

NEBRASKA CPA



**FAQS FOR
NEBRASKA CPAS:
THE ROLE OF THE STATE
BOARD IN CIVIL LITIGATION**

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**SPRING:
A TIME OF
RENEWAL**

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In estate and succession planning, you should always be...

thinking ahead

An aerial photograph of a two-lane asphalt road that winds through a dense, lush green forest. The road curves in a series of S-shapes, creating a path that leads the eye across the frame. The trees are vibrant green, and the road has clear yellow and white lane markings. A small white car is visible on the road in the lower-left quadrant.

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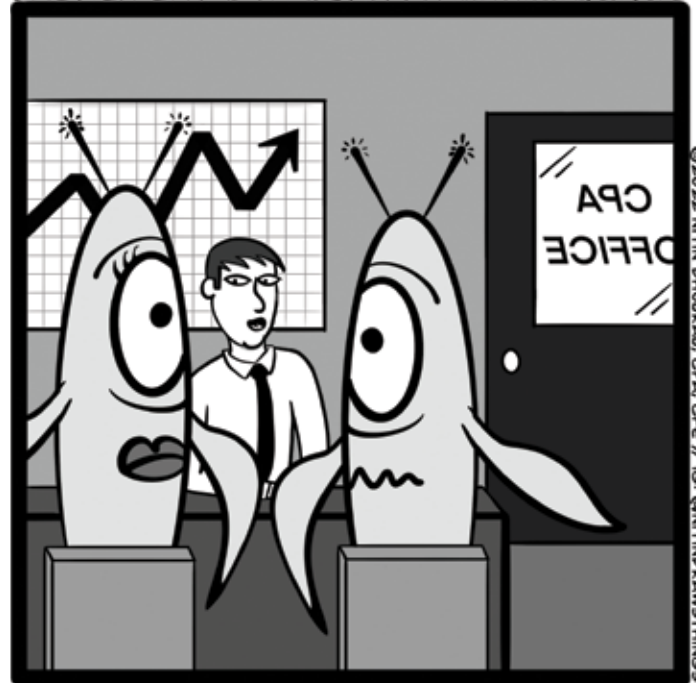
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ISSUE 2, 2022



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PRESIDENT'S MESSAGE

BY JONI SUNDQUIST, NEBRASKA SOCIETY OF CPAS

SPRING: A TIME OF RENEWAL



With spring comes warmer weather, blossoming flowers, the start of golf season, and the end of another tax season. It's a time of growth and renewal!

Spring also brings the start of our new fiscal year and the annual renewal of your Nebraska Society of CPAs' membership. We hope you continue to look to the Society as your No. 1 resource for education, information, and legislative representation—and that you encourage your co-workers and peers to do the same. Paying your membership dues may be completed in just a few clicks at www.nescpa.org/my-cpa/dues.

Watch Your Mail!

Spring is a time for planning at the Society, and we've been busy scheduling this year's Continuing Professional Education (CPE) programs. The 17th edition of the Society's 2022 CPE Catalog & Member Guide will be arriving in your mailbox soon. The catalog includes a listing of more than 120 CPE courses and conferences offered through the Society from April through December 2022, along with details about CPE pricing, locations, and registration. I am pleased to report that in-person courses are returning in 2022!



All society courses may be found on the website at www.nescpa.org/cpe—along with more than 5,000 partner webcasts to satisfy your CPE requirements and educational needs. In the guide, you will also find a listing of the Society Board of Directors, past chairmen, committee members, and award recipients as well as updates on the Society's scholarship program, member benefits, and more.

Legislative Update

The Nebraska Legislature adjourned April 20. Here's an update on just a couple items of interest to the profession:

- **CPA Firm Ownership Bill Approved by Governor.** LB707 was passed by the Nebraska Legislature on April 12 and approved by the Governor on April 18. The bill is a "Christmas tree" bill that includes the provisions of LB894, as introduced by Sen. Matt Williams (Gothenburg) for Sen. John Stinner (Gering) on behalf of the Nebraska Society of CPAs. (A "Christmas tree" bill is a political term referring to a bill that attracts many, often unrelated, amendments.) Among other things, LB707 amends the Nebraska Public Accountancy Act (PAA) to remove certain CPA firm ownership provisions so that a CPA firm may be owned by at least one CPA and one or more non-CPAs as long as the CPA or group of CPAs hold at least 51% equity ownership of the CPA firm. In short, LB707 removes the physical "head count" requirement of CPA firm ownership in Nebraska.

Most bills passed and approved by the Governor become law three calendar months after the Legislature adjourns. However, LB707 includes an Emergency Clause and will take effect immediately.



Your Society will continue to advocate on behalf of members alongside the AICPA, members of Congress, and many other organizations to urge relief and help improve IRS performance.

Thank you to Rep. Bacon for his support of our efforts.

The legislation was the direct result of a Society member reaching out to express concerns with Nebraska law during succession planning for his firm. Following discussions with both the Society Board of Directors and the Nebraska Board of Public Accountancy, a joint Society/State Board CPA Ownership Task Force was formed to examine limitations on non-CPA ownership of CPA firms found in the Nebraska Public Accountancy Act. Task Force members representing the Society included Ryan Burger of GBE, CPA, PC in Seward and Dana Weber of Dana J. Weber, CPA in Scottsbluff. Representing the State Board on the Task Force were Marcy Luth of AMGL, PC in Grand Island and Dr. Tom Purcell of Creighton University in Omaha. After research, review, and several meetings, the Task Force recommended, upon identifying no harm to the public, that CPA firm ownership provisions be amended within the PAA to remove barriers to succession planning for small firms in the state and to align Nebraska law more closely with the laws of our neighboring states.

This legislative effort was yet another great example of how the Society and State Board are working together to remove barriers within the profession while protecting the public.

- **Occupational Licensing Bill Fails to Pass.** LB709, as introduced by Sen. John McCollister (Omaha), did not reach the finish line this session. This bill would amend the Occupational Board Reform Act to provide specific factors be considered by occupational boards, including the State Board of Public Accountancy, when reviewing a preliminary application for an occupational license. Under the bill, to be disqualifying, a felony conviction would have had to be directly related to the nature of the occupational field and for a crime that would make credentialing that applicant a “direct and substantial risk to public safety.” McCollister said the proposal would provide a “fair chance” for individuals with criminal histories to enter occupations if their offenses were unrelated to the field they seek to enter.

Under a Government, Military, and Veterans Affairs Committee amendment, LB263 was one of two measures added to LB709. Introduced by Sen. Tom Briese (Albion), the bill would have created a framework for issuance of Nebraska occupational licenses and certifications based on credentials and work experience from other states. The good news about

the bill was that credentials issued pursuant to the Nebraska Public Accountancy Act were among those exempted—thanks to meetings last summer between Sen. McCollister, the State Board, the Society, and our lobbyists. However, since the bill(s) did not move forward this session, we will likely have to address these issues again in 2023.

Visit the Society at www.nescpa.org/advocacy/news for more information and links to valuable resources.

Update on IRS Issues

In March, the Society reached out to the Nebraska congressional delegation, as part of a nationwide concerted effort, to push for meaningful relief for taxpayers and practitioners from the IRS.

As a result, 42 U.S. Senators and 65 U.S. Representatives, including Rep. Don Bacon (NE-2), signed a letter to IRS Commissioner Chuck Rettig urging the IRS and Treasury to implement recommendations from the AICPA and state societies that would ease the burden of this tax season.

Through this effort, the IRS acknowledged the challenges and frustrations of this tax season and took steps to ease some of the burden.

As of March 31, the IRS had 2.7 million returns filed in 2021 that still await processing and 2.3 million returns filed in 2022 that also remain unprocessed. Many of those returns were filed on paper, which requires IRS employees to manually type the return information into their systems. As National Taxpayer Advocate Erin M. Collins has said, “Paper is the IRS’ Kryptonite, and the IRS is buried in it.”

On April 7, Rettig updated members of the Senate Finance Committee on the IRS’ performance and longer-term efforts. Rettig’s goal is to “get healthy,” with normal processing inventories, by the end of the 2022 calendar year. He noted that upgrading the IRS’ vintage computer system remains a challenge, due to a lack of consistent, timely, multiyear funding. However, staffing at the IRS is reportedly improving, thanks to the agency’s direct-hire authority and goal of hiring 5,000 workers before year-end.

Your Society will continue to advocate on behalf of members alongside the AICPA, members of Congress, and many other



“ Please let me know if you have an interest in helping to advance the profession while growing your professional skills through committee service.

organizations to urge relief and help improve IRS performance. Thank you to Rep. Bacon for his support of our efforts.

AICPA Meet & Greet

In February, Society Chairman Erica Parks and I had the opportunity to attend a virtual “Meet & Greet” session with AICPA Vice Chairman Anoop Mehta and AICPA President & CEO Barry Melancon—see photo. In May, Society officers and chief staff executives from across the nation will be meeting in person once again to explore priorities and determine how best to work together to meet the needs of members and the profession.

Committees, Society Board Gathering on May 4

Following two years of mostly online meetings, we are eager to gather in person for our Committee Organizational Meeting & Luncheon on Wednesday, May 4, at Quarry Oaks Golf Club in Ashland. Nearly all the Society’s committees will be present. You will find updated rosters for the 2022-2023 committees at www.nescpa.org/committees. It’s not too late to join a Society committee! Please let me know if you have an interest in helping to advance the profession while growing your professional skills through committee service.

The next Society Board of Directors meeting will also take place May 4. As always, please contact me or any member of the Society Board with suggestions or comments prior to the meeting.

MAP Group Announces Schedule

One of the Society’s longest running discussion groups, the Lincoln MAP Roundtable, has announced its 2022 meetings schedule. The group, which is open to all Society members but is aimed at members involved in the Management of an Accounting Practice (MAP), will meet monthly at Good Evans restaurant at 6891 A Street in Lincoln from 7:30 a.m. until 9:00 a.m. for a no-host breakfast meeting.

Meeting organizer Phil Waldron of Lincoln said that the after-tax season organizational meeting will be held on Friday, May 20. Additional meetings this year are tentatively scheduled for June 17, July 22, Aug. 19, Sept. 16, Oct. 21, Nov. 18, and Dec. 16. Please feel free to contact the Society for more information or to be added to the Lincoln MAP group email list. Registration is not required to attend these informal meetings.

Remembering Arnold Magnuson

Arnold Magnuson, the Society’s first executive director, died March 17 at the age of 98. Magnuson was an outstanding leader for this organization for more than three decades. There is no doubt his leadership laid the foundation for moving the CPA profession forward in Nebraska. We extend our condolences to the Magnuson family and hope you will take a moment to read our tribute to him on page 32.

What are you doing today to make a difference? Truly, “to every thing there is a season . . .” Each day holds great potential and opportunity. As we move into spring, the season of new beginning, take time to make plans, create change, and use your gifts to reach new levels in your personal and professional lives. ◀



Joni Sundquist is president and executive director of the Nebraska Society of CPAs. You may contact her at (402) 476-8482 or joni@nescpa.org.



MARK YOUR CALENDARS!

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4TH ANNUAL BUSINESS & INDUSTRY CONFERENCE

April 20 | 8 CPE
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26TH ANNUAL NOT-FOR-PROFIT CONFERENCE

June 7 | 8 CPE (1.5 Ethics)
Hillcrest Country Club, Lincoln

41ST ANNUAL NEBRASKA GOVERNMENTAL ACCOUNTING & AUDITING CONFERENCE

June 8-9 | 16 CPE (2 Ethics)
Hillcrest Country Club, Lincoln

INSURANCE INDUSTRY CONFERENCE

June 28 | 7 CPE
Multi-State Webcast

AGRICULTURE CONFERENCE

August 23 | 8 CPE
Multi-State Webcast

WOMEN IN ACCOUNTING SUMMIT

August 31 | 6 CPE
Crete Carrier Riverview Lodge,
Mahoney State Park, Ashland

22ND ANNUAL FALL CPE CONFERENCE & ANNUAL MEETING

October 27-28 | 16 CPE (2 Ethics)
Embassy Suites, La Vista

TAX CONFERENCE

December 1-2 | 16 CPE
Embassy Suites, La Vista

FAQS FOR NEBRASKA CPAS: THE ROLE OF THE STATE BOARD IN CIVIL LITIGATION

BY DAN SWEETWOOD, NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

It is never a good time to hear you and/or your firm are the subject of civil litigation after providing professional services to clients; however, you should understand what you need to do should you find yourself in this undesirable situation.

The first course of action is to notify your insurance carrier and/or attorney to assist you in addressing the matter. You also must eventually notify the Nebraska Board of Public Accountancy (State Board) on your annual and/or firm renewals. If completing online renewals, you will be directed to provide a written summary and any current

pleadings in the matter to the State Board office.

Why is the State Board interested in your civil suit? Below are several frequently asked questions to assist you and/or your firm in understanding the State Board's position when it comes to civil litigation.

Questions & Answers

Q: I have been named in a civil lawsuit by a former client regarding my professional practice and am working with my attorney on the matter. What are my obligations to the State Board?

A: First, make sure you properly complete your next renewal application for your permit to practice. One of the application questions will ask if you and/or your firm has been named in a civil lawsuit since your last application. Make sure you check the box "yes" and provide a summary explanation of the matter. This could include the status of the lawsuit, where the litigation was filed, any pleadings filed with the court, and other pertinent information.

Q: Why is the State Board involved in civil litigation?

A: The State Board's main responsibility is to ensure regulations within the Rules of Professional Conduct (found within the Nebraska Administrative Code (NAC) Title 288, Chapter 5) have not been violated in the

matter. In the vast majority of cases the State Board will remain an interested third party and will offer you and/or the firm a Litigation Monitoring Consent Order (LMCO) so the State Board can move to the sidelines and let you and your attorney focus on the litigation. You will also receive a telephone call from State Board staff overviews any initial comments from the Board's Enforcement Committee (EC) and to answer any questions regarding the LMCO or other concerns.

Q: I have agreed to settle the matter through my attorney. What now?

A: Normally, the EC will request the settlement for review. Under State Board regulations, the settlement remains confidential during the investigation. The settlement is reviewed by the State Board's attorney and the EC to determine if any further information will be required from you and/or the firm. This might include any actions you and/or the firm has taken since the settlement to defer future problems.

Q: The court dismissed the matter for lack of evidence or ruled in my and/or the firm's favor. What now?

A: In most cases, the State Board will then close the matter.

Q: The court and/or jury ruled in favor of the plaintiff. What now?

A: As agreed within the LMCO, it is your and/or the firm's responsibility to keep the State Board office apprised of the actions of the court. Telephone or email the State Board office with the results of the matter. Normally, the pleadings in the case will be reviewed by the State Board's attorney and the EC to determine if any further actions should be taken. This could include



a further response to the EC by you and/or the firm to clarify any matters that could be considered a possible violation of the Rules of Professional Conduct as noted within the pleadings.

Q: Should I prepare for disciplinary proceedings before the State Board?

A: Normally no; however, you may need to prepare for disciplinary proceedings before the State Board if you and/or the firm:

- Do not cooperate with the State Board's requests for information.
- There is direct evidence in the pleadings and/or judgement of the court involving potential violations of the Rules of Professional Conduct.

If any disciplinary proceedings are taken, you and/or the firm will have every opportunity to defend your actions before the State Board as outlined within the regulations in NAC Title 288, Chapter 4. ◀



The Nebraska Board of Public Accountancy administers public accountancy law in Nebraska. Never hesitate to contact the State Board office with any questions regarding enforcement and/or disciplinary proceedings. For more information, visit www.nhpa.ne.gov. Dan Sweetwood is executive director of the State Board. You may contact him at (402) 471-3595 or dan.sweetwood@nebraska.gov.

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IS THE DOCUMENT VALID?

BY MINJA HERIAN & JAMES TEWS, KOLEY JESSEN

In most cases, estate plan documents (e.g., wills, trusts, and powers of attorneys) are prepared and executed under inconspicuous circumstances. Sometimes the circumstances under which these types of documents are executed beg questions about their validity, and legal disputes can arise. The most common bases on which to challenge the validity of estate plan documents include (i) “undue influence” of the person executing the documents by a third party, (ii) a lack of capacity to execute such documents, and (iii) fraud. In any event, challenging the validity of estate plan documents requires an in-depth and fact-specific analysis.

Challenging the validity of a document on the grounds that it was the result of “undue influence” may be the most common basis for objection. Note that mere “influence” exerted on a person does not result in a document being invalid—the influence must be “undue.” Undue influence occurs when a party exerts power over another in order to manipulate the terms of an estate plan document to reflect the will of such party, and not that of the one executing the document. To invalidate a will or trust under Nebraska law for “undue influence,” it must be proven that (i) the signer was subject to such influence, (ii) there was an opportunity for a bad actor to exert such influence, (iii) there was intent to exert such influence for an improper purpose, and (iv) the resulting document was clearly a product of such influence. The party challenging the document must prove these elements by “clear and convincing evidence”—a hefty hurdle.

Another common objection used in challenging the validity of a document is that the signer lacked the requisite mental capacity to execute it. The capacity required to validly execute a document depends on the nature of the document. For example, to validly execute a will or trust under Nebraska law, one must possess “testamentary capacity” at the time of executing the document. This requires that the one executing the document (i) understands the nature of the act of executing the document, (ii) knows the nature and extent of his or her property, (iii) knows the proposed disposition of his or her property, and (iv) knows the “natural objects of his or her bounty,” meaning those to whom the individual most likely would bequeath his/her estate (e.g., a spouse or children). A different capacity is required to effectively execute other documents, such as a deed, power of attorney, or beneficiary designation form for a financial account.

Yet another basis for objecting to the validity of a document, though less common, is that it was the result of fraud. In the context of challenging the validity of a will or trust under Nebraska law, an aggrieved party must show that (i) a lie was made to the signer



As CPAs, you are often privy to confidential information not only about the “numbers” but also about the dynamics of a business or family.

of the document, and (ii) the document was made (or modified) as a result of that lie. Successfully objecting on the basis of fraud can be difficult because often the bad actor is the only witness to the lie (keep in mind that in almost all cases the signer of the document is deceased and therefore cannot be a witness in a later dispute).

As CPAs, you are often privy to confidential information not only about the “numbers” but also about the dynamics of a business or family. Thus, you may be uniquely positioned to observe signs of capacity issues or undue influence, such as: (i) questionable gifts or expenditures in favor of someone, such as an adult child or other family member, caregiver, or “trusted advisor”; (ii) the frequent and domineering presence of a supposedly helpful figure; and/or (iii) isolation of the client by one person from others who are normally present in the client’s life. If you observe any of these signs, it may be best to guide clients to appropriate assistance and document the situation in the event of a future legal dispute. ◀



Minja Herian is a shareholder in Koley Jessen’s Litigation Department. Her practice focuses on trust and estate litigation and commercial litigation (both in state and federal court), and includes cases involving business torts, contract disputes, negligence actions, construction and real estate disputes, and director and officer defense. James Tews is a shareholder in Koley Jessen’s Estate, Succession, and Tax Department. His practice focuses primarily on comprehensive estate planning, assisting fiduciaries in the execution of estate plans upon the incapacity or death of clients, and assisting clients in complex trust and estate litigation. While each works in a different department, Herian and Tews collaborate often in the context of trust and estate litigation to provide clients with the comprehensive expertise required to successfully navigate contentious matters. They may be contacted at minja.herian@koleyjessen.com or james.tews@koleyjessen.com, respectively.



RECENT NEBRASKA TAX AUDIT & APPEAL ISSUES

BY NICK NIEMANN & MATT OTTEMANN, MCGRATH NORTH LAW FIRM

Nebraska companies and individuals must confront a number of tax defense issues with the Nebraska Department of Revenue.

Below is a selection of the issues we are seeing recently in audits and appeals.

Business Buyers & Sellers

The purchase or sale of a business is often a whirlwind for participants, as they must address a myriad of issues and make many decisions in a short period. The following are some of the Nebraska tax issues being addressed in audits and appeals when not handled in the planning stage:

- **Tax Exemption on Sale/Purchase:** If the assets of a business are purchased, advisors should ensure the purchase is structured to take advantage of potential sales tax exemptions on the sale of business assets.

- **Incentive Transfers:** Many businesses have Nebraska incentive projects. If not properly transferred, the buyer and/or seller can lose a significant part of the expected incentives.
- **Capital Gain Exclusion Requirements:** Nebraska has a capital gain exclusion for sales of stock by Nebraska resident shareholders, but that exclusion has several requirements that must be strictly adhered to in order to qualify.

Companies Expanding in Nebraska

Nebraska offers a number of meaningful incentives for companies that are expanding in Nebraska. This includes companies that are building a new facility, adding a new business or product line, or moving an existing business into Nebraska. Here are some of the audit and appeal issues we are seeing:

- **Qualified Business:** Imagine Nebraska Act incentives are available for businesses engaged in qualifying business activities. It is critical that an incentive application properly



Nebraska offers a number of meaningful incentives for companies that are expanding in Nebraska. This includes companies that are building a new facility, adding a new business or product line, or moving an existing business into Nebraska.

defines the qualifying business activities from the outset or be challenged later.

- **Base-Year Employment & Investment:** If the base-year employment and qualifying types of investment at a project are not addressed at the outset, this can result in audit uncertainty in the future.
- **Manufacturing Equipment Sales Tax Exemption:** This is a different result depending on whether an Option 1, 2, or 3 installation contractor is used.
- **Construction Contracts:** Construction contracts generally need to have certain tax and incentive provisions in order to help a company qualify for the full amount of expected project incentives.

Former Residents Keeping a Home in Nebraska

The Department of Revenue has been focusing on the tax residency of persons who moved out of Nebraska but kept a house or condominium here. In the past year, a couple of new cases have been decided by Nebraska courts on this issue. Continued focus by the Department of Revenue on this issue is expected. Some issues include:

- **Documenting Location:** A number of cases have turned on the number of days that taxpayers are in—and out of—Nebraska. Documenting these, particularly when tax assessments can go back several years, is an issue. Clients who plan to have multiple homes need to keep good records.
- **Domicile Consistency:** A person’s “domicile” is dependent on many factors. The Department of Revenue has been looking beyond just those factors listed in its published guidance.

- **Measuring Days In & Out of Nebraska:** At issue in recent cases has been the methodology for counting the number of days a person is in Nebraska. The Department of Revenue (incorrectly, we believe) wants to treat a travel day, in which a person travels into or out of Nebraska, as being in Nebraska for a full day. Depending upon a person’s travel schedule, this can have a significant impact on the question of residency.

Companies Owning Foreign Subsidiaries

Companies have been going global at an ever-increasing rate. The passage of the Federal Tax Cuts and Jobs Act of 2017 created two new types of income for companies with foreign subsidiaries: Section 965 Income (taxed under Internal Revenue Code Section 965) and GILTI (Global Intangible Low-Taxed Income). Nebraska companies and advisors should be aware of what’s occurring now:

- **Department of Revenue Wants to Include This Income in Nebraska Taxable Income:** As confirmed in recent pronouncements, the Department of Revenue proposes that Section 965 Income and GILTI—even though gained from foreign sources—must be included in a corporation’s Nebraska Taxable Income. This can have a significant tax impact for international companies doing business in Nebraska. This position is being challenged.
- **Apportionment Factors:** The Department of Revenue has proposed that companies with Section 965 Income and GILTI should use a special apportionment formula that does not

allow companies to include the sales that generated this foreign income in the denominator of the apportionment formula. This position is also being challenged.

- **Overriding Defenses:** Based on the unusual way the Department of Revenue issued the Balance Due Notices regarding Section 965 Income and GILTI, we have raised two other overriding defenses to the Department’s proposed tax assessments. If successful, these create a full line of defense against the Department’s Section 965 Income and GILTI tax assessments.

The Nebraska Department of Revenue continues to aggressively audit and assess Nebraska taxpayers. This article has briefly highlighted a few of the areas we are seeing. Our guides, the Anatomy of Resolving State Tax Matters and the Nebraska Business Expansion Decision Guide, contain other examples. ◀



*Nick Niemann and Matt Ottemann are partners with McGrath North Law Firm. As state and local tax and incentives attorneys, they collaborate with CPAs to help clients and companies evaluate, defend, and resolve tax matters and obtain various business expansion incentives. See their websites at www.NebraskaStateTax.com and www.NebraskaIncentives.com for more information. For a copy of their publication, *The Anatomy of Resolving State Tax Matters*, or their *Nebraska Business Expansion Decision Guide*, please visit their websites or contact them at (402) 341-3070 or at nniemann@mcgrathnorth.com or mottemann@mcgrathnorth.com, respectively.*

2022 NESCPA COURSE CALENDAR

DATE	TYPE	CONFERENCE/COURSE TITLE	VENDOR	LOCATION	CPE/ ETHICS HOURS
APRIL					
4/20	MA	4th Annual Business & Industry Conference	Nebraska Society of CPAs	Hillcrest Country Club, Lincoln	8
MAY					
5/9-5/12	MA	AHI Staff Training - Level 2 - Semi-Senior	AHI Associates	Live Webcast	24
5/9	IT	Advanced Excel	K2 Enterprises	Live Webcast	8
5/9	AA	Accounting & Auditing of NPOs - New Guide	Paul Koehler	Live Webcast	8
5/10	AA	Accounting & Auditing of State & Local Governments	Paul Koehler	Live Webcast	8
5/10	IT	Budgeting & Forecasting Tools & Techniques	K2 Enterprises	Live Webcast	8
5/11	AA	An Overview of the New Audit Quality Management Standard in Plain English	Real World Seminars	Live Webcast	1.5
5/11	IT	Business Continuity: Best Practices for Managing the Risks	K2 Enterprises	Live Webcast	8
5/16-5/19	MA	AHI Staff Training - Level 3 - Beginning In-Charge	AHI Associates	Live Webcast	24
5/18	AA	Annual Accounting & Auditing Update	Surgent	Live Webcast	8
5/19	AA	A Complete Guide to the Yellow Book	Surgent	Live Webcast	8
5/19	IT	2022's Biggest Security & Privacy Concerns	K2 Enterprises	Live Webcast	4
5/19	IT	Advanced QuickBooks Tips & Techniques	K2 Enterprises	Live Webcast	4
5/20	IT	An Accountant's Guide to Blockchain & Cryptocurrency	K2 Enterprises	Live Webcast	4
5/20	IT	Artificial Intelligence for Accounting & Financial Professionals	K2 Enterprises	Live Webcast	4
5/23-5/26	MA	AHI Staff Training - Level 4 - Management & Leadership Essentials	AHI Associates	Live Webcast	24
5/25	AA	Financial Reporting Update for Tax Practitioners	Surgent	Live Webcast	8
JUNE					
6/2	MA	Management & Leadership Essentials	AHI Associates	Live Webcast	8
6/9	MA	AHI Staff Training - Level 5 - Advanced Management & Leadership Essentials	AHI Associates	Live Webcast	16
6/7	AA	26th Annual Not-For-Profit Conference	Nebraska Society of CPAs	Hillcrest Country Club, Lincoln	8
6/8-6/9	AA	41st Annual Governmental Accounting & Auditing Conference	Nebraska Society of CPAs	Hillcrest Country Club, Lincoln	16
6/13	IT	Business Intelligence, Featuring Microsoft's Power BI Tools	K2 Enterprises	Live Webcast	8
6/14	AA	Ethics Update 2022, Part 1	Real World Seminars	Live Webcast	2/2
6/14	IT	Case Studies in Fraud & Technology Controls	K2 Enterprises	Live Webcast	8
6/15	IT	Excel Best Practices	K2 Enterprises	Live Webcast	8
6/20	TX	Creative Strategies for Buying, Selling, or Gifting a Business	Werner Rocca - Art Werner	Live Webcast	8
6/22	IT	K2's Excel Essentials for Staff Accountants	K2 Enterprises	Live Webcast	8
6/22	AA	Accounting & Auditing Update for Small Businesses	AICPA	UNO Thompson Alumni Center, Omaha	8
6/23	AA	Breaking Down the Auditor's Report for Non-ERISA Plan Private Entities - NEW!	AICPA	UNO Thompson Alumni Center, Omaha	8

6/23	IT	Excel PivotTables for Accountants	K2 Enterprises	Live Webcast	8
6/24	IT	Excel Tips, Tricks & Techniques for Accountants	K2 Enterprises	Live Webcast	8
6/27	IT	Best Word, Outlook & PowerPoint Features	K2 Enterprises	Live Webcast	4
6/27	IT	Building a Cutting Edge Online Office	K2 Enterprises	Live Webcast	4
6/28	CONF	Insurance Industry Conference	Co-sponsoring with Iowa Society of CPAs	Live Webcast	7
6/28	IT	Case Studies in Fraud & Technology Controls	K2 Enterprises	Live Webcast	4
6/28	IT	Emerging Technologies, Including Blockchain & Cryptocurrencies	K2 Enterprises	Live Webcast	4
6/29	ET	Ethics & Technology	K2 Enterprises	Live Webcast	4
6/29	IT	Everything Google! Their Most Effective Tools, Apps & Services	K2 Enterprises	Live Webcast	4
JULY					
7/6	AA	Audits of Nebraska School Districts	Nebraska Society of CPAs	Ramada Midtown Conference Center, Grand Island	8
7/7	TX	Mergers & Acquisitions: A Complete Guide to Relevant Issues	Werner Rocca, Art Werner	Live Webcast	4
7/11	TX	A Practical Guide to Trust	Werner Rocca, Art Werner	Live Webcast	8
7/11-7/14	MA	AHI Staff Training - Level 1 - Basic Staff Training	AHI Associates	Live Webcast	24
7/13	AA	Ethics Update 2022, Part 2	Real World Seminars	Live Webcast	2/2
7/14	AA	Advanced Audits of 401(k) Plans: Best Practices & Current Developments	Surgent	Live Webcast	8
7/15	AA	Audits of 401(k) Plans: New Developments & Critical Issues	Surgent	Live Webcast	8
7/18	IT	Microsoft Office 365: All the Things You Need to Know	K2 Enterprises	Live Webcast	8
7/19	AA	Next Generation Excel Reporting	K2 Enterprises	Live Webcast	8
7/19	TX	S Corporation Preparation, Basis Calculations & Distributions - Form 1120S Schedule K & K-1 Analysis	The Tax U, The Garvs LLC	Live Webcast	8
7/20	TX	Partnership Preparation, Basis Calculations & Distributions - Form 1065 Schedule K & K-1	The Tax U, The Garvs LLC	Live Webcast	8
7/26	TX	Social Security & Medicare: Planning for You & Your Clients	Surgent	Hampton Inn & Suites, Scottsbluff	8
7/27	TX	Securing a Comfortable Retirement	Surgent	Hampton Inn & Suites, Scottsbluff	4
7/27	ET	Ethical Considerations for CPAs	Surgent	Hampton Inn & Suites, Scottsbluff	4/4
7/27	IT	Excel Charting & Visualizations	K2 Enterprises	Live Webcast	4
7/27	IT	Hands-On With QuickBooks Online Accountant for Public Accounting	K2 Enterprises	Live Webcast	4
7/28	AA	Implementing Internal Controls in QuickBooks Environments	K2 Enterprises	Live Webcast	4
7/28	IT	Improving Productivity With Office 365 Cloud Applications	K2 Enterprises	Live Webcast	4
7/29	IT	Integrating Data for Improved Efficiency & Control	K2 Enterprises	Live Webcast	4
7/29	IT	Introduction to Excel Macros	K2 Enterprises	Live Webcast	4



AUGUST					
8/4	AA	How Accountants Create Value via ESG	Intraprise TechKnowlogies LLC	Live Webcast	4
8/9	AA	Conquering the New Lease Standard	Real World Seminars, Co-sponsoring with Iowa Society of CPAs	Live Webcast	4
8/10	AA	A&A Update for the Local Firm - Lightning Round	Real World Seminars	Live Webcast	1.5
8/15	AA	Revenue Recognition: Mastering the New FASB Requirements	AICPA	Quarry Oaks, Ashland	8
8/16	AA	Leases: Mastering the New FASB Requirements	AICPA	Quarry Oaks, Ashland	8
8/17	Tax	Partnership Essentials & Reporting Basis	Van Der Aa Tax Ed LLC	Mahoney State Park, Ashland	8
8/18	Tax	S Corporation Essentials: Reporting Shareholder Basis and More	Van Der Aa Tax Ed LLC	Mahoney State Park, Ashland	8
8/19	Tax	Fiduciary Accounting and Tax Preparation for Estates	Van Der Aa Tax Ed LLC	Mahoney State Park, Ashland	8
8/23	CONF	Agriculture Conference	Iowa Society of CPAs	Live Webcast	8
8/29	Tax	Employee Stock Options	Surgent, Co-sponsoring with Iowa Society of CPAs	Live Webcast	2
8/29	MA	Annual Update for Controllers	AICPA	UNO Thompson Alumni Center, Omaha	8
8/30	AA	Governmental Accounting & Auditing Update	AICPA	UNO Thompson Alumni Center, Omaha	8
8/31	AA	1st Annual Women in Accounting Summit	Nebraska Society of CPAs	Crete Carrier Riverview Lodge at Mahoney State Park, Ashland	8
SEPTEMBER					
9/6-9/9	MA	AHI Staff Training - Level 1 - Basic Staff Training	AHI Associates	Live Webcast	24
9/14	AA	SAS 142 Audit Evidence	Real World Seminars	Live Webcast	1.5
9/16	TX	Estate Planning for 2022 & Beyond	Werner Rocca, Art Werner	Live Webcast	8
9/19-9/22	MA	AHI Staff Training - Level 2 - Semi-Senior	AHI Associates	Live Webcast	24
9/19	TX	Basis Calculations & Distributions for Pass-Through Entity Owners - Schedule K-1 Analysis	The Tax U, The Garvs LLC	Live Webcast	8
9/20	TX	Passive Activities & Rental Real Estate Income Tax Issues	The Tax U, The Garvs LLC	Live Webcast	8
9/21	Tax	Estate Tax Planning Options for Farmers	CLA	Live Webcast	4
9/28	FN	Current Developments & Best Practices for Today's CFOs & Controllers	Surgent	Live Webcast	8
9/29	TX	Traps & Pitfalls in Estate Planning	Werner Rocca, Art Werner	Live Webcast	8
OCTOBER					
10/2	MA	Management & Leadership Essentials	AHI Associates	Live Webcast	8
10/4	MA	Advanced Controller & CFO Skills	AICPA	UNO Thompson Alumni Center, Omaha	8
10/5	MA	Controller's Update: Today's Latest Trends	AICPA	UNO Thompson Alumni Center, Omaha	4

10/5	MA	Finance Business Partnering: The Changing Finance Function & Technology Impacts - NEW!	AICPA	UNO Thompson Alumni Center, Omaha	4
10/12	AA	Avoiding Auditor Bias	Real World Seminars	Live Webcast	1.5
10/12	TX	Maximizing Your Social Security Benefits	Surgent	Live Webcast	4
10/12	ET	Ethical Considerations for CPAs	Surgent	Live Webcast	4/4
10/13	AA	Accounting, Audit & Attest Update for Practitioners With wSmall-Business Clients	Surgent	Live Webcast	8
10/18	TX	2022 Guide to Real Estate Tax Strategies	Larry Stein	Mahoney State Park, Ashland	8
10/19	TX	Pass-Through Entity Immersion Workshop	Larry Stein	Mahoney State Park, Ashland	8
10/20	TX	2022 Guide to Retirement, Income Tax & Estate Planning Strategies (Giving Your 60-Plus Client a Planning Check-up)	Larry Stein	Mahoney State Park, Ashland	8
10/24-10/27	MA	AHI Staff Training - Level 1 - Basic Staff Training	AHI Associates	Live Webcast	24
10/26	AA	Conquering the New Lease Standard	Real World Seminars, Co-sponsoring with Iowa Society of CPAs	Live Webcast	8
10/27-10/28	AA	22nd Annual Fall Conference & Annual Meeting	Nebraska Society of CPAs	Embassy Suites, La Vista	16
10/31	Tax	Social Security & Medicare: Planning for You & Your Clients	Surgent, Co-sponsoring with Iowa Society of CPAs	Live Webcast	8
10/31-11/3	MA	AHI Staff Training - Level 3 - Beginning In-Charge	AHI Associates	Live Webcast	24
NOVEMBER					
11/1	Tax	The Complete Trust Workshop	Surgent, Co-sponsoring with Iowa Society of CPAs	"Live Webcast"	8
11/1	AA	2022 Accounting & Auditing Update for the Real World	Real World Seminars	Quarry Oaks, Ashland	8
11/2	AA	2022 Preparation, Compilation & Review (SSARS) Update for the Local Firm	Real World Seminars	Quarry Oaks, Ashland	8
11/7	Tax	Key Tax Issues Facing Business & Industry	Van Der Aa Tax Ed LLC	Quarry Oaks, Ashland	8
11/8	Tax	It's Personal! Individual Tax Update 2022	Van Der Aa Tax Ed LLC	Quarry Oaks, Ashland	8
11/9	Tax	Year-End Tax Planning: Thinking Outside the Box	Van Der Aa Tax Ed LLC	Quarry Oaks, Ashland	8
11/9	AA	2022 SSARS Update - Lightning Round	Real World Seminars	Live Webcast	1.5
11/11	TX	Federal Tax Update - Individual & Business - ONE DAY!	TaxSpeaker, Co-sponsoring with Iowa Society of CPAs	Live Webcast	8
11/14-11/17	MA	AHI Staff Training - Level 4 - Management & Leadership Essentials	AHI Associates	Live Webcast	24
11/17	TX	This Year's Best Income Tax, Estate Tax & Financial-Planning Ideas	Surgent	Live Webcast	8
11/18	TX	Estate & Life Planning Issues for the Middle-Income Client	Surgent	Live Webcast	8
DECEMBER					
12/1-12/2	TX	2022-2023 Two-Day Federal Tax Update - Individuals & Businesses	The Tax U, The Garvs, LLC	Embassy Suites, La Vista, NE	16
12/7	Tax	Getting Ready for Busy Season: Key Changes Every Tax Practitioner Should Know	Surgent, Co-sponsoring with Iowa Society of CPAs	Live Webcast	4
12/12	Tax	Preparing Individual Tax Returns for New Staff & Para-Professionals	Surgent, Co-sponsoring with Iowa Society of CPAs	Live Webcast	8
12/12-12/15	MA	AHI Staff Training - Level 5 - Advanced Management & Leadership Essentials	AHI Associates	Live Webcast	16



S CORPORATION INVERSION USING AN “F” REORGANIZATION

BY HANNAH FISCHER FREY & JESSE SITZ, BAIRD HOLM LLP

Many new business owners are excited by the flow-through treatment of income and loss as well as the self-employment tax savings that can be available to entities that elect to be taxed under Subchapter S of the Internal Revenue Code of 1986, as amended (the “Code”). Such savings, which stem from the bifurcation of salary versus distributions, can be reason enough to make such an election, from an economic perspective.

There are several downsides, however, to making an “S” election that business owners should consider prior to making such an election. Restrictions on the types of owners, classes of stock, and numbers of owners, among other things, can limit a business that wishes to sell or take on investors in the future. This can be particularly problematic to a business that is being acquired by a larger venture. Such acquisition entities, potential investors, or private equity firms are almost always organized as entities. The S corporation rules generally do not allow entities (except for very limited types) to own S corporation stock.

Fortunately, there is an IRS-approved method by which an S corporation can reorganize itself to allow for an investment or acquisition of less than all of the stock by an entity. An “F” reorganization effectively allows the entity to admit an entity

investor without jeopardizing the S election of the S corporation.¹ This kind of reorganization is commonly referred to as an “S corporation inversion” or “F” reorganization, gaining its name from the Code Section from which it arises—Section 368(a)(1) (F).

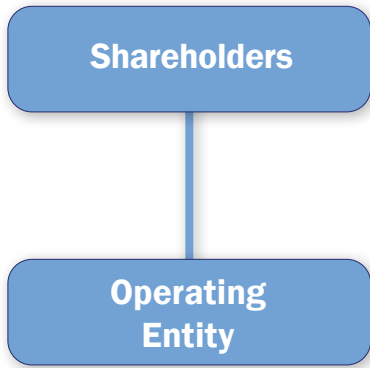
Lastly, this article provides a summary overview of the steps and rules regarding an “F” reorganization. There are many traps for the unwary. We recommend that careful diligence, documentation of the steps satisfying the requirements summarized below, and coordination between the attorney and accountant all occur prior to undertaking such a reorganization.

A. Steps for “F” Reorganization

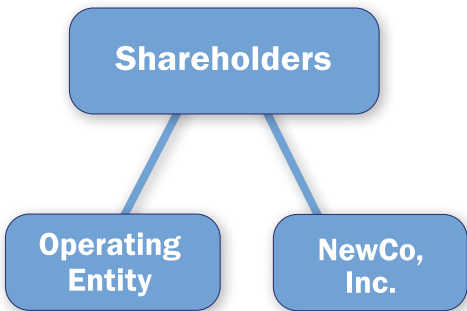
For purposes of this explanation, we will use the following terms:

- **Operating Entity** – This refers to the original entity, which is taxed as an S corporation.
- **NewCo** – This is the new entity, which will become the holding company of the Operating Entity.
- **QSub** – This refers to a “qualified subchapter ‘S’ subsidiary” as defined in Section 1361 of the Code.

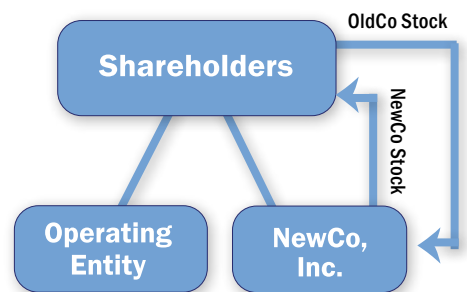
The starting point may look like the following:



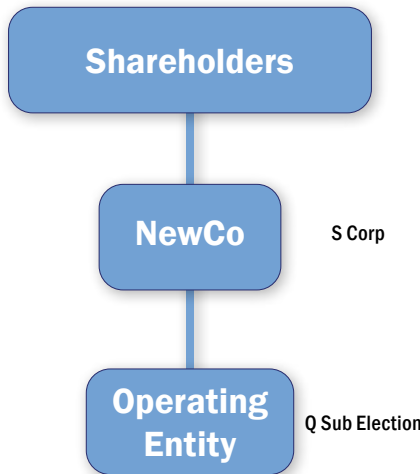
First, the owners of Operating Entity organize a new entity (“NewCo”) as a state business entity that meets the requirements for qualification as a small business corporation. NewCo should not be capitalized, other than a nominal amount that may be required by state law for formation or incorporation.²



Second, the same owners contribute all of their equity in the Operating Entity to NewCo in exchange for ownership interests in NewCo.



Third, *immediately* following the contribution, NewCo causes the Operating Entity to elect to be taxed as a qualified subchapter S subsidiary (“QSub”). This is an important step, the complexity of which is frequently overlooked.



After the above steps are completed, NewCo should cause the Operating Entity to convert from a state-law corporation to a state-law limited liability company.³

Following such conversion, an entity investor could then purchase equity interests of the Operating Entity without disqualifying the S election of NewCo. Upon such a purchase, the Operating Entity, of course, would no longer be an eligible QSub.

Because the limited liability company is a disregarded entity for income tax purposes, the purchase would be treated as an acquisition of assets of the limited liability company by the Buyer. Following the purchase, the limited liability company would be characterized as a partnership under the “check-the-box” rules. For example, if the Buyer acquires 70% of the interests of the Operating Entity, NewCo will recognize gain or loss as if NewCo had sold 70% of the assets of the Operating Entity to the Buyer.

B. Documentation

These steps must be memorialized in a written Plan of Reorganization, which

would also specify the business purpose of the reorganization. Each party must file a required statement with their respective return under the Treasury Regulations for the tax year, which requires a report of the names and EINs of all parties to the reorganization; the date of the reorganization; and the aggregate fair market value of the assets, stock, or securities of the Operating Entity transferred in the reorganization.

C. Qualification as an “F” Reorganization

The Treasury Regulations provide the following general requirements for an “F” reorganization under Section 368(a)(1)(F):

1. All of the stock⁴ of NewCo must be distributed in exchange for equity interests of the Operating Entity.
2. The same persons must own all of the equity interests of the Operating Entity immediately prior to the reorganization and of NewCo immediately after the reorganization, in identical proportions.
3. NewCo may not hold any property or have any tax attributes prior to the reorganization.
4. The Operating Entity must completely liquidate for federal income tax purposes in the reorganization but it is not required to dissolve under state law. This could include a deemed liquidation under the Section 7701 Regulations.
5. Immediately after the reorganization, no entity other than NewCo may hold property that was held by the Operating Entity immediately before the reorganization, if the other entity would succeed to the tax attributes.
6. Immediately after the reorganization, NewCo may not hold property acquired from anyone other than the Operating Entity, if NewCo would succeed to the tax attributes.

Unlike other tax-free reorganizations under Section 368, an “F” reorganization is exempt from the judicially created “continuity of business enterprise” and “continuity of interest” requirements. An “F” reorganization is not, however, exempt from the business purpose requirement. A summary of what constitutes a valid “business purpose” for purposes of Section 368 is beyond the scope of this article. With that said, business owners and



Again, there are many traps for the unwary, but an “F” reorganization can be a useful tool for restructuring an entity taxed as an “S” corporation prior to certain investments or acquisitions.

practitioners would be well-advised to identify a business purpose in the Plan of Reorganization as part of their due diligence.

D. Carryover of the S Election

Guidance from the IRS provides that the above steps result in the original S election carrying over to NewCo. Accordingly, NewCo need not make a separate “S” election nor file a Form 2553. For such carryover to occur, the parent must cause the subsidiary to make the QSub election. Note that a QSub election must be made for the Operating Entity effective immediately following the transaction to allow for such carryover.⁵

E. Carryover of EIN

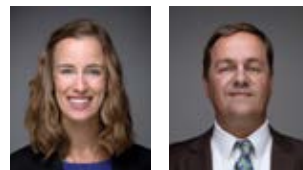
IRS guidance provides that, if carried out properly, the Operating Entity will retain its original EIN. This allows the Operating Entity to utilize the same business registrations and other aspects associated with its unique EIN. NewCo must apply for a new EIN.

F. Tax Results

If structured properly, the follow tax results apply:

- No gain or loss is recognized on the transaction by the Operating Entity.
- No gain or loss is recognized by the owners of the Operating Entity (at least until a subsequent sale of the equity of the Operating Entity). The owners’ basis in the equity interests of NewCo will be the same as the basis they had in their equity interests of the Operating Entity. The holding period for the equity interests of NewCo will include the holding period of the Operating Entity equity interests.
- No gain or loss is recognized by NewCo on its receipt of assets in exchange for its equity interests (until a subsequent event such as a sale). NewCo succeeds to all tax attributes of the Operating Entity under Section 381(c).

Again, there are many traps for the unwary, but an “F” reorganization can be a useful tool for restructuring an entity taxed as an “S” corporation prior to certain investments or acquisitions. Practitioners should follow the above steps and assure compliance with all aspects of Section 368(a)(1)(F) as well as the various forms required to be filed with the IRS. ◀



Hannah Fischer Frey and Jesse Sitz are partners at Baird Holm LLP, focusing their law practices in the areas of federal and state income tax law and business succession planning. Fischer Frey and Sitz work closely with other tax practitioners and preparers to document and structure deals

for their clients in a tax-efficient manner. For more information, contact them at hfrey@bairdholm.com and jsitz@bairdholm.com, respectively.

¹This article refers to “S corporations” generally to refer to limited liabilities companies or corporations that have made an “S” election under Section 1361 of the Code. Under the check-the-box rules, a multi-member limited liability company can elect taxation other than its default partnership status.

²For purposes of this article, the term “corporations” when used in the phrase “S corporations” is intended to reflect the tax status of the entity, not the entity’s state law entity form.

³If the Operating Entity is already a limited liability company, this step may be skipped. Note, however, that complexities apply relating to a limited liability company making a QSub election. Special attention should be given to the election forms required for such an election.

⁴For purposes of this article, the term “stock” when used in the phrase “S corporation stock” is intended to refer generally to ownership interests of an entity taxed as an “S” corporation.

⁵With that said, there are nuances related to the tax election forms to be filed during the reorganizations that would apply to limited liability companies, but not state-law corporations. Care should be taken to ensure that the proper forms are filed with the Internal Revenue Service.

CONGRATULATIONS TO THE TOP CPA CANDIDATES IN NEBRASKA!

Congratulations to the following 34 individuals for passing all four sections of the CPA exam on their first attempt, with their final section passed in 2021. The top two CPA exam scorers in Nebraska last year were **Colin Fitzgerald**, with a 96.75 average score, and **Matthew Fredricks**, with a 94.75 average score—both graduates of Creighton University in Omaha. One individual, **James Kasun**, a graduate of the University of Nebraska at Omaha, passed all four sections of the exam on the first try in four consecutive days! The Society commends each and every one of these individuals on a job well done.



Kevin Anderson	Wayne State College
Andrew Arend	University of Nebraska-Lincoln
Shamree Baller	University of Nebraska-Lincoln
Emily Baratta	University of Nebraska-Lincoln
Wyatt Bell	University of Nebraska-Lincoln
Ian Bingner	Colorado State University
Regina Brokke	University of Nebraska-Lincoln
Courtney Dreifurst	University of Nebraska at Kearney
Theresa Eickmann	University of Nebraska-Lincoln
Colin Fitzgerald	Creighton University *****
Matthew Fredricks	Creighton University *****
Thomas Geiger	University of Nebraska at Kearney
Timothy Graves	University of Nebraska at Omaha
Andrew Hoffmann	Nebraska Wesleyan University
Alex Hogeland	University of Nebraska-Lincoln
Ella Janochoski	University of Nebraska-Lincoln
Keaton Johnson	University of Nebraska-Lincoln
James Kasun	University of Nebraska at Omaha *****
Dominic Krzmarzick	Creighton University
Thomas Lassek	University of Nebraska-Lincoln
Lauren Leapley	University of Nebraska-Lincoln
Daprese Madlock	University of Nebraska-Lincoln
Kyra Mourey	University of Nebraska-Lincoln
Samuel Nelson	University of Nebraska-Lincoln
Malia Rains	University of Nebraska at Omaha
Holden Randecker	University of Nebraska-Lincoln
Kelly Scheid	Bellevue University
Ryan Stachurski	Creighton University
Allison Stromp	University of Nebraska-Lincoln
Benjamin Varilek	University of Nebraska-Lincoln
Christian Weishaar	Creighton University
Wyatt Whitaker	University of Nebraska-Lincoln
Brian Wilmes	University of Nebraska-Lincoln
Samantha Young	University of Nebraska at Omaha

******* Top Two CPA Exam Scorers in Nebraska in 2021**

******* Passed All Four Sections of the Exam in the First Try in Four Consecutive Days**



CPA EVOLUTION WILL IMPACT TODAY'S INTERNS

HOW CAN YOUR FIRM PREPARE?

BY CARL MAYES, CPA, ASSOCIATION OF INTERNATIONAL CERTIFIED PROFESSIONAL ACCOUNTANTS

For the past few years, the American Institute of CPAs (AICPA) and the National Association of State Boards of Accountancy (NASBA) have collaborated with stakeholders to reimagine CPA licensure through the joint CPA Evolution¹ initiative, an effort to transform the CPA licensure model. The organizations have now reached the critical implementation phase of this initiative, which addresses the rapidly changing skills and competencies required of a 21st century CPA.

Many of the students slated for spring and summer 2022 internships will sit for the new, CPA Evolution-aligned CPA exam, which is expected to launch in early 2024. This has implications for firms in a variety of areas, from recruiting considerations to engagement with academia. The time to start plotting out your firm's strategy is now.

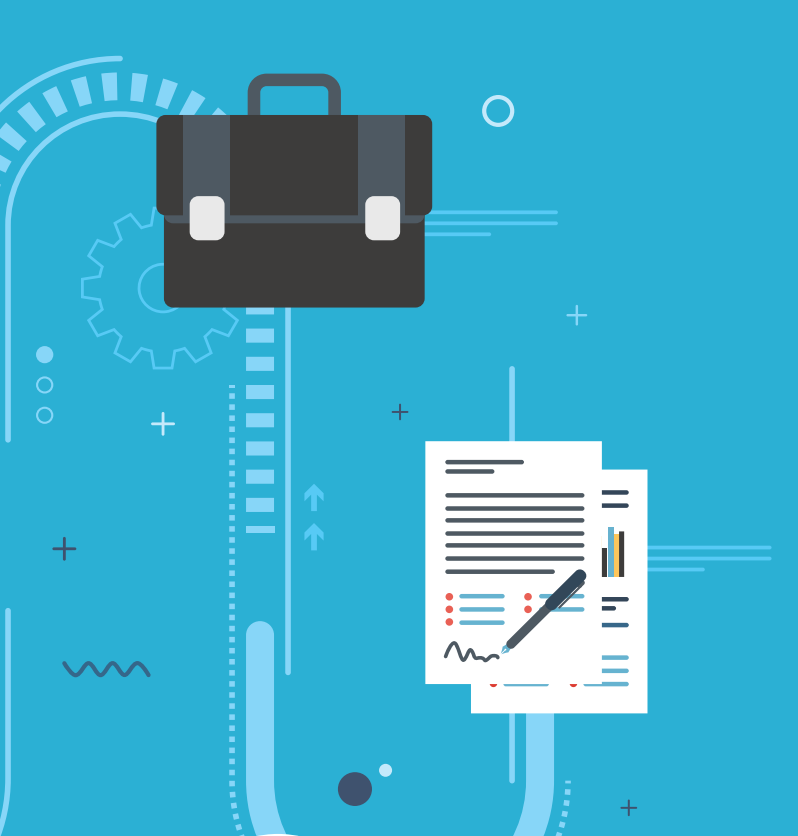
CPA Evolution will bring about some of the most substantive changes to licensure in decades, including a new Core + Disciplines licensure model, increased coverage in areas like information systems and data analytics, and the addition of personal financial planning.

But what does it all mean for your firm? Here are some top considerations to aid your hiring and recruitment strategies.

Students are more interested in pursuing CPA under the new licensure model.

In a fall 2021 AICPA-NASBA survey of accounting students, 85% of respondents indicated the new approach to licensure either increases their interest in pursuing CPA or keeps their interest at a very high level. In discussion groups with students, common themes surrounded their heightened interest in areas like data analytics, cybersecurity, and information privacy, all of which are expected to be addressed in the new CPA exam based upon preliminary practice analysis research.

This may represent an opportunity for firms when recruiting new staff. In addition to highlighting the earnings power of CPAs and the impact they can have on society,² consider discussing the impending changes to the licensure model and how they reflect the exciting work firms are doing in emerging areas. For students



To inform hiring decisions, firms may want to reach out to the universities they recruit from to determine what, if any, curriculum changes are being made.

- 24% plan to pursue Information Systems and Controls, and
- 22% plan to take Tax Compliance and Planning.

To pass these disciplines, students will need more knowledge and skills in the related subject matter, and firms will be the beneficiaries. In fact, in an April 2021 AICPA-NASBA survey of firm hiring directors, 83% of respondents from firms with 11 or more personnel indicated that if accounting programs were aligned with CPA Evolution, their hiring of new graduates from accounting programs would likely increase and/or accounting program graduates would be considered more valuable than they are today.

Firm leaders may want to engage with the firm's HR team to consider how CPA Evolution will impact their approach to talent acquisition moving forward.

Next Steps

The AICPA is currently conducting a practice analysis³ to determine the knowledge and skills required of newly licensed CPAs that should be assessed in the CPA Evolution-aligned exam. An associated CPA Exam Blueprint, which will detail content eligible for testing in each of the Core and Discipline sections, is expected to be issued for public comment in mid-2022 and published in final form in early 2023, with the launch of the new CPA Exam planned for January 2024.

As CPA Evolution continues to progress, please check back for updates at EvolutionofCPA.org. If you have any questions, please reach out to the AICPA and NASBA at Feedback@EvolutionofCPA.org. ◀

interested in technology, there has never been a better time to pursue CPA.

Universities are changing their curricula to incorporate emerging topics.

In another fall 2021 pulse survey, the AICPA and NASBA asked accounting faculty about their plans relative to CPA Evolution. Here's what they heard:

- 88% of respondents indicated their accounting program will be making curriculum changes based on CPA Evolution, and
- 81% said they expect to make curricular changes by fall 2022.

To inform hiring decisions, firms may want to reach out to the universities they recruit from to determine what, if any, curriculum changes are being made. Practitioners may also consider aiding the academic community in the transition, as nearly half of the faculty that won't be making curriculum changes cited challenges in finding qualified personnel to teach emerging topics. Subject matter experts at your firm might consider serving as guest lecturers or adjunct professors to ensure the next generation of CPAs has the skills and competencies they need to be successful.

Many accounting program graduates will have different skillsets.

As academic programs evolve, students are expected to pursue learning tracks aligned with their interests. In a 2020 AICPA-NASBA survey of students,

- 54% of respondents indicated they plan to pursue the Business Analysis and Reporting discipline,



Carl Mayes, CPA is senior director of audit and accounting quality at the Association of International Certified Professional Accountants. You may contact him at carl.mayes@aicpa-cima.com.

¹NASBA & AICPA, "CPA Evolution," <https://evolutionofcpa.org>.

²AICPA, "This Way to CPA," <https://www.thiswaytocpa.com/why-cpa>.

³AICPA, "Practice Analysis: Developing a CPA Evolution-aligned CPA Exam," <https://www.aicpa.org/resources/toolkit/cpa-exam-practice-analysis>.



Members in the News



Paul H. Koehler and his wife Mary Ann recently endowed Concordia University's business department with a gift of \$2.5 million, the largest endowment gift in the history of the university. In appreciation and recognition of their support, the department is being named the Paul H. and Mary Ann Koehler Department of Business. The Koehlers were honored at the Concordia Business Luncheon on March 25, where their historic gift was announced. The couple has also supported the university by establishing an education scholarship endowment, matching gifts to the Concordia Fund, and providing the Vernon Koehler Memorial Clock in Founder's Plaza.

Koehler has been part of the Concordia Nebraska community since high school, when he was a member of Concordia High School's last graduating class in 1972. His father, Vernon H. Koehler, served as a professor of education at Concordia. Both Paul and Mary Ann graduated from the University of Nebraska-Lincoln College of Business. Mary Ann worked for 12 years in the banking industry and 30 years in accounting and business at UNL before retiring in 2019. Paul has been affiliated with several accounting firms and today owns his own firm in Lincoln, specializing in government and non-profit auditing, training, and consulting. He also teaches ethics to accountants and CPA firms across the country and serves as a guest lecturer at three universities.

Read more at bit.ly/CUNE-Koehler and bit.ly/SCINews-Koehler.



Michael R. Abramson was promoted to senior manager at Labenz & Associates LLC in Lincoln. He joined the firm in 2013 following graduation from Hastings College with a Bachelor of Arts in Accounting and a minor in mathematics.



Andrew J. "Drew" Blossom of Omaha was recently appointed to the Nebraska Board of Public Accountancy by Governor Pete Ricketts to serve a four-year term as an active permit holder representing the second congressional district. Blossom is the managing partner of KPMG LLP in Omaha and Lincoln and has been practicing public accounting since 1989. He has been a member of the Nebraska Society of CPAs since relocating to Nebraska in 2004. He has also been a member of the AICPA State and Local Government Expert Panