

2020 Annual Membership Dues

The 2020 annual membership dues will be billed on April 1, and due April 30th. Watch for your emailed statement on April 1. Firms that are signed up for Firm Dues Billing will also receive firm invoices on April 1. For questions regarding this change, please contact the ARCPA Office.

Please check to be sure your business and personal profiles are correct in our system by logging into www.arcpa.org and make any necessary changes now so that the amount of dues you are billed is correct.

For questions, please call the ARCPA Office:

(501) 664-8739
(800) 482-8739 in Arkansas



*Thank you for your membership
in the ARCPA this past year.
We look forward to serving you
in 2020!*



**Arkansas Society of
Certified Public Accountants**

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arcpa.org

GET PUBLISHED

**If you are interested in submitting a column or
feature to *The Natural State of Accounting*
please submit to membership@arcpa.org.**

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Be sure to follow us on social media!

The Natural State of Accounting is published monthly by the Arkansas Society of CPAs for its members. Views and opinions appearing in this publication are not necessarily the views of the ARCPA. The products and services advertised in the Natural State of Accounting have not been reviewed or endorsed by the ARCPA, its board of directors, or staff. Photo & Media Disclaimer - By attending any ARCPA event, participants understand that they may be photographed or videotaped and grant the Arkansas Society of CPAs permission to use them in a photograph, video, or other digital media. This includes any and all of its publications, including, but not limited to: social media, web-based publications, or email marketing. Should a registrant decide they do not wish to be photographed or recorded during an event, they will make their wishes known to ARCPA staff prior to the event.

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**40th
Annual**

Accounting & Auditing Conference
Hot Springs Convention Center



May 20-21, 2020

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501-321-4430. Standard rooms
start at \$144. Be sure to ask for
the Arkansas Society of CPAs
discounted rate.**

**Deadline for
Discounted Hotel
Reservations:
April 19, 2020**

***Early Registration Fee: Members \$375 | Nonmembers \$575
(Expires 5/6/2020)***

***Be on the lookout for conference
topics and speakers!***

Save the Date 2020 Conferences

APRIL
30

Employee Benefit Plans Conference
ARCPA Conference Center-Little Rock, AR

May
07

“End of Busy Season” CPE & Networking Event
ARCPA Conference Center-Little Rock, AR

May
13

Educators Conference
ARCPA Conference Center-Little Rock, AR

May
20-21

Accounting & Auditing Conference
Hot Springs Convention Center-Hot Springs, Arkansas

May
22

Leadership Conference
Hot Springs Convention Center-Hot Springs, Arkansas

June
22-23

Technology Conference
ARCPA Conference Center-Little Rock, AR

Save the Date 2020 Conferences

Oct
22-23

Industry, Commerce & Banking Conference
ARCPA Conference Center-Little Rock, AR

Nov
05

EQUIP Conference
ARCPA Conference Center-Little Rock, AR

Nov
13

Fraud Conference
ARCPA Conference Center-Little Rock, AR

Nov
18

Agriculture Conference
Location TBA-Jonesboro, AR

Nov
20

Governmental Accounting Conference
ARCPA Conference Center-Little Rock, AR

DEC
03-04

Arkansas Federal Tax Institute
DoubleTree Hotel-Little Rock, AR

Watch for Upcoming Publications
related to ARCPA Conferences in 2020!

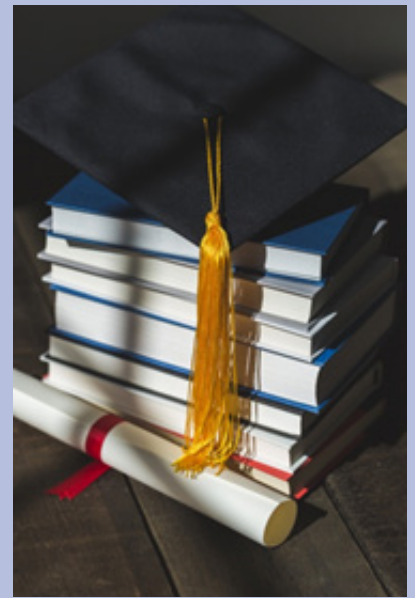
Consider a Contribution to the ARCPA Student Education Fund at Tax Time

Take an opportunity to make a difference at tax time, or when you receive your annual ARCPA membership dues statement, by contributing to the Arkansas Society of CPAs Student Education Fund. By making a donation to the Student Education Fund you will not only qualify for a tax deduction, but you will be making a wise investment in the future of the CPA profession. Members also have the option of making a donation online <https://www.arcpa.org/about/student-education-fund>

The Student Education Fund awards scholarships for college and university accounting students who are enrolled for purposes of meeting the educational requirements to take the CPA Exam or to meet the education requirements to obtain certification as a Certified Public Accountant. This year, the ARCPA Student Education Fund awarded \$55,500 in scholarships to 40 accounting students around the state.

The Student Education Fund is supported entirely by contributions. It is a non-profit corporation, and gifts to the Student Education Fund are tax deductible. Funds donated to the Student Education Fund (if not specified for current scholarships) are added to a perpetual corpus and scholarships are granted based on the interest earned.

While doing your end of year tax planning, please consider contributing to the ARCPA Student Education Fund. The ARCPA Student Education Fund is a non-profit 501(c) 3, and supports scholarships for accounting students attending Arkansas' four year colleges and universities, and in turn helps sustain the pipeline to the accounting profession in our state. Donations of any size are welcomed and will assist Arkansas' brightest accounting students. For more information and to make a tax deductible contribution, please contact the Society Office at 501-664-8739 or 800-482-8739 in Arkansas, or visit <https://www.arcpa.org/about/student-education-fund>.

A hand holding a tablet that displays the cover of the '2019 U.S. Master Tax Guide'. The cover features a stylized American flag and the text 'CCH® PUBLICATIONS', '2019 U.S. Master Tax Guide®', and '102ND EDITION'. The Wolters Kluwer logo is visible at the bottom right of the tablet screen.

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Please support the Student Education Fund

How may I give?

- ▲ Cash contributions
- ▲ Stocks or securities
- ▲ Contributions can be made annually, semi-annually, quarterly or monthly
- ▲ Payments can be made by check or credit card, online or by mail

I am very thankful for receiving the scholarships from the Arkansas Society of CPAs. Without financial support that the Society provided me, I would have added an extra year between studying accounting topics and taking the CPA exam. My success story might have been completely different if it were not for the Arkansas Society of CPAs.

- Shelby Gordon, 2016 and 2017 scholarship recipient

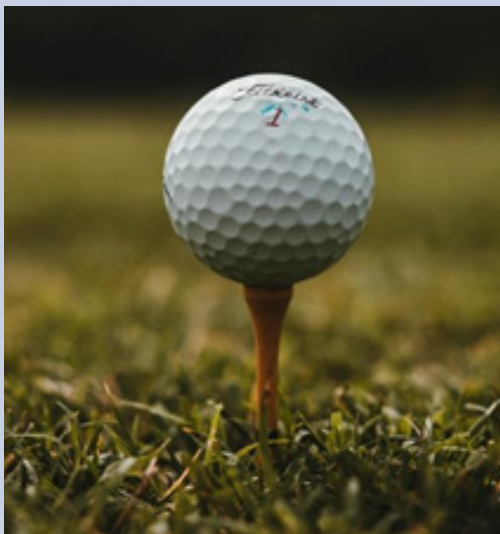
Need more information about the Student Education Fund?
Contact Robin Harris at (501) 664-8739 or rharris@arcpa.org

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backpack today!
Only FOUR left!**

**Call 501-664-8739 to order. Only \$80 to ship and \$77.74 to pick
up in Little Rock.**



**Arkansas Society of CPAs Annual Mac & Barbara Angel
Memorial Golf Tournament**
Monday, May 18, 2020



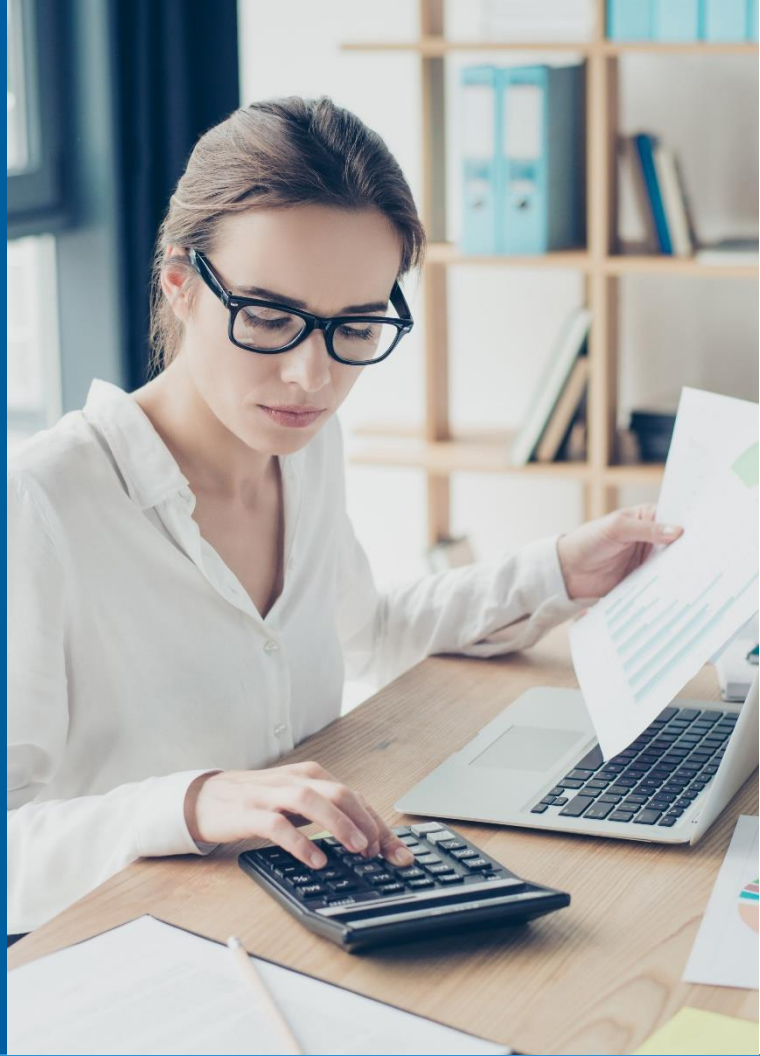
Save the date for the Arkansas Society of CPAs Annual Mac & Barbara Angel Memorial Golf Tournament at Maumelle Country Club nearby Little Rock. We hope that you will invite your friends, clients, coworkers, and colleagues to play in this tournament. Returning as Co-Chairs will be Michael Pierce, of Landmark PLC, CPAs; and Taylor Stockemer, of Friday Eldredge & Clark. All proceeds benefit ARCPA Student Education Fund scholarships to accounting students in the state. Please watch for more information coming soon. We hope to see you there!

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Workers' Compensation | Disability | Business Overhead Expense

Lost and Found

Are you missing something?

Several items have been left at the ARCPA Conference Center and have been collected in our “lost and found” box. Please contact the ARCPA Office at 501-664-8739 if you are missing any of these items and believe they may belong to you:

- Blue Yeti tumbler with lid
- Travel size mobile power outlet
- Laptop battery charger
- Various jackets both men’s and women’s
- Men’s sport coat
- Olive green color winter coat
- Sunglasses
- Black rain coat
- Umbrellas



FROM THE BOARD ROOM...

The following issues were covered in the December 12, 2019 Officers and Directors Board Meeting, held at the ARCPA Offices in Little Rock, AR:

- \$118.00 was contributed to the Student Education Fund Foundation by the Board Members.
- Walker Sloan of McGriff Insurance Services provided the annual insurance report.
- Julie Robbins of Mangan Holcomb Partners presented a marketing proposal for 2020.
- Treasurer Rocky Goodman presented the financial statements for the period ending September 30, 2019.
- Finance Committee Chair Randy Milligan gave the financial report for the period ending September 30, 2019, which was approved.
- Chair George Foster gave the Executive Committee report to include the 2020 marketing proposal for digital media and strategic planning services, which was approved.
- Executive Director Marsha Moffitt gave the Membership Report as of November 30, 2019, which included two member resignations and three applications for Life membership. All were approved.
- ASBPA Executive Director Jimmy Corley gave the State Board report, which included the announcement of Shane Warrick, Educator from Southern Arkansas University, as their new Board member. Corley also advised they are still awaiting approval from the Governor to the proposed rules changes, noting that the approval may come as late as March 2020, which may cause issues with the Board being able to include the CPA Exam changes by July 1, 2020, as is expected by the rest of the country.
- Committee updates were provided by the following:
 - o Tax Advisory Council – Mike Tuohey, Liaison with State Government
 - o Industry Commerce & Banking Committee – Dane Dover, Chair
 - o Accounting & Auditing Committee – Jeremy Watson, Chair
- Western Chapter President Patrick Sanford recommended the Western Chapter boundary lines be adjusted to move Montgomery County into the DeGray Chapter since it is more feasible for members located in that county to attend local meetings in Hot Springs rather than Fort Smith. The recommendation was approved.
- AICPA Council Representative Beth Smith and Chair-Elect Randy Milligan reported on the AICPA Meeting of Council that was held in October 2019 and presented an update on the proposed CPA Evolution.

