners to its staff.

The House of Representatives passed on suspension H.S.

658 the Accountant, Compliance, and Enforcement Staffing Act of 2003. The Senate approved the legislation by unanimous consent. President Bush is expected to sign the measure into law soon.

"The passage of this legislation will allow the SEC to more quickly hire and assimilate the many new employees needed to fulfill the corporate

governance reforms of the Sarbanes-Oxley Act, and will help the Commission to continue its efforts aimed at increasing investor protection and restoring confidence in our markets," SEC Chairman William Donaldson said.

The new law will allow the SEC to hire accountants, economists and securities compliance examiners under the

excepted service authority, rather than under the federal competitive service process. Under excepted service authority, the hiring process can be completed in a few weeks' time as opposed to the months-long time frame often necessary under competitive service requirements. The SEC and other government agencies hire attorneys under excepted service.

## SEC Staff Responds to Frequently Asked Questions Regarding the Use of Non-GAAP Financial Measures

The Securities and Exchange Commission's Division of Corporation Finance today provided its responses to 33 frequently asked questions regarding the use of non-GAAP

(Generally Accepted Accounting Principles) financial measures. On Jan. 22, 2003, the SEC adopted new regulations setting out conditions under which non-GAAP financial

measures could be used by public companies (see Release No. 33-8176).

The staff's responses to these frequently asked questions, intended to assist market

participants in the understanding of and compliance with the new regulations, can be found at <http://www.sec.gov/divisions/corpfin/faqs/nongaapfaq.htm>.



Kentucky's  
Small  
Business  
Development  
Centers

### Who should attend:

CPAs, Small business owners, managers, entrepreneurs, small business advisors and lawyers who work with small businesses and their clients.

### Topics include:

Business planning/funding/capital  
Technology issues  
Choice of legal entity  
Marketing  
Basic accounting  
State and local tax issue  
Insurance/benefits and personnel issues

The conference will conclude with a roundtable of small business experts who will answer questions from participants.

**Cost \$79\*** Price includes a continental breakfast and lunch.

\*An administrative charge of \$25 applies to process CPE credit.

Pre-register at 502.266.5272 or [kycpa.org/cpe](http://kycpa.org/cpe)

\*\*The Kentucky SBDC is co-sponsored by the US Small Business Administration and the Kentucky Cabinet for Economic Development and is administered by the University of Kentucky and Gatton College of Business and Economics, in partnership with regional universities, community and private colleges and the private sector.

8 hours of CPE  
for \$104

## Small Business Solutions Conference

Building Blocks for Success

September 24, 2003  
Holiday Inn Hurstbourne  
Louisville  
8 hours CPE credit

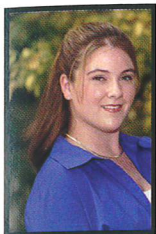


Presented by the KSCPA  
Small Business Committee  
and by the Kentucky Small  
Business Development  
Center Network



## High School Scholarships

The Educational Foundation of the Kentucky Society awarded eleven scholarships to outstanding high school seniors from across the commonwealth.



Megan Carter

The William J. Caldwell scholarship was awarded to **Megan Carter** from Scott County HS in

Georgetown. This scholarship offers \$1,500 each year, up to five years for one student as long as he/she maintains status as an accountancy major and an acceptable grade point average.

Megan was accepted to the

honors program at the University of Kentucky. She was the recipient of a University Academic Excellence Scholarship, and IBM Thomas J. Watson Scholarship and a KEES scholarship. Megan carried a 4.0 GPA throughout high school and was ranked number one in her class.

Ten Educational Foundation awards were also awarded to those seniors who demonstrated outstanding academics and a desire to become a Kentucky CPA. All of the winners had a G.P.A. of 3.5 or better and all students were ranked in the top twenty of their class.

## 2003 High School Scholarship Winners

**Jessica Bozarth** from Henderson County HS in Henderson

**Jennifer Dobson** from Taylor County HS in Campbellsville

**Ryan Ewing** from Marion County HS in Lebanon

**Jennifer Gilkey** from Hopkins County Central HS in Nortonville

**William Kline** from North Bullitt HS in Shepherdsville

**Scott Koch** from Boone County HS in Florence

**Aleshia Mathis** from Shelby County HS in Frankfort

**Elizabeth Minton** from Butler County HS in Morgantown

**Danielle Runyon** from Owensboro HS in Owensboro

**Michael Staub** from Butler County HS in Morgantown



Jessica Bozarth



Jennifer Dobson



Ryan Ewing



Jennifer Gilkey



William Kline



Scott Koch



Aleshia Mathis



Danielle Runyon



Michael Staub

## The Success of the Accounting Careers Awareness Program



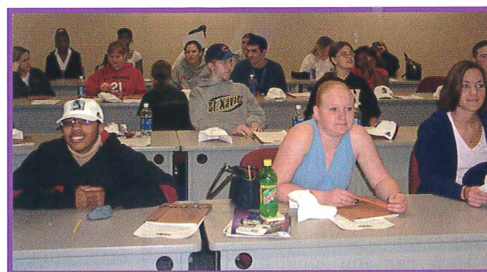
The Accounting Careers Awareness Program (ACAP) made a significant impact on the lives of 32 high school students. The June 8-12 program at Bellarmine University brought students from across the state to gain a better understanding of the accounting profession and of its opportunities. Each participant had access to over 50 professionals during the week, allowing them the capability to learn about different types of business environments and develop essential business skills.

