

The Kentucky CPA
Journal

The Journal of The Kentucky Society of CPAs

Spring 2006



KY
CPA

New Logo:
a fresh

NEW LOOK

Also: Focus on
business and industry

kycpa.org

President's letter

By John Wilson



Dear friends:

For all the benefits and rewards CPAs enjoy in their careers, you have to admit, it can be a tough job sometimes.

CPAs are called upon to stay abreast of the latest developments in the business and accounting world. Whether it's legislation affecting state or federal tax law or local ordinances that affect you or your clients' businesses, we have a lot of information to absorb. Depending on your role within a firm or company, you may need to master human resource or information technology skills too.

And then there's always the desire to make ourselves more marketable to potential clients or employers.

Add to that continuing education requirements, and it's a lot to have to know.

The Society does a good job offering CPE courses, news and information on a variety of topics to its members to help CPAs along in our continual quest for knowledge. The Society serves CPAs of varying interests and diverse backgrounds and meeting everyone's needs can be a tough job too.

One service the Society offers that is an *exceptional* resource for CPAs working in business and industry is the Center for Corporate Financial Leadership, or CCFL. Again and again, I hear stories from KyCPA members working in business and industry who talk of how valuable CCFL was in a pinch when they had a tough customer question or needed to do research in a hurry.

Yet, I am surprised when other members tell me they are either unaware of this resource or have not yet used it to its capacity.

That's a shame really, because CCFL services -- NewsFlash, the Information and Research Center, Executive Education courses and networking breakfasts, to name but a few -- are excellent resources.

Allow me to take a moment to tell what CCFL is and some of what it can do for you.

- ◆ CCFL is a resource for corporate financial professionals -- an affiliation of more than 34,000 from Illinois, Indiana, Kansas, Minnesota, Missouri, Wisconsin and Kentucky.
- ◆ CCFL offers NewsFlash, an e-newsletter packed with the latest news and trends in the financial world. Stop wasting your time surfing for news: NewsFlash has done it for you.

- ◆ Research Assistance does your research for you via full-time, onsite research specialists available via phone, e-mail, live chat or fax. Most questions are answered within a day.

- ◆ The Online Catalog is an online lending library of more than 6,000 books and periodicals.

- ◆ Information by Topic covers current finance and accounting issues -- articles, research studies, books, Web sites and white papers -- from online and print resources.

- ◆ Talk to a Member is a members-only directory of corporate professionals with expertise in specific subject areas who have volunteered to answer your questions. Try it to see just how valuable this can be.

There's more to CCFL, but space in this publication prohibits going into the sort of detail it deserves. Find out more at www.ccflinfo.org. If you have questions about CCFL membership and whether or not you qualify as a member, call the Society at 502.266.5272.

And by the way, CCFL membership is FREE to KyCPA members working in business and industry. That's right; *we pay your CCFL dues for you*. It's a service the Society is pleased to offer. Please take advantage of it and let us know what you think.

John Wilson

Across the board

By Penny Gold



There is so much to tell you about this time. The Feb. 23 Board of Directors meeting was very productive and positive changes have resulted from their work. First, I am pleased to announce ... as you may have surmised from the cover of this magazine ... that the Board voted to adopt a new Society logo!

This has been a long process and a new, fresh look is overdue. This particular design makes it easy for others to understand that it stands for Kentucky CPAs. Our old logo was difficult for outsiders to understand, and we were often confused with Kansas (especially on the Internet). The new look now matches our Web site domain name, and we are at last, KyCPA. Kudos go to *President John Wilson* and the board for their leadership in taking the Society forward.

Legislative:

I have been trying to keep you up to date on the legislative session via email alerts. We will be wrapping up the session in the next issue of the newsletter. In the meantime, I want to extend special thanks to the Society's Tax Committee members for their tireless efforts on your behalf. They have helped legislators understand the need for changes to the Tax Modernization Act, and have provided invaluable guidance to legislative staff. Of special note are the efforts of: Tax Committee Chair, *Mark Loyd*; *John Chilton* of Chilton & Medley; KyCPA Board Member, *Phil Gregory*, Pricewaterhouse Coopers; *David Brown* of Dean Dorton & Ford; *Erica Horn* with Stites & Harbison; *Lindy Karnes* of Dulworth, Breeding & Karnes who frequently ran to the capitol at a moment's notice. And thanks to all of the members who have taken the time to call or write your legislators during this session.

On the regulatory front:

I am pleased to report that the Kentucky Department of Revenue has decided to *withdraw* Regulation 103 KAR 1:080, the emergency (and companion) regulations that declared all DOR policies and circulars null and void. *Commissioner Mark Treesh* is to be commended for choosing to

take a more measured path by slowing the process down and pledging that the Department will consider each on its own merit and in light of other legislative and regulatory changes. This is a great relief for not only CPAs, but for the business entities that have based their structures around DOR policy and circular guidance. Members of the Society Tax Committee have scheduled a special meeting with the Commissioner and Department of Revenue staff to discuss this and several other regulatory matters, and to ask for additional guidance in several areas.

The exam bill:

House Bill 250 has passed both houses and will take effect in mid-July. This bill will allow accounting students and candidates the option of taking the CPA exam upon receipt of their bachelor's degree (rather than waiting until after completion of the 150 hour licensing requirement). We are very hopeful that this will encourage more students to sit for the CPA exam and earn their CPA license. Perhaps the pass rate will also show some improvement, since in many cases the exams can be taken closer to completion of key accounting courses. *Rep. Carolyn Belcher, CPA* deserves special thanks for sponsoring and ushering the legislation through the process. Don't forget to encourage candidates to sit for the exam! *The future of the profession depends on it.*

Society leadership:

A report of the nominating committee was approved, and notice of the new Board nominees for 2006-2007 is formally presented elsewhere in this publication. New nominees to the Society Board of Directors include: *Mimi Kelly*, EON-US; *Stephen Lukinovich*, Chilton & Medley; *Nancy Davis*, Stock Yards Bank; and *Erica Horn*, Stites & Harbison of Frankfort. *Lee Groza* of Mountjoy & Bressler has been nominated to return to the Board as president-elect. We are fortunate to have such strong leadership, currently in office and on the horizon.

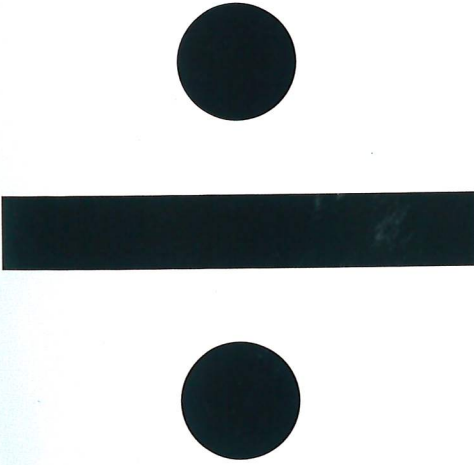
Strategic planning:

The Board of Directors also reviewed the work of its Strategic Planning task force at this meeting and adopted *Five Bold Steps* to be tackled in the coming year: (some are already underway):

1. Launch and complete Educational Foundation fundraising campaign;
2. Challenge Society members to become involved in the Financial Literacy initiative;
3. Publicize best practices in work/life balance to help members deal with the changes in workplace expectations and demands;
4. Create a new look and branding strategy for the Society, including a new Society logo;
5. Analyze the member survey results to identify what member services to add, expand or delete.

Members Meeting and Symposium:

Finally, I want to be sure you mark your calendars for an exceptional program on Thursday and Friday, June 22-23. An evening reception will usher in the new leadership on June 22 and a symposium on June 23. We are opening the educational programming portion to the business community and it will now be called the Kentucky Society of CPAs Annual Symposium.



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C-suite CPAs have favorable outlook on U.S. economy, according to survey

On the right track.

More than half of the CPA executive respondents say the economy is on the right track.

Most CPAs who serve as CEOs, CFOs and in other high-level corporate decision-making positions are optimistic about the U.S. economy and many are predicting workforce increases in their companies, according to the latest Business and Industry Economic Outlook Survey, a semi-annual study conducted by the AICPA.

Sixty percent of the CPA executives polled believe the economy will continue to improve, slightly higher than the 57 percent who responded similarly in the previous survey, which took place in June 2005. An even greater number, 74 percent, revealed a positive outlook for their own organization's prospects over the next six months.