The next scheduled Board of Directors' Meeting will be held on Thursday, February 27, 2020, at 1:00 p.m. in the ARCPA Board Room.

IMPORTANT REMINDER REGARDING ADMINISTRATION OF THE PEER REVIEW PROGRAM FOR ARKANSAS FIRMS

Effective April 1, 2019, ARCPA began a partnership with the Alabama Society of CPAs for the administration of the peer review program for Arkansas firms. During 2018, the ARCPA Board of Directors, staff and Peer Review Administrative Task Force evaluated the administration process and the challenges and difficulties that ARCPA would face going forward as a result of the AICPA's enhancements to audit quality in the peer review program. The administration of the program requires significant investment and resources in order to meet benchmarks that are now being required by the AICPA Peer Review Board and its Oversight Task Force. The ARCPA Board determined that it was in the best interest of our members to partner with another state for the administration of the program. This change has allowed ARCPA staff to focus on strategic objectives identified by the Board that benefit current and future members.

The selection of Alabama was based factors that included the comparability of the size of firms they administer as compared to Arkansas firms, the regional location close to Arkansas, and the fact that they have dedicated, experienced full-time staff, including a CPA, which is now required by peer review standards to effectively administer the peer review program. The Alabama staff offers the personal assistance that Arkansas firms expect. Most importantly, the annual fees that firms are required to pay for administration of the peer review program have not increased as they would have if ARCPA had continued to administer its own program. ARCPA has offered peer review as a service to its member firms since 1989, but could not justify doubling the administrative fees that would have been necessary to cover the required CPA on staff with the necessary experience to oversee administration of the program.

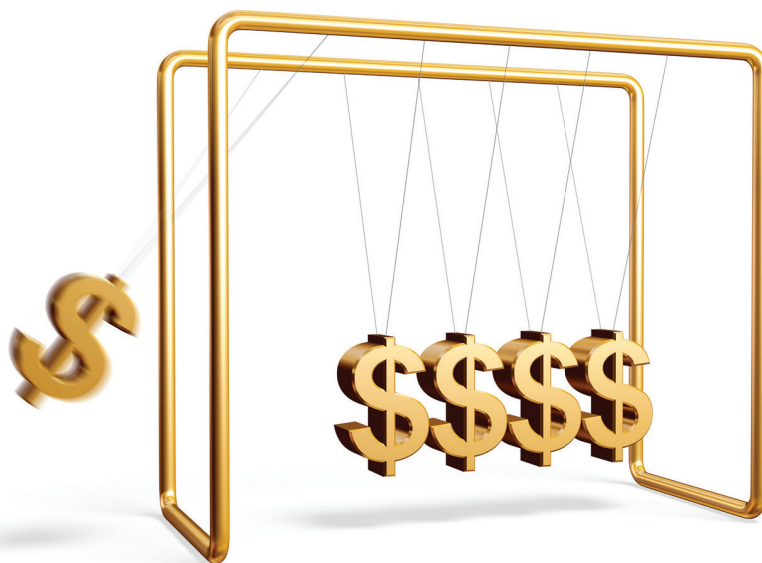
What does this mean for Arkansas firms? The partnership of peer review administration with Alabama began on April 1, 2019 and has run seamlessly throughout the transition.

Firms continue to select their team/review captains from a national databank of qualified reviewers. The Alabama staff easily assumed administration of all Arkansas firm peer reviews by using PRIMA. Arkansas firms have not noticed any difference in their peer review records in PRIMA and the peer review steps have remained the same as they were prior to April 1, 2019. The only change is the Administering Entity ("AE") which is now Alabama, instead of Arkansas.

What are the benefits of the partnership with Alabama? The partnership with Alabama has provided Arkansas firms with a broader perspective. Members of the previous ARCPA Peer Review Committee have continued to serve on a blended Peer Review Committee consisting of professionals from all states being administered by the Alabama Society of CPAs. Using committee members from all states during the acceptance process enables the Alabama staff to more effectively mitigate any familiarity threats, which is required in the peer review standards.

Who do we contact for assistance? Ashley Sellers is Alabama's Director of Peer Review Operations. She can be reached at asellers@ascpa.org or 334.386.5762. Chuck Jordan, Director of Peer Review Professional Standards, serves as the required CPA on Staff. He can be reached at cjordan@ascpa.org or 334.386.5765. For additional technical support with PRIMA, firms should contact AICPA Peer Review Support at PRSupport@aicpa.org or 919.402.4502.

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To find out what transferring your clients' payroll to Paychex may be worth, simply provide Paychex the following information about each one of your clients:

- Number of employees
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- Current payroll services you provide

We will produce an estimated acquisition price for you based on this information.

STEP 2: Transfer Your Clients' Payroll Processing to Paychex

Converting your clients' payroll to Paychex is easy – for you and your clients. Your Paychex representative will work with you to develop an optimum conversion plan and your clients will experience our market-leading on-boarding process.

Your per-client payment is calculated as a percentage of the estimated annualized revenue generated by Paychex after each client's payroll processing is transferred to us.

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Welcome!

The following ARCPA memberships were effective January 1, 2019. Please take the time to welcome these members and invite them to Society and chapter events. To find members, visit <https://www.arcpa.org/my-arcpa/member-directory>

CENTRAL CHAPTER

Certified

Michael Steven Glenn, Jr.*
Michael S. Gleen CPA
Benton

Arlena W. Jackson
Arlena Jackson CPA
North Little Rock

Larry Joe Watson*
Sage V Foods
Little Rock

Associate

Robert Scott Emerson
BKD LLP
Little Rock

NORTHEAST CHAPTER

Associate

Scott Pilcher
Goad & Company CPAs
Jonesboro

NORTHWEST CHAPTER

Certified

Timothy Barnes
PricewaterhouseCoopers LLP
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Arkansas State University


Jonathan Strasser

University of Central Arkansas


Kiara Rachelle Chambers

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Kathy Brents, CPA, CBI
Broker, Managing Member

Christy Hudson, CBI
Broker

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Selling your accounting firm is complex.
Let us make it simple.



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**Certified members can now sign up for the public
"Find a CPA" directory and let potential clients
find you.**

**For more information and to sign up,
visit <https://www.arcpa.org/find-a-cpa>**

Member Makes Campus Visit

ARCPA Member Martha Grant visited ASU Mountain Home on January 13, to greet and welcome students back to classes for a new semester. Martha handed out information on becoming a CPA, and literature to accounting and business students. Thank you for promoting the CPA profession!

This is an excellent way to volunteer and reach out to students. Please contact ARCPA if you wish to make an on campus visit to a college or high school in your area.

Making a Careers Presentation to a School Group?

Let ARCPA Help!

Have you been asked to make an accounting careers presentation to a local school, class, or youth group? ARCPA can provide you with materials to make your presentation a success, including:

- A PowerPoint presentation that may be used as an outline when speaking to junior high or high school students.
- A PowerPoint presentation that may be used as an outline when speaking to college students.
- A flyer with a list of websites for resources and information about accounting the CPA Exam which you may give to students and teachers.
- Booklets with information on accounting careers for students.

You can help show students that accounting is a dynamic, exciting profession that offers limitless possibilities for career growth!

Please contact Robin at ARCPA (501) 664-8739 or rharris@arcpa.org for more information or to request that any of the above materials be sent to you approximately one week before your visit.



Welcome to Your Savings Marketplace!



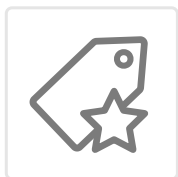
Exciting site features:



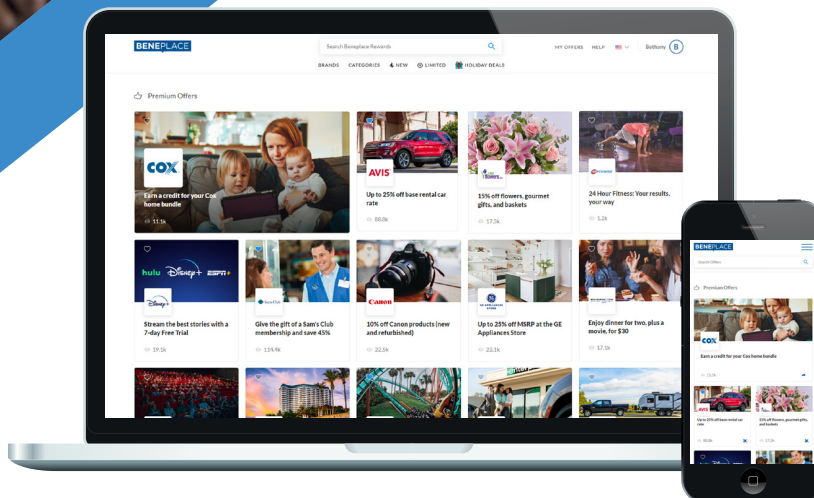
Quickly find the offers you want



Save your favorite offers



Find new curated offers every day



Good news! You have access to your savings marketplace, a website available exclusively to you and your fellow employees.

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Your savings marketplace has great health & wellness deals to help you get fit and save big. Sign up for a gym membership without the enrollment fees. Upgrade your footwear or save hundreds on a new bike. Enroll in a weight management program and save on fees, food, and dues. It all adds up!

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www.arcpa.org/my-arcpa/member-discounts

For information on how to become a member,

www.arcpa.org/join



New Technology Solution for Data-Driven Audits

If you're an auditor, you should be excited about the many opportunities that the digital era creates for your profession. Sue Coffey, CPA, CGMA, Executive Vice President, Association of International Certified Professional Accountants — Public Practice, and Erik Asgeirsson, President and CEO, CPA.com, share how the profession is reimagining the audit and what this means for you.

1. What's changing in the audit area? What opportunities is technology bringing?

Erik Asgeirsson: We're at an inflection point in the financial statement audit. Emerging technologies allow us to reimagine how we perform the audit — what we look at, when we look at it and how we look at it — to provide greater insights and value to the client. The profession's largest firms realize this opportunity and are investing heavily in the adoption of new technology-enabled approaches to the audit. However, the level of investment required to custom-develop solutions can be too expensive. Leaders from many of the top 100 U.S. firms said that there's a need for a solution to help firms of all sizes perform audits of all complexity levels and embrace the chance to leverage technology in the audit space. These firms asked if we could create a solution that would help propel the entire profession forward, and pledged funding and resources to the initiative.

This feedback was the impetus for what we're calling the [Dynamic Audit Solution \(DAS\)](#). DAS is a partnership among the AICPA, CPA.com, leading CPA firms and our technology partner, CaseWare International, to develop a data-driven, technology-enabled audit solution that will enhance the efficiency, quality and value of audits.

2. What exactly is the Dynamic Audit Solution and what will it do?

Sue Coffey: First, it's important to recognize that when we look to create a solution to transform the audit, we can't just focus on technology. Technology is an enabler. Automating what we do today is not the solution. We must also look at the evolution of methodology and the relating auditing standards. The combination of emerging technologies and reimagining the audit, via a new methodology, will distinguish the profession and position it for continued success. I'm also pleased to see the Auditing Standards Board's (ASB) agenda is highly focused on the use and application of emerging technologies during the audit. Its Audit Evidence project, for example, is just one element of its aggressive agenda to modernize the audit. I'm further pleased to see firms identifying the new skills needed for success and investing in their talent to address a growing gap in digital intelligence, critical thinking and people skills.

With these key drivers in mind, we've engaged top talent from across the profession, as well as CaseWare International, to help us reimagine the audit and develop a new solution from the ground up. This fully integrated solution will use data analytics and artificial intelligence to analyze entire populations of data to identify relationships and patterns that may not be intuitive to humans, to transform risk assessment and for use across all phases of the audit. It will also employ sophisticated algorithms, continuously improved by machine learning and other variations of artificial intelligence, to detect anomalies and irregularities in business information.

3. Who will benefit from DAS?

SC: The profession is developing DAS for the profession. The objective is to enable firms of *all* sizes to bring greater quality, efficiency and value to their audits. Scalability is a foundational principle in our development process.

4. How does DAS fit with the OnPoint PCR solution introduced in 2018?

EA: OnPoint PCR is a preparation, compilation and review (PCR) tool that integrates AICPA guidance into the CaseWare Cloud Smart Engagement platform and incorporates some of the more foundational DAS components. Right now, 19,000 firms across the United States offer preparation, compilation and review engagements as their highest level of service. Our vision is that, once DAS is commercially available, firms that offer audit and PCR engagements will have access to a single, integrated platform to meet their needs. The platform will include modules that firms can select based on their engagements and specialized industries.

5. Will firms using DAS know about changes in audit or peer review standards before the public or have an advantage in the peer review process?

SC: No. The standard-setting and peer review administration processes are independent of DAS development. The ASB is looking at how standards might need to evolve in light of technological innovation, but DAS won't drive these efforts. The DAS team doesn't have early or exclusive notice of changes in standards. Similarly, firms that will use the DAS will have no more or no less advantage in peer review.

6. When will DAS be available?

EA: We're developing DAS following an agile development process, which means we'll test initial prototypes or offerings with firms and then adapting the solution based on the feedback collected. The first commercial parts are expected to be released to firms working on the DAS project later this year, with the first commercial release expected in 2021. As we continue to gather feedback from firms, we'll adjust and refine the solution to make sure it brings optimal value.

We'll be starting with the core commercial audit and then will add in industries and additional functionality over time through a process of continuous improvement and innovation.

7. What opportunities is DAS bringing to the profession?

SC: Since our [announcement about this initiative](#), there's been a new excitement and energy in the audit space. Firms are eager to have a tool that will allow them to leverage new technologies and methodology in the delivery of the audit. Eventually, DAS will also support the delivery of attestation and advisory engagements for firms that are evolving their services beyond the traditional financial statement audit. The world has become more complex. Businesses are looking for assurance in new areas, such as data and information integrity, sustainability and System and Organization Controls (SOC) reporting, which includes reporting on cybersecurity risk management.

Colette Sharbaugh, Senior Manager - Communications & Public Relations, Association of International Certified Professional Accountants

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IRS Crypto Guidance Every Tax Practitioner Should Know

The IRS is getting serious about cryptocurrency. This fall, it released three documents that all tax practitioners need to pay attention to ahead of the 2019 filing season: a retroactive revenue ruling, FAQs for reporting cryptocurrency ownership and Form 1040 that asks taxpayers about their financial interest in virtual currency.

Revenue ruling

On Oct. 9, the IRS released an authoritative [revenue ruling](#) that specifically addresses situations in which a taxpayer receives auto-generated cryptocurrency. According to the IRS, this type of situation – known as a hard fork and airdrop – always triggers a tax obligation. Thus, because forks and airdrops are often unprompted by the individual who owns cryptocurrency, a taxpayer could receive digital currency against their wishes and still must pay taxes on it.

Moreover, this ruling is retroactive and does not provide any safe harbor or transition relief. For taxpayers to fully comply with the rule, they will need to file amended returns. In other words, an individual can be taxed on something that occurred in 2016 and also must pay a penalty and interest.

The AICPA® plans to issue a comment letter to the IRS in early 2020 to address concerns with this ruling, including its retroactive nature and lack of transition relief for taxpayers.

Guidance for tax practitioners and taxpayers

In conjunction with the revenue ruling, an IRS “Frequently Asked Questions” [document](#) addresses several issues cryptocurrency owners have long asked about, including those related to calculating income, gifts, and gains and losses.

Additionally, the FAQs provide information on basis when real currency is used to purchase virtual currency. Here, the IRS states that the cost basis is determined by adding up the total money spent to acquire crypto assets, “including fees, commissions and other acquisition costs in U.S. dollars.”

Draft Form 1040

[Form 1040](#) showcases how serious the IRS is about reporting cryptocurrency ownership. The first question on Schedule 1 asks, “At any time during 2019, did you receive, sell, send, exchange, or otherwise acquire any financial interest in virtual currency?”

Should the question remain on the form’s final version, CPAs will be required to ask clients about cryptocurrency ownership. As such, the AICPA recommends that tax practitioners add this question to their updated tax organizer.

To make sure you and your clients meet IRS expectations, the AICPA and CPA.com also made three recommendations in our [Special Report](#) from the 2019 Blockchain Symposium:

1. Adhere as closely as possible to information the IRS provided.
2. Be conservative with all documentation, including how gains and losses are accounted for.
3. Be consistent in your approach. Do not skip back and forth between accounting methods.

By: Lindsay Patterson, Director - Corporate and Integrated Communications, Association of International Certified Professional Accountants

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