During the week, the participants visited a public accounting firm and a large corporation. They also participated in a roundtable session that exposed them

to CPAs with different backgrounds and work experience such as public accounting, non-profit, government and industry. ACAP was originally

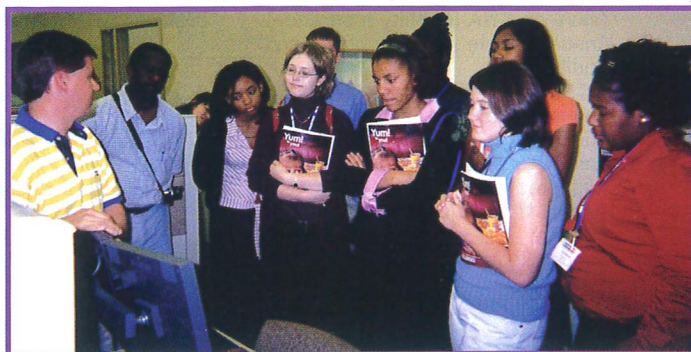
created to attract minorities into the accounting profession. Due to the program's success, participation was expanded to include all high school students in the state of Kentucky.

"We learned that audits are not bad, and accounting is not all math or just about debits and credits," said Travis Cord,



participant from Scott County High School.

Funding for this program was granted through the Educational Foundation of the Society. Thank you to the sponsors for ACAP 2003: National Association of Black Accountants, Bellarmine University, Yum! Brands, Papa John's International, Deloitte & Touche, Ernst & Young, University of Louisville's College of Business and United Printing Group.





# COVER: KSCPA FACES THE FUTURE

## Redefining the Role of the State CPA Society

By Michael Platt, CEO of AccountingWEB, Inc.

The accounting profession is facing challenges as never before. Time commitments to family, increased demands by clients, increased workload due to regulatory scrutiny, increased competition, a shaken image post-Enron, and a declining accounting workforce are all contributing to obstacles to success that need to be overcome. Traditional solutions to meeting these challenges have been put to the test, so it's appropriate that we ask the question - "Are state CPA societies still relevant?"

State CPA organizations - whether they are called "Societies," "Institutes" or "Associations" - exist for each of the 50 states, the District of Columbia, Puerto Rico, Guam and the U.S. Virgin Islands. They are independent membership organizations serving the CPA in public practice as well as the CPA in industry. Their relationship with the American Institute of CPAs and other state societies is one of a cooperative working relationship, but structurally they are unaffiliated with either the AICPA or with each other.

In many ways, the events and fallout from Enron and WorldCom have initiated a renewed level of pride in and commitment to the profession from not only the members of the profession, but also the staff of state societies in a way that demands that skeptics take a fresh look at what's happening in their state society.

State society executive directors are an enthusiastic group, overtly passionate about the profession, addressing the needs of their members in a dynamic, aggressive way. In some cases, state societies have been quietly evolving to

adapt to the ever-changing nature of the profession. In other cases, state societies in the post-Enron world have been reborn, re-energized with a new spirit and an unparalleled focus on helping their members

profession in each state.

**Ambassadors for the Profession** - Keeping the CPA designation and preserving the profession doesn't happen by itself. It requires the support of the profession and getting

and a local "angle" on news, legislative updates, and new standards that most affect their constituencies.

**Networking opportunities** - Committee and Task Force structures that encourage CPAs to get involved on a project-by-project basis team have always been opportunities for the best and the brightest in certain niche areas to contribute to the development of the profession. State societies are moving towards more project-based work that recognizes the demands on a members' time and still provides the same networking opportunities traditionally available through a Committee structure.

**Training** - Training has always been a mainstay of the state societies. Different approaches to training have emerged that recognizes time challenges faced by CPAs and delivers more local programming, in-house training, quick conference call updates, and web-based training allowing the CPA access 24-7 to the information they need, relative to their state developments.

**Practical / Real Life Development** - In a post-Enron world, many state societies have been delivering leadership and ethics training - welcomed with high regard by the members who need the real-life practical case studies on issues that they may be facing in an increasingly complex world.

**Professional Development** - CPE, leadership training, and other programs dedicated to individual development of the membership are increasing. State societies are adopting a "high-tech, high-touch" approach to offering both traditional and innovative training in ways that members



succeed. We found a renewed commitment towards not only professional development of its members - from traditional CPE to leadership training to ethics - but also towards the development of the profession - from advocate to cheerleader to mentor to teacher.