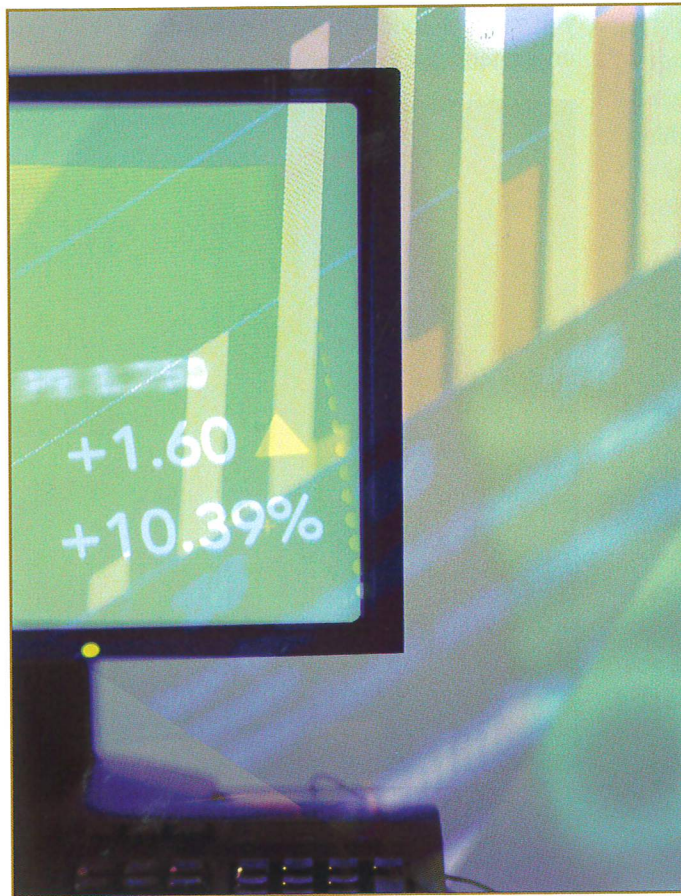
Less than half of the respondents, 45 percent, anticipate a boost in hiring by their company over the next six months, but that is still a greater number than the 40 percent who made the same prediction in June. Only 11 percent said their organization would downsize its workforce.

Spending on information technology continues to be strong, with 55 percent saying it would increase. Only 5 percent predicted a reduction in spending. More CPA executives, 58 percent, foresee higher wage and salary expenses compared with 50 percent in the June survey. A smaller number, 51 percent, expect higher benefit costs; in June, 48 percent said they thought those costs would increase.

Energy cost and consumption concerns

More than 50 percent of the respondents are more concerned than they were six months ago about costs associated with energy, employees, and materials, supplies and equipment. Not surprisingly, the greatest concern

was the cost of energy, with 85 percent of the survey respondents saying they were more worried than they were six months earlier. Other concerns included the cascade effect of the Sarbanes-Oxley Act on organizations not registered with the SEC, international instability, and the cost or availability of credit. To a lesser degree, domestic terrorism and foreign competition cause worry.



Policy issues also raise concerns

The survey addressed several policy issues. CPAs continue to be more concerned about the impact of changes in short-term interest rates on inflation than on unemployment. On trade relations with China, a large percentage, 70 percent, endorse the current U.S. policy of supporting gradual revaluation of the Chinese Yuan vis a vis the dollar. Twenty-three percent are in favor of treating currency manipulation as a trade violation warranting sanctions, and 7 percent support

imposing sanctions without declaring currency manipulation as a violation.

Asked about the plans recommended by President Bush's Advisory Panel on Tax Reform, 55 percent preferred the Simplified Tax Plan, which primarily would impact individual taxes, and 45 percent gave the nod to the Growth and Investment Tax Plan, which would include significant changes in business taxes.

The survey, conducted in December, represents the views of 1,903 AICPA members in public and privately held companies, government and not-for-profit organizations.

The complete survey results are available at the AICPA Financial Management Center at <http://fmcenter.aicpa.org>.

New logos are not born; they are created.

*This is how the Society
created yours*

By Lorri Malone, editor

F r e s h .

That's the word I hear most often when people take the first look at the Kentucky Society's new logo. "It's ... fresh."

Fresh is good. It's energetic. It's professional and progressive.

And it's been a long time coming.



KY CPA

Kentucky Society
Certified Public Accountants

Color Cues

More than aesthetics, color brings meaning to design. Here's what the color choices tell us.

BLUE represents: authority, dignity, security, faithfulness, heritage, corporate stability and trust

YELLOW represents: youth, positive feelings, sunshine, refinement and caution

The former logo had a few things working against it: a dated design and concept and difficult format to work with graphically, among other things.

After careful consideration of the new logo design parameters and expectations, we brought in the fresh perspective of Jack B. Loewy Marketing Consultants, Inc., the Louisville company that ultimately created the design.

That logo, introduced on these pages, was focus-group tested with three groups: business owners, Society member CPAs and student members. Each focus group represented a broad cross-reference of the business community and Society membership. Their responses to pointed questions were recorded and measured by a third-party facilitator, Hope Stith, of Todd Arwood Performance Partners in Louisville, who compiled the data.

This logo resonated strongly with the focus group participants and emerged as the "winner" among other design choices. With a slight color adjustment, recommended by focus group participants, a new logo was created.

Stith presented the logo choice and supporting statistical evidence to the Society's Board of Directors in February and, with unanimous support, a new Kentucky Society of CPAs' logo was approved.

And while we at the Society are the ones presenting this logo, we are keenly aware that it is not our logo; it is your logo.

Congratulations on your fresh new look.