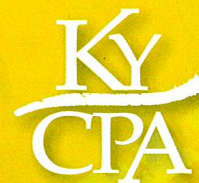


The Kentucky CPA Journal

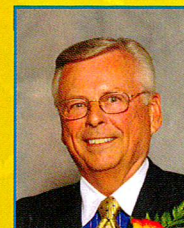
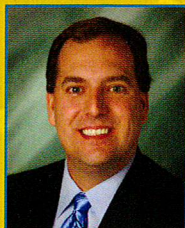
The Journal of the Kentucky Society of CPAs

Summer 2007



Kentucky Society
Certified Public Accountants

Paving the Way



Foundation Campaign

*A campaign for the future
of the profession*

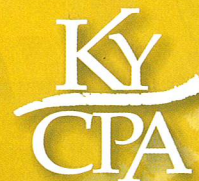
Also: KyCPA makes history:
New high school accounting
curriculum paves the way for
tomorrow's CPAs

kycpa.org

The Kentucky CPA Journal

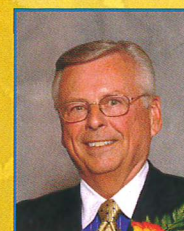
The Journal of the Kentucky Society of CPAs

Summer 2007



Kentucky Society
Certified Public Accountants

Paving the Way



Foundation Campaign

*A campaign for the future
of the profession*

Also: KyCPA makes history:
New high school accounting
curriculum paves the way for
tomorrow's CPAs

kycpa.org

Meet the president: Lee Groza, CPA



Lee Groza steps into his role as president of the Kentucky Society of CPAs from the firm Mountjoy and Bressler, LLP in Louisville, where he is a partner. A Kentucky native, he was raised in San Diego and is a 1989 graduate of the UCLA, earning a bachelor's degree in economics.

Groza has been a KyCPA member since 1995 and has served as chairman of the Technology Committee; chair of the Insurance Committee, having received the Outstanding Committee Chair Award for his efforts; KyCPA representative for the Professional Services Insurance Trust; chair of the Continuing Professional Education Committee; chair of the Governmental Relations Committee; a member of the Leadership Council, and KyCPA Political Action Committee; former secretary/treasurer of the KyCPA Board of Directors; and an AICPA ambassador.

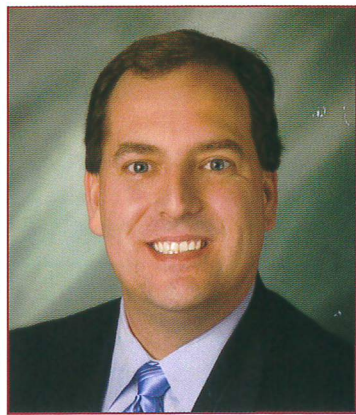
He has actively been involved with several charitable, civic and educational organizations. He was recognized as a member of the Class of 2002 Corporate Achievers by the National Multiple Sclerosis Society.

He lives in Oldham County with his wife, Tracey, and their two young children, Kendall and Ryan.

And some interesting trivia ... after college, Groza spent four years as a Special Agent with the Criminal Investigation Division of the IRS in Los Angeles, during which he served on a U.S. Secret Service Protection Detail for Bill Clinton during the 1992 presidential campaign. His late father, Alex Groza, was a University of Kentucky basketball alum and a member of the group known as the Fabulous Five and his late uncle, Lou Groza, was the longtime tackle and kicker for the Cleveland Browns.

In his own words ... a Q&A with the president

Lee Groza



Editor's note: KyCPA President Lee Groza was game for a little Q&A. We emailed a few questions and these are his replies.

Question: Why did you choose to be a CPA?

Answer: I wasn't any good at basketball. Seriously, the two most significant influences in my career choice as a CPA were Arthur Neumann and chemistry.

One of our close family friends in San Diego was a CPA by the name of Arthur Neumann who also happened to be the first person I knew with a home computer. As I was somewhat of a computer and electronics buff (still am), I spent countless hours playing on that old Apple and I was intrigued by the fact that Arthur was able to use this computer in his job. Arthur also had an impressive collection of video and audio equipment that he bought from someone called a "client" who ran a business selling high-end equipment. As an impressionable teen, I quickly adopted "Uncle Arthur" and began to realize that he was a very intelligent person who had a successful and interesting career helping individuals and businesses with something called "taxes" – a subject that people really didn't like to talk about.