So, are state CPA societies still relevant? Here are some of the areas that we found are being re-birthed into a unique focus for the state societies:

### Legislative Advocacy

Perhaps the greatest threat to CPAs today is the potential "cascading effect" of Sarbanes-Oxley restrictions imposed at the federal level. State societies are singularly responsible for legislative lobbying at the state level to preserve and protect the roles of CPAs in an increasingly regulatory world. It is these advocacy responsibilities that exist quietly in the background that is making the state society a powerful force in shaping the future of the

members involved. It is for this reason that many of the state societies have embarked in programs that help engage their members and helps them become ambassadors to the local community. Being a good CPA citizen is important in building the perception of the profession, and many societies help provide the opportunities, the tools, the training, and the resources to ensure that their members can serve this role effectively.

### Intensifying information

**flows to members** - With the myriad of information coming at the profession from Congress, the SEC, the AICPA, consultants, educators, regulators, and other CPAs, the state societies have taken on a renewed responsibility for keeping their members on top of the critical issues that CPAs need to know about. As the organization closest to the CPA at the state level, state societies provide a direct route



can best take advantage of.

**Development of the Profession** - Among the unique responsibilities of today's state CPA society is the commitment not only to professional development but also to developing the profession. Image enhancement, public relations efforts, advertising, community outreach and representation of the profession to incoming professionals have become a major strategic and operational goal of today's CPA society.

**Student Outreach -**

Recognizing the decline in enrollment in accounting curricula over the past decade, one of the main priorities of today's CPA society is organizing a student outreach program to attract potential new members to the profession much earlier than before. The societies organize community events, enrolling members and other organizations to help educate college students, high school students, and even grade school students as to the importance of business, finance and accounting in

today's world. Several state societies have also created entertaining and informative web sites for students to learn about the profession in a way that is fun and educational.

Across the board, state society executive directors view their associations as THE ONLY statewide organization dedicated to preserving, protecting and promoting the CPA brand. "We're the only ones looking out for the profession in its totality," said one of the executive directors we spoke with.

**Adjusting to Time Pressures** - What about volunteer efforts in the state societies? How are these organizations addressing the time pressures faced by today's CPAs? CPA Society staff members understand that their members are not only customers, but also owners of the association as well as workers when they volunteer. Each of the executive directors that we spoke with identified time constraints as one of the major hurdles facing future volunteer efforts, but each indicated that their members are more enthusiastic about volunteering and assisting in projects than ever before. "The trick is to get on their calendars a lot earlier," says Cindie Hubiak, President of the 4,800-member Arizona Society of CPAs. "Our members care so much," says Peggy Dzierzawski, President of the 16,000-member Michigan Association of CPAs. "We are seeing an increased passion for the profession [in the post-Enron era] and our members are eager to step up and give back," she adds.

Several state societies are adjusting their product/service offering to bring more programs to their members, instead of expecting their members to come to them. "People want activities in their own backyard," says Art Renner, Executive Director of the 6,200-member Connecticut Society of CPAs. Many of the state societies are going on road trips, bringing the message to their members in their local communities about the role of the society, the benefits of membership, and the resources available to them. "I didn't know you did that" seems to be the main response to many of the local outreach efforts that the societies are now engaged in.

**Engaging Members** - State societies are not, and cannot

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be, organizations that unilaterally identify the issues, develop the resources, and affect change all by themselves. "It's not our job to tell [the members] what to do," says Lou Grumet, Executive Director of the 30,000-member New York State Society of CPAs. "Our role is to represent and connect the members to each other," he adds. Societies are facilitators of change, and many of these changes are brought about by the members participating in the process.

Associations of all kinds - whether CPA related or not - have faced an increasingly skeptical membership thinking, "How can I make a difference?" As institutions grow larger, more impersonal, and more bureaucratic, all organizations must fight the perception that their members individually cannot make a difference.

Recognizing this increasingly skeptical nature of volunteer organizations, many state societies are highlighting success stories to underscore how their members can make a difference, proving that the organization is structured in such a way to listen to and act on member input. Bert Trexler, Executive Director of the Pennsylvania Institute of CPAs, shared a story of a member contacting the Society on April 2 of this year, suggesting that Pennsylvania CPAs organize an effort to assist military families with their tax return preparation. With less than two weeks left in tax season, the Society organized a program within 24 hours of the suggestion, and dozens of Pennsylvania CPAs helped local military families with their tax needs in the days leading up to the tax deadline. "Members don't realize the impact they can have," said Mr. Trexler.

**Working Smarter** - State Societies don't have all the answers, but they are making

wholesale structural changes to adapt to the changing environment. "We need to operate smarter and be more strategic," says John Sharbaugh, Executive Director of the 27,000-member Texas Society of CPAs. "We need to use technology more... We don't need to develop every program."

States are working together in increasing numbers to share resources, and to get better "bang for the buck" when developing new programs for members.

States are cooperating with each other and with other third party providers in ways they never have before. They recognize that they can't be all things to all people, therefore they are looking for more effective strategic alliances to bring the members what they need. After the hype and excitement and then ultimate failure of a nationwide alliance between the state societies and cpa2biz, the AICPA-backed online portal, states are no less deterred but are entering into future strategic alliances with a lot more caution and more realistic expectations.

One example of an effective strategic alliance is a cooperative effort among eight Midwestern states (including Kentucky) to address the needs of corporate finance professionals. The states have become partners with the Center For Corporate Financial Leadership, founded by the Illinois CPA Society, meeting the needs of corporate finance professionals through high-quality executive education, knowledge resources and networking communities. A full service range of products and benefits await corporate members of the alliance, and services are offered at a higher

level than any individual state could offer by themselves.