Upon graduating high school I knew for certain that I was going to be a doctor. With math and science skills as the strongest weapons in my arsenal, I started college at UCLA as a pre-med Biology major. It only took about three quarters of chemistry to reach the conclusion that my true interests lied elsewhere. When this fork in the road caused me to reconsider my planned medical career it was an easy decision for an 18-year-old to make – I wanted to be like Arthur Neumann, CPA. I changed my major to economics, started taking accounting and tax classes and was hooked.

I have found this profession to be rewarding well beyond what I imagined back then and I am grateful for the influences that steered me in this direction. My experiences and interactions with other CPAs continue to reaffirm my desire to be part of this profession.

Question: What's the biggest issue facing the CPA profession as whole and what's the solution?

Answer: I believe that regulation may very well be the biggest issue facing our profession today. Regulatory issues currently being debated include peer review transparency, private company financial reporting, independence and international financial reporting, state registration of practitioners (mobility) and tax strategy patents.

The solutions to these problems are never easy and will require either legislative or professional action. I would encourage our members to stay engaged on these issues and make your positions known to the Society staff or leadership. Furthermore, if you have contact with legislators in your area, it is important to make that known to the Society as we attempt to address them as an organization on a unified front. Our Society has been actively involved in addressing several of these issues already and we intend, with your help, to continue to be proactive in the interests of our members.

Question: What's the biggest issue for CPAs in Kentucky? And what can we do about it?

Answer: One of the biggest issues we need to address, and one we can directly impact, is the CPA pipeline issue (licensing and student recruitment).

Statistics show that the number of students sitting for the computer-based exam has almost reached the level equal to the number of students that were sitting for the old exam. However, the success rate for Kentucky candidates during 2006 still lagged the old exam levels by 17 percent. The Society was successful, along with the State Board of Accountancy, in changing the law so that candidates are now permitted to sit for the exam upon graduation and I am hopeful it will have a positive effect on the success rate.

The frequency that candidates are permitted to sit for the exam has made it more difficult for us, as employers, to monitor our staff and motivate them to pass the exam. We need to do a better job of assisting our staff through this process by helping them plan their testing schedules and

actively monitoring their progress. Many firms are providing both time and financial assistance for exam preparation. At a minimum, the staff evaluation process should clearly emphasize the importance of successfully completing the exam. While the responsibility for passing the exam falls squarely on the individual candidate, we have a responsibility to provide resources and encouragement to help them get there.

Staffing issues and student recruitment continue to be recurring themes for our members across all practice areas. A significant number

of CPA baby boomers are nearing retirement age and we currently do not have the supply of new accountants to fill the void. We need to continue to be proactive on student recruitment initiatives and to do what we can to ensure the availability of quality educators.

I am encouraged by the fact that accounting is now the number-one declared college major, however, we need to ensure that we continue to capture the students' interest in this profession as early as possible. The Society and the State Board of Accountancy are significant partners in

a current project, spearheaded by the Kentucky Department of Education, to transform the accounting curriculum taught in Kentucky high schools in order to make it more relevant and demonstrate some of the more interesting and challenging areas of our profession. Their product is impressive and has the potential to eventually provide the most significant boost to our local CPA pipeline we have seen. We need to continue to serve as a resource to our educators and students, as needed, as they implement this new curriculum and well beyond.

Perfectly Positioned to Deliver the Professional Liability Insurance You Need.

As a CPA today, you need dependable liability coverage that keeps pace with the diverse services you provide. That's why your local agent, Schwartz & Associates, Inc., is strategically aligned with the AICPA Professional Liability Insurance Program — the nation's number one choice in accountant's professional liability insurance.