**Overcoming Competitive Concerns** - One criticism of state society participation that I have always heard has been the concern about networking with competitor organizations. Most societies acknowledge this perception, yet argue that the concern does not interfere with the vast majority of the work they, as an organization, pursue.

"We're seeing just the opposite," says Mary Medley, CEO of the 8,100-member Colorado Society of CPAs. "We're



KSCPA Headquarters

watching the smaller firms who do SEC engagements and they are asking for increased networking opportunities with larger firms as a result of Sarbanes-Oxley."

It is through projects that are bigger than competitive advantage - lobbying in state legislatures, image enhancement, encouraging students to enter the profession - that help the state societies shine and transcend the limited concerns about sitting in a room with a competitor.

**Enthusiasm For The Future** - So what does the future hold? Not surprisingly, executive directors of state CPA societies are bullish on the future. But they've got good reasons to be. Members recognize the need to participate in the fight for the future of their profession, and a majority understand that the CPA Societies are the most effective way to influence a change within the community that they live and work. CPA Society staff are a dedicated group of association professionals that view their members as family, and by nature they feel very protective, supportive and responsible for the well-

being of their extended families. They know they can't do it all by themselves, and they take comfort in seeing that the level of commitment of the membership - their family - is stronger than ever and more committed to preserving and protecting the profession than ever before.

To those of you who are actively participating in state society activities, this article may offer little new insight, but will reinforce the positive experiences you have had with your state society. To those of you who may have nothing more than a "checkbook" relationship with your Society, perhaps there are some new initiatives that you will want to explore. Visit the society's website, [kycpa.org](http://kycpa.org), and take some time to find out what they are doing on your behalf, and - even more importantly - how you and your firm can help. And to those of you who have either never explored membership in your state society, or were involved in the past and were turned off by what you saw, it may be time to take a fresh look.

So, back to the original question, "Are state CPA societies still relevant?" Based on what we see, the answer just may be that they are more relevant today than they have ever been.

Michael Platt is the President of AccountingWEB, a web-based news and information resource serving over 75,000 accounting professionals, and the associations and societies that represent them. Mike was involved in the CPA profession from the non-profit association management side for fifteen years prior to starting AccountingWEB. He can be reached at [mplatt@accountingweb.com](mailto:mplatt@accountingweb.com).



## 2003-2004 President David R. Price Has Energy For What's Ahead

**David R. Price**, partner with Jones, Nale & Mattingly, has been active in the Society almost from the time he got his certificate. Yet, through the years, he sees a lot of consistency.

"A lot of things haven't changed – the mission is the same," David said. "Demographics may have changed as far as membership and who we are. But the underlying premise of what a CPA is and what the goal of the Society is really hasn't changed- just how we get there."

Already, David has tackled one of the biggest challenges to face the Society. He headed the committee charged with finding the next Executive Director. This was not an easy task, given Ben Gratzner's 31 years of service and strong leadership.

"I've always admired Ben. He treats every member with the same level of importance. There are so many things Ben's brought to us. He's such an easy guy to know and like and to be around. One thing you look at is his leadership skills. He can get on the phone and influence people. He's led us in the right direction."

David is very confident in the person his committee chose to be the Society's third Executive Director, **Penny P. Gold**.

"Penny is very capable. She's very well respected in Frankfort, very bright. She seems to have a creative mind. She's very personable. She's had to deal with professionals before who were not unlike CPAs. She's very well written, very well spoken.

Penny's going to do really well for us."

David is optimistic about the opportunities ahead.

"Ben's left things in good hands. I'm looking forward to the challenge of bringing in someone new," David said. "There's an energy that comes from change. When you bring new people in, you've got energy to make things happen and not rely on what's in place."

David is a man with a lot of energy. He and his wife Leslie have three children aged six to 13. They are constantly on the move with practices, school meetings and extracurricular activities. In his spare time, aside from coaching, playing with and watching his kids, David enjoys physical activity. His hobbies have included SCUBA diving, playing the guitar and martial arts. It's no wonder that he says he likes to relax during his vacation time.

Family is very important to David. His family has a lot to do with the values he developed and the type of CPA he has become.

"I've got a great family, a large family, a very close family. We've got a lot of



mutual respect for each other. I've learned from people who are unselfish and giving - a very serving group. And I

think of that as what we do, whether as leaders of the Society or as a CPA to your client, you're there to serve."

David also appreciates the role models he has in his office. Managing Partner Jon

A. Meyer and former Society President Wayne Stratton have influenced his career.

"Both of my partners have mentored me in different ways. Jon's kind of a perfectionist.

It helps for you be critical of yourself, make yourself better. It's kind of a humbling thing – to always know there's a better way of doing things. It effects the quality of the product that you put out if you do things right, first."

"Wayne's a relationship person. He's the kind of person that calls for building relationships with your clients and with people in your life."

David credits the firm culture for allowing him to be active in the Society.

"My partners see value in our involvement in the Society. I believe it's developing a network of relationships that are huge resources of information. We're in the information business. We're a resource for our clients and having extra resources is important.

"We've always been active in our profession. I've got the support of our partners. When you've got their encouragement, it makes the decision to

serve easy. And it's important to take charge of your profession. You'd rather be a player than a spectator."

As he assumes the presidency of the Society, David sees the challenges and opportunities that lie ahead.

"We're at a tough crossroads with regulation. I think that's a big concern for the future.

"First and foremost we need to deal with the regulation side. We need to improve our accountancy laws. We need to improve the substantial equivalency aspect of it. It may be a challenge, but at the same time, we need to keep the perception of CPAs upholding the public interest."

David is hopeful that the next year will bring about some change needed in the profession.

"There are some things we can do to improve on the ethics side. We've already scheduled to address those with our State Board. Fortunately, we have a State Board that is committed to improve and has the same goals we do.

"Another big challenge is

**"We're in the information business. (The Society) is a resource for our clients and having extra resources is important."**

dealing with the economy. We've seen the impact that it has on members. We know public accounting firms are not growing and businesses that hire CPAs are searching for ways to cut costs. They are having to make do with less."

The priorities for this upcoming year will include initiatives the Society has been working on.

*(continued on page 19)*



## Educational Foundation Golf Tournament

The annual Educational Foundation Golf Tournament was held on June 26, 2003 at Chariot Run Golf Course of Caesars Indiana in Laconia, Indiana. Over 100 golfers participated and helped raise over \$7,000 for the Foundation. The Foundation uses these proceeds to award over \$7,000 in scholarships to high school and college students from around the state.

The first place foursome included **John Lewis, Jim Carpenter, Chick Sullivan and Don Marsh** all from Deloitte & Touche. The second place foursome consisted of **Jerry Hensley, Dennis England, Mark Whelan and Brandon Cornett** representing the firm of England & Hensley.

Several contests were incorporated along the way. Winners included: closest to the pin (hole #3), **Mike Shepherd**, Dean Dorton & Ford; closest to

the pin (hole #6), **David Miles**, Res-care; closest to the pin (hole # 11), **Wayne Stratton** with Jones Nale & Mattingly; longest drive (men), **Bill Bonny** of Strategic Wealth Designers; longest drive



Linda Schild, accepts a check from Golf Committee Chairman Kelly King (center) and Society President John Hawkins.

(women), **Paula Hanson** of Dean Dorton & Ford; straightest drive

(men), **Brad Cecil**, Laser Images; straightest drive (women), **Paula Hanson**; longest putt,

**Mike Taylor**, Miller Mayer Sullivan & Stevens.

Money Concepts/Gear Up sponsored a \$25,000 Hole-in-One contest and although there were no winners, several golfers came within a few feet. Money Concepts/Gear Up also sponsored a \$10,000 Putting contest.



Greg Higdon, Society legislative consultant and lobbyist (center), and David Morgan, CPA (right), President and CFO of Different Strokes Golf Centers, watch retired CPA Ron Abrams' shot.

After two putt-offs, **Bill Bonny** was the lucky golfer who received the chance to win the big money. In the pouring rain, he came up just a bit to the left on the 50-foot putt, but received the consolation prize of a \$50 Gift Certificate to Chariot Run Golf Course.

Different Strokes Golf Centers provided raffle prizes and several of the contest prizes. The prizes for the raffle included a set of Titleist 762 Irons, a three-day/two-night golf package at the

Beau Rivage Resort and Golf Club in Wilmington, North Carolina, \$100 cash compliments of Matly Digital Solutions, and a one night stay for two at Caesars Indiana and dinner at Legends.

Thank you to all the sponsors and golfers who made this event such a huge success!

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## Annual Members Meeting

The 2003 KSCPA Annual Members Meeting, held June 26-27 at Caesars Indiana Resort, held some great moments and great memories for everyone in attendance. This year's event held special meaning as it featured the luncheon for retiring Executive Director Ben Gratzner (see adjoining article).

**John Hawkins**, 2002-03 Society President, welcomed 150 members and guests. Barry Melancon, President and CEO of AICPA and William "Bill" Ezzell, Chairman of the Board of AICPA spoke on professional responsibility in a



Gary Montgomery

changing environment and provided an issues update from the AICPA.

Gary Montgomery, sports director for WDRB-TV, Fox 41, Louisville, was the keynote speaker for Friday's CPE session. Gary, author of *I Can Play, a Philosophy for Life*, gave his formula

for living a successful life: build a vision, remain positive, take risks and throughout the journey, believe and focus on the goal.

One of the highlights of the members meeting each year is the Annual Business Meeting where the presidential gavel is passed to the new president. 2002-03 president **John Hawkins**,



William "Bill" Ezzell

Deloitte & Touche, LLP, Louisville held the honor of passing the gavel to 2003-04 president **David Price**, Jones Nale & Mattingly, Louisville. Before stepping down, Hawkins expressed thanks to the outgoing board of directors and his executive committee.

Awards were presented at the luncheon to outstanding committee chairs for 2002-03.

This year's recipients were Accounting Career & Opportunities Committee Chair **Shannon Bryant**, Paul Schultz Advertising, Louisville; Peer Review Committee Chair **G Alan Long**, Long & Fisher, PSC, Richmond; **J. Todd Taylor**, Taylor Advisors,

Louisville; and **Brian Woosley**, Stiles, Carter & Associates, Elizabethtown.

David presided over the final part of the meeting. He welcomed the many guests who made a special effort to come and wish Ben well on his new stage of life.

David took the opportunity to introduce to the membership our new Executive Director, Penelope

"Penny" P. Gold. Penny spoke of her excitement to be a part of the organization and praised Ben for the fine leadership he provided throughout the years. She is looking forward to getting to know the members.



David Price (left) and John H. Hawkins, Jr.



# Farewell Ben, Thanks for Thirty One Years

With bagpipes playing, Bernard "Ben" W. Gratzer was ushered onstage for a final tribute for his great career. Fellow Society executive directors from Alabama, Georgia, Indiana, Massachusetts, Michigan, North Carolina, Rhode Island and Virginia and other special guests joined the Society membership to say farewell and demonstrate the high esteem in which so many people held Ben.

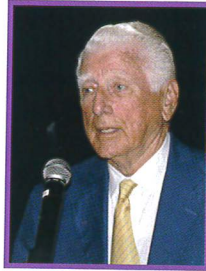
Jane Driskell, Chief Financial Officer from the Louisville Metro Mayor's office was on hand to proclaim June 30, 2003 as "Bernard W. Gratzer Retirement Day" and stated that "all good citizens of

Louisville Metro were encouraged to celebrate accordingly."

Barry Melancon, CEO and President of AICPA, spoke about the impact Ben has on his peers and the profession. He mentioned that, thanks in part to Ben, there is a current streak of 12 consecutive years of representation on the AICPA Board by Kentucky CPAs. Only one other (much larger) state can make a similar claim. Barry also compared Ben's effortless work to Michael Jordan, Lance Armstrong and other famous professional athletes.

Gordon Ford, the oldest living Society Past President,

made the trip from his home in Florida to speak to Ben.



Gordon Ford

Gordon told Ben, "I've been retired for 28 years, and it ain't bad."

Gifts were presented to Ben from several groups including

Acordia of Kentucky, the Society staff, the Past Presidents, a group of Kentucky CPA firms and some state CPA Chief Staff Executives.

Ben spoke for the last time as Executive Director. "I am very moved by the efforts of those who traveled far to be

here today. I sincerely appreciate what you have done for my wife Valerie and myself not just today but through the years. It has been a joy and a real honor to serve you and your profession. I am humbled by your gratitude."

Ben thanked the Society members, his staff and the past presidents whom he said made his job so enjoyable over the years. He also thanked his

personal CPA, Glyn Kerbaugh, for his guidance. Ben saved his most emotional gratitude for his family, including his three

daughters and his wife, Valerie.

The event was concluded with a reception while a string quartet played.



Jane Driskell and Ben Gratzer

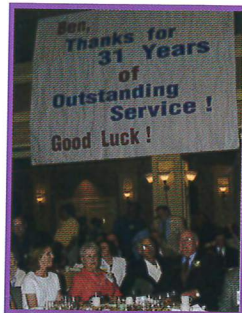


2003 KSCPA Staff

Left: Jim Ahler, Executive Director of the North Carolina Association of CPAs, wishes Ben good luck upon his retirement.



Right: Ben Gratzer with his family.



Kelly King, 1995-96 Past President, presents Valerie Gratzer a gift from the Past Presidents of the Society.



Guests attending the Retirement Luncheon, show their appreciation for Ben Gratzer and his thirty one years of dedicated service to the Society.



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# Penny Gold Ready For Challenges and Opportunities as New Society Executive Director

On July 1, 2003, **Penelope "Penny" Gold** became the third Executive Director in the 79-year history of the Kentucky Society of CPAs. Ms. Gold came to the Society from the Kentucky Academy of Trial Attorney where she managed active legislative and educational programs and helped to double membership. She also worked for the Kentucky Department of Housing Buildings and Construction, the Kentucky Cabinet for Public Protection and Regulation and Jefferson County Fiscal Court.

Penny describes herself as a person with a lot of energy, patience and integrity. She has been recognized for her success by being named the Business & Professional Woman/River City's *Woman of Achievement for 2002* and by winning the Center for Nonprofit Excellence *Award for Collaboration*. She has served as President of both the Kentucky Society of Association Executives and the National Association of Trial Lawyer Executives, and as a founding director of the Kentucky Family Safety Foundation.

Despite growing up in New York, Penny is glad to be in Kentucky. "I have been here for 30 years; Kentucky is home and a wonderful place to live." She lives in Louisville with her husband, attorney and former judge, Paul Gold and her twins, Evan and Kelly who are college juniors.

Growing up, Penny was the middle child in her family. She says that made her a "born diplomat," a trait that has helped her in association management. She also brings some natural creativity to the position. Her

father, Charles Biro, is in the Comic Book Hall of Fame, her sister owns a creative design firm in New York, and her daughter is studying graphic design. "My father gave me the courage to be creative, and to



Penny wants to encourage Society members to maintain the high level of ethical and educational standards traditionally expected of the profession.

set my goals high." Penny said. "From my mother I learned to keep things in perspective, both personally and professionally."

Another person Penny looks up to is the man she replaced, Ben Gratzner. Penny said, "I have always considered Ben a mentor through the years. After my predecessor died suddenly in 1989, Ben would be the first person I would call whenever I faced a serious association management question. I am sure I was not the only association director who turned to Ben for advice. Ben has a reputation in the association management world of being very levelheaded and professional."

Penny understands the challenges of her new position. She has been talking to members and studying the issues facing the Society. "Pending changes in federal and state laws will bring new challenges, but the Society is uniquely qualified to

handle the transition."

Ms. Gold wants to encourage Society members to maintain the high level of ethical and educational standards traditionally expected of this profession. "We must do everything we can to cooperate with federal and state regulators, yet at the same time, guard against a cascade effect, or any unreasonable enforcement that would harm the public interest or the accounting profession."

"Society members and the Board own this organization,

and I will never forget that. The staff stands ready to help carry out *their* policies and *their* vision. Ben has done a remarkable job through the years of keeping members involved in this process, and in nurturing new leaders. I see the work of the Society staff and the Board as a partnership. We are all on the same team, all aiming for the same goals in the best way possible. I only hope I can live up to the legacy left by such a great team captain, Ben Gratzner," Penny said.

David Price, head of the search committee, described Penny as "very bright ... very well written, very well spoken."





# Majority of Private Companies Adopting Corporate Governance Changes

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A newly released survey of private companies in the United States indicates that although the Sarbanes-Oxley Act is primarily geared towards public companies, 58% of private companies are instituting changes to ensure greater control of their accounting processes.

"Although recent changes to accounting regulations have been directed toward public companies, privately held firms are also closely scrutinizing financial processes in the wake of corporate scandals," said Paul McDonald, executive director of Robert Half Management Resources who sponsored the survey. "Private businesses need to be aware of areas in

which vulnerabilities may exist within their organizations."

Of those CFOs who indicated that they are imple-

More than a third of the 1,400 CFO's interviewed for the survey indicated they are not taking any steps to ensure

McDonald added that the Sarbanes-Oxley Act could have a ripple effect on private businesses. "Private firms

## SARBANES-OXLEY ACT The Ripple Effect

menting new practices, those changes include:

- 44% Review or change current accounting procedures
- 36% Create or expand internal audit function
- 23% Hire an independent firm for consulting work
- 8% Restructure executive compensation plans
- 2% Some other step

greater control of their accounting processes.

McDonald recommends that all companies have in place a system of internal checks and balances that integrates core business functions within a strong corporate governance framework. "Conducting an internal audit and developing sound internal controls helps to ensure the accuracy of accounting records and provide early detection of potential errors or fraud."

planning to go public, obtain major financing, enter into long-term agreements with public corporations or be acquired by a public entity will need to address accounting and financial disclosure requirements mandated by the Act."

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# AICPA Business Decision Maker and Investor Survey Preliminary Findings

Results presented by Jim O'Malley

## Preliminary Survey Results

AICPA commissioned Penn Schoen & Berland Associates to survey Business Decision-Makers ("BDMs"), who are executives or part of senior management of their company, and Individual Investors ("Investors"), who are persons holding stocks, bonds, mutual funds or any other types of investments in their personal bank, brokerage or 401k accounts.

Preliminary Results are becoming available. The margin of error in both surveys is below +/- 5.0%.

## What Happened — Credibility

Clearly, among both groups polled, the credibility of the accounting profession

has suffered. Nearly 90 percent of both groups answered the question, "Do you think that the credibility of the accounting profession has suffered...in light of recent accounting scandals?" either "great deal" or somewhat.

## CPA Favorability is High

Despite the clear majority reporting that the CPA professional's credibility has suffered, CPAs are still seen in a good light. Both groups said they are very favorable towards CPAs. The CPA profession scored just below physicians.

## Management is the Focus of Blame

Less than a quarter of those surveyed said they believed In-house accountants and auditors or external

auditors were to blame for the scandals. CEOs, CFOs & other senior financial officials blame also seemed to rest on a "Few bad apples." Most respondents agreed that the corporate accounting scandals "reflect poorly on a few bad apples in the accounting profession but not on the large majority of CPAs who are ethical and competent."

## On the Right Track

Actions already begun by the AICPA and state societies were given positive feedback. Respondents believed that actions such as the AICPA's recently issued audit standard that gives auditors additional guidance for detecting corporate fraud will help. They also responded favorably to the call for a rejuvenated accounting culture including rigorous commitment to

integrity, ethics and independence.

More than half the respondents also believe that actions by federal regulators including the Sabanes-Oxley Act will make a difference. This is troubling for those in the profession who fear the cascading effects from such legislation.

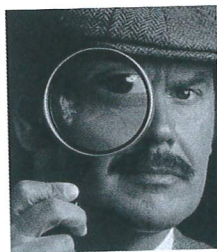
## We Have Work to Do

Overall, CPAs generally are viewed very positively. At the same time, CPA credibility has been damaged and most think the scandals reflect poorly on how CPAs do their jobs.

The members of the CPA profession have a significant role to play and must demonstrate a positive impact on public perception.

See graphs and charts on page 19.

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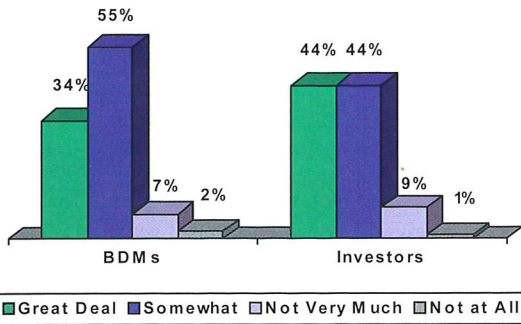
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# Survey Preliminary Findings

Do you think that the credibility of the accounting profession has suffered...in light of recent accounting scandals?

	Credibility Suffered (Yes/No)
BDMs	89/9
Investors	88/10



Do you think the following actions will make a great deal, somewhat, not very much or not at all of a difference in deterring future accounting scandals? <i>Ranked by Total Difference</i>	BDMs		Investors	
	Great Deal	Difference/ Not	Great Deal	Difference/ Not
The American Institute of Certified Public Accountants sets auditing standards for the accounting profession. For example, the association has recently issued a new audit standard that gives auditors additional guidance for detecting corporate fraud.	8	71/25	12	65/32
CPAs are taking actions to restore credibility to the accounting profession. For example, leaders of the accounting profession have called for a rejuvenated accounting culture including rigorous commitment to integrity, ethics and independence.	9	66/31	12	71/27
New federal legislation (the Sarbanes-Oxley Act) passed this year created a new Public Company Accounting Oversight Board overseen by the Securities and Exchange Commission. The Board, which can include only two CPAs among its five members, has the authority to oversee and investigate the audits and auditors of public companies, and sanction both firms and individuals for violations of laws, regulations and rules.	10	64/33	11	60/37

"Great Deal" is also included in overall "Difference"

"Strongly Agree" is also included in overall "Agree"

Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree?	BDMs		Investors	
	Strongly Agree	Agree/ Disagree	Strongly Agree	Agree/ Disagree
The corporate accounting scandals reflect poorly on a few bad apples in the accounting profession but not on the large majority of CPAs who are ethical and competent.	58	89/10	58	86/14
The corporate accounting scandals reflect poorly on the Big 4 accounting firms but not on other CPAs.	26	67/31	36	69/28
The corporate accounting scandals reflect poorly on how CPAs do their jobs, without regard to whether they work in corporations or in outside CPA firms and without regard to whether they work in the Big 4 CPA firms or in smaller CPA firms.	21	63/35	21	59/38

Who do you think is most/least to blame for these scandals? <i>Ranked by BDMs Most</i>	BDMs		Investors	
	MOST	LEAST	MOST	LEAST
CFOs and other senior financial	60	3	50	17
CEOs	53	3	53	6
Corporate Boards of Directors	27	15	28	3
In-house accountants and auditors	24	17	23	25
External auditors	22	12	20	18
Attorneys	14	21	12	20
Financial Analysts	12	20	--	--
Investment Bankers	11	22	11	18
Other	3	10	7	--
Don't Know	1	0	4	11

Are you very favorable, somewhat favorable, somewhat unfavorable, or very unfavorable toward... <i>Ranked by BDMs Very Favorable</i>	BDMs		Investors	
	Very Favorable	Favorable/ Unfavorable	Very Favorable	Favorable/ Unfavorable
Physicians	45	93/6	52	92/7
CPAs	41	94/5	37	90/6
CFOs	35	85/10	16	59/33
CEOs	33	86/11	12	55/40
Commercial Bankers	25	82/14	20	70/20
Attorneys	14	63/35	18	60/35
Investment Bankers	11	62/31	14	62/26
Stock Research Analysts	9	47/41	15	49/32
Stock Brokers	8	49/45	13	60/33

"Very Favorable" is also included in the overall "Favorable" Rating

## David R. Price (continued)

"We've done a great job this past year, but we need to continue forward in student recruitment. We've talked about engaging young people. We have to engage them at a younger age so they've got some enthusiasm as we bring them into the profession. We have to recruit the best and brightest and somehow build our image so that it's something people want to do.

"Image enhancement is still

a key. I don't think we've suffered permanent damage; we just need to reestablish CPAs as a symbol of business integrity. We can't let a few bad apples spoil us.

"We've made strides in our Educational Foundation, and PAC. We can't let go of the progress we've made."

David is keenly aware of the needs of the membership.



David R. Price with Marcus Bickwermt a 2003 John Brown Scholarship recipient.

As he takes over, he will try to use the constants of the profession - integrity and service to clients and customers - as guides for the changing times.

"We are basically challenged with the increasing diverse demographics of our

members. More and more CPAs are working in industry. We have to face the dynamic needs of our diverse membership. We've done a great job of it in the past, and stayed more attuned to it, but we will continue to stretch those dues dollars.

"We're going to have our plate full."