Schwartz & Associates, Inc. offers a number of AICPA-endorsed professional liability insurance products designed exclusively for CPA firms like yours:

- **CPA Value Plan** — For smaller CPA firms, with up to three professionals and annual revenues up to \$400,000.
- **Premier Plan** — For mid-sized CPA firms and the unique services their clients demand.
- **Regional Firm Plan** — For firms billing in excess of \$10 million, excluding the Big Four.

Reap the benefits of a national provider with the personal service you deserve:

- Insuring Kentucky and Indiana professionals since 1956.
- Insurance programs and risk management tools designed specifically for CPAs.
- Protecting over 50% of the CPA firms in Kentucky and Indiana.

Get the coverage you need from the names you can trust.

Schwartz & Associates, Inc.

800-366-8117 • www.schwartz-assoc.com

Endorsed by:



Nationally Administered by:



In Kentucky by:



Underwritten by:



AICPA Insurance Programs • Celebrating 60 Years • 1947-2007

Aon Insurance Services is a division of Affinity Insurance Services, Inc.: in CA, MN & OK, (CA Insurance License# 0795465) Aon Insurance Services is a division of AIS Affinity Insurance Agency, Inc.; and in NH & NY is a division of AIS Affinity Insurance Agency. © 2007

One or more of the CNA companies provide the products and/or services described. The information is intended to present a general overview for illustrative purposes only. It is not intended to constitute a binding contract. Please remember that only the relevant insurance policy can provide the actual terms, coverages, amounts, conditions and exclusions for an insured. All products and services may not be available in all states. CNA is a service mark registered with the United States Patent and Trademark Office. Copyright © 2007 CNA. All rights reserved.

E-3776-307 KY

Across the Board

By Penny Gold



Welcome to the special *Pave the Way* issue of *The Kentucky CPA Journal*. As you can see from the coverage inside, your Society is moving on a fast track toward turning around the sluggish pace of new talent development.

First and foremost, the *Pave the Way* campaign is a new initiative by Society leadership to build a major scholarship fund for Kentucky's college accounting students. This is the first public announcement of the Board of Director's commitment to build an Educational Foundation fund that can sustain annual scholarships awards of \$100,000 per year. For the past 20 years, the Society was in a position to donate only \$6,000 per year for accounting scholarships, statewide -- a history not at all reflective of the high level of professionalism or student and employer need.

But change is coming! Many thanks go to **Dave Calzi**, managing partner of Ernst & Young, for taking this project to heart and agreeing to chair the KyCPA Educational Foundation campaign.

To kick off the effort, members of your Board of Directors personally pledged \$200,000 toward the scholarship fund. Quietly, the Board, Foundation Trustees and a number of campaign co-chair volunteers have started working to involve CPAs from all around Kentucky in this effort.

Our strong educational foundation is also paving the way for other exciting efforts to meet the pipeline demands, and you will learn more about these inside this *Journal*:

A program is now underway to re-energize Kentucky's high school accounting curriculum. **Brand new high school accounting textbooks and curriculum guides** are being released to teachers during summer training courses and this fall, many of Kentucky's high school students will be introduced to new, refreshing and interactive accounting courses. This collective effort moves us closer to becoming a model for the nation. Read more about this achievement on page 36 .

A permanent CPA storefront at the Junior Achievement's BizTown in Louisville will soon be a reality! This Disneyworld-like town will not only have CPAs in every store and business (and as part of the JA classroom curriculum), we will now have a separate *CPA firm* storefront as part of the Junior Achievement experience. Every year, 11,000 fifth graders will now learn about the CPA profession, what CPAs do, and how they are an important part of the business and financial community. As the years go by, this JA addition will help to educate Kentucky's future business owners and employers as well as piquing the professional curiosity of many young students.

BASE Camp, the Business and Accounting Summer Education Camp, was another big hit this June. Each summer, about 40 high school juniors and seniors spend a week at Bellarmine University to learn more about careers in accounting, college admissions, and the business world in general. There is no better way to attract high school students into accounting than to involve them first hand in this enriching experience. It really opens their eyes to all of the career potential an accounting degree can bring. They tour CPA firms and corporate finance departments; they meet with CPAs from almost every walk of life, and learn how basic accounting and business skills can lead to a lifetime of success. At the close of BASE Camp this year, **75 percent of the students said they were likely or very likely to choose a career in accounting!**

The *Pave the Way* mission is critical to the future of the profession and the financial success of every member. You can learn more about the campaign -- and ways to participate -- on pages 14 through 17. Immediate Past-President Jerry Hensley has issued a challenge to the profession: To have **2,400 contributing CPAs by year's end**... almost half of the membership. Please be responsive when you are contacted about the campaign. In the end, it will be a win-win for everyone. We need you!

Paving the Way

By Dave Calzi, CPA, Pave the Way campaign chairman

A campaign to fund the future
of the profession.



About 15 months ago, the Society's leadership began discussing the need for more CPAs in the profession. With the ever-increasing demand for CPAs and fewer exam candidates, firms and businesses across the state are finding it increasingly difficult to satisfy their needs for talent.

The Society's Board of Directors knew they needed to take quick action, and with their strong approval and support, a new Educational Foundation Campaign was born. This is the first of its kind in Kentucky. It is called Paving the Way and its goal is to establish a perpetual fund to help generate a long-term source of income for student scholarships and to increase the awareness of the benefits of a career in public accounting.

I challenge each of you to not only make your contribution, but to encourage your associates and friends to contribute as well.

Clearing the path

It is a fact that our profession is facing a critical shortage of new CPAs. And if we don't take swift action, who will? Just as importantly, scholarship dollars also change lives. Something as simple as a scholarship award can make the difference in kick-starting a CPA's professional dream.

Our initial goal is to be able to generate at least \$100,000 per year in investment income for college accounting scholarships. That means we will need to raise well over \$1 million dollars to establish a perpetual fund.

Doing so will allow KyCPA to more than double the amount of scholarship awards available to college students studying accounting. We will be able to increase support for and expand the reach of programs like BASE Camp, the Business and Accounting Summer Education Camp for high school juniors and seniors. We will be able to raise awareness

continued on page 16

Paving the way continued

of the many facets of this profession to thousands of young people every year through a presence at Junior Achievement's BizTown. All of this with the objective of increasing the pipeline of new CPAs in Kentucky to address future staffing needs.

Step up to the challenge

I want to pass along this challenge to the membership, first posed by Jerry Hensley, CPA, the immediate past-president of the Society: let's have one-half of the membership engaged in the Educational Foundation.

That means we are looking to have more than 2,400 individual CPA contributors by the end of 2008. I challenge each of you to not only make your generous contribution, but to encourage your associates and friends to contribute as well. The time is now to act and to act sacrificially.

Something as simple as a scholarship award can make the difference in kick starting a CPA's professional dream.

Guideposts

The KyCPA Board of Directors has been unwavering in its support of the campaign concept. And many CPAs from across the state have also done their part as co-chairs of

the campaign in order to ensure its success. They include Nolen Allen, CPA, of Cotton + Allen in Louisville; Steve Barker, CPA, of Prospect; Phil Gregory, CPA, of

PricewaterhouseCoopers in Louisville; Joseph Hancock, CPA, of Riney Hancock and Co. in Owensboro; Paula Hanson, CPA, of Dean Dorton and Ford in Lexington; Jerry Hensley, CPA, of Ray Foley Hensley and Co. in Lexington; Joseph King, CPA, of Faulkner King Romenesko and Wenz in Mount Sterling; Alan Long, CPA, Baldwin and Associates in Richmond; Michael Mountjoy, CPA, of Mountjoy and Bressler in Louisville; David

O'Bryan, CPA, of Moore Stephens Potter in Lexington; Michael Robinson, CPA, of Kelley Galloway and Co. in Ashland; Jerry Shelton, CPA, of Shelton and Associates in Bowling Green; John Thompson, CPA, of Murray; John Walker, CPA, of VanGorder, Walker and Co. in Covington; and Curt Wenzler, CPA, of VonLehman and Co. in Fort Mitchell.

Our profession has been good to so many of us, and it is our collective duty to address the needs of the profession, and to make it our individual responsibility to lend a helping hand to those coming up behind us. We must ensure our profession's continued health for generations to come. Together, we can make a real difference and Pave the Way for the CPAs of tomorrow.

About the author: Dave Calzi, CPA, is a managing partner of Ernst & Young LLP, in Louisville and serves as the chairman of the Paving the Way Campaign.

Scholarship dollars change lives

Since 2000, a number of factors have contributed to the 62 percent decline in newly licensed CPAs in Kentucky.* These factors make it difficult for accounting students to reach their goal of certification.

- Kentucky tuition has more than doubled over the past decade.
- A 575 percent increase from 2003 to August 2006 in the cost of the CPA exam.
- The 150-hour state certification rule requires an additional year of costly college study.
- Kentucky was ranked 45th in the nation in 2005 in per-capita revenue spent on public education.
- Firms estimate double-digit hiring increases through 2009.
- KyCPA's Educational Foundation scholarship program pales in comparison to other state CPA societies.

* Figures as of Dec. 31, 2005

Paving the Way ... 2007 scholarship winners

The KyCPA Educational Foundation awarded a total of \$44,500 in scholarships -- the most ever -- to college students studying accounting on behalf of the Foundation and other benefactors, plus another \$15,000 in CPA exam review grants.

The scholarships were awarded during an April 27 banquet at the Brown Hotel in Louisville to students who met academic as well as financial need criteria set forth by KyCPA's Educational Foundation, which awards the non-profit organization's scholarships annually.

KyCPA Educational Foundation Scholarships

- Kayla Bonsutto of Louisville; Bellarmine University
- John Briscoe Escosa III of Ft. Wayne, Ind.; Bellarmine University
- Jennifer L. Gilkey of Nortonville; Murray State University
- Elaine Guenther of Edgewood; Northern Kentucky University
- Lauren Beth Hagan of Owensboro; Bellarmine University
- Darisabel Hernandez of Richmond; Eastern Kentucky University
- Monica Joy King of Strunk; Eastern Kentucky University
- Krystal L. Miller of Greenville; Eastern Kentucky University
- Kimberly Short of Paintsville; Eastern Kentucky University
- Britton Sloat of Cynthiana; Morehead State University
- Almedina Smajlovic of Louisville; Bellarmine University
- Rachael Bushong Tucker of Somerset; Eastern Kentucky University
- Jason Mark Wattier of Paducah; University of Kentucky

- Ashley Marie Wessler of Florence; University of Kentucky
- Sarah Williams of Morehead; Georgetown College

KyCPA Student Member Scholarship

- Christie Ann Wall of Owensboro; Brescia University

Arison Insurance Services Scholarship

- Danielle Baer of Harrison, Ohio; Thomas More College

Thomas Barker, Jr. Scholarship

- Rita D. Manning of London; Eastern Kentucky University
- Sarah R. Means of Stanton; Eastern Kentucky University

John Brown Scholars

- Randall Barth of Crestview Hills; University of Louisville
- Matthew J. Brumleve of Louisville; Bellarmine University
- Bonnie J. Bruyneel of Crestwood; University of Louisville
- Ryan Droste of Louisville; University of Louisville
- Anthony Godoy of Louisville; University of Louisville
- Kerry Marie Griesinger of Burlington; University of Louisville
- Adam Robert Hanzalik of Louisville; University of Louisville
- Cody Kendall of Louisville; Bellarmine University
- Dustin Glynn Kostalek of Hopkinsville; University of Louisville
- Sara Louise Renyer of Brandenburg; Bellarmine University
- Joseph P. Skidmore of Louisville; University of Louisville
- Rachel Voss of Louisville; Bellarmine University

William J. Caldwell Scholarship

- Stephanie Marie Loper of Lebanon; University of Louisville

Henderman Jessee Scholarship

- Ademola Oloyede of Louisville; University of Louisville

National Insurance Agency Scholarship

- Sara Louise Renyer of Brandenburg; Bellarmine University

Paychex Scholarship

- Kara R. Lane of Portage, Ind.; Eastern Kentucky University

Becker CPA Review Grants, provided for study of the Uniform CPA Examination.

- Erin E. Collier of South Shore; Morehead State University
- Rhonda Sue Hale of Pinetop; University of Kentucky
- Reeya Susan Mathew of Louisville; University of Louisville
- Fangmin McQueen of Manchester; Eastern Kentucky University
- Rachael Bushong Tucker of Somerset; Eastern Kentucky University

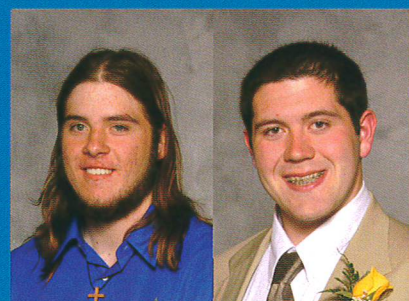
KyCPA Educational Foundation Trustees include: David Belt, CPA, of Harper Industries in Paducah; Jan Colbert, CPA, PhD, of Eastern Kentucky University in Richmond; Phil Gregory, CPA, of PricewaterhouseCoopers in Louisville; Erica Horn, CPA, of Stites and Harbison in Frankfort; Jennifer Hughes, CPA, of Deming Malone Livesay and Ostroff in Louisville; Mimi Kelly, CPA, of E.ON US in Louisville; and Alan Long, CPA, Baldwin and Associates in Richmond.



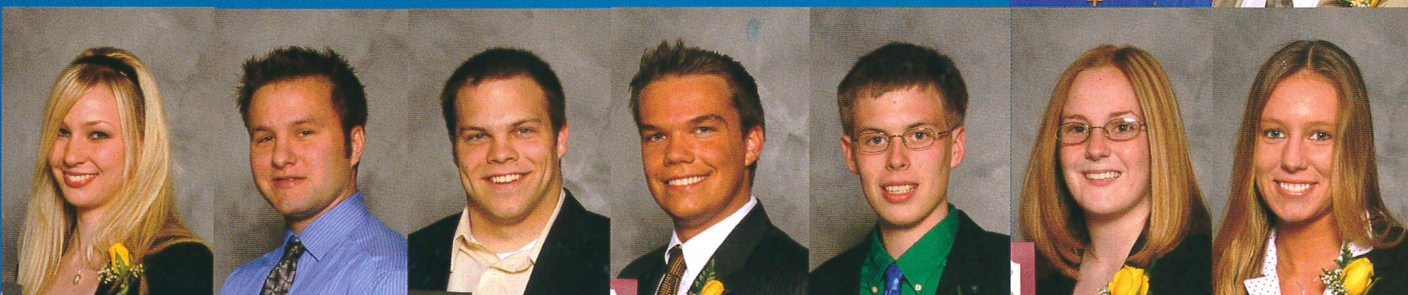
KyCPA Educational Foundation Scholarship recipients who were able to attend the banquet: Top Row *Kayla Bonsutto, Jennifer L. Gilkey, Elaine Guentbner, Lauren Beth Hagan, Darisabel Hernandez, Monica Joy King, Krystal L. Miller,* Second Row *Kimberly Short, Britton Sloat, Almedina Smajlovic and Ashley Marie Wessler.*



Third Row *Christie Ann Wall* recipient of the KyCPA Student Member Scholarship, *Danielle Baer* recipient of the Arison Insurance Services Scholarship, *Rita D. Manning and Sarah R. Means* recipients of the Thomas Barker, Jr. Scholarship are pictured left to right.



John Brown Scholars who were able to attend the banquet: Fourth Row *Randall Barth, Matthew J. Brumleve,* Fifth Row *Ryan Droste, Anthony Godoy, Adam Robert Hanzalik, Cody Kendall, Dustin Glynn Kostalek, Sara Louise Renyer and Rachel Voss.*



Sixth Row *Stephanie Marie Loper* recipient of the William J. Caldwell Scholarship, *Ademola Oloyede* recipient of the Henderman Jesse Scholarship and *Kara R. Lane* recipient of the Paychex Scholarship.



Seventh Row Becker CPA Review Grant recipients *Erin E. Collier, Rhonda Sue Hale, Reeya Susan Mathew, Fangmin McQueen and Rachael Bushong Tucker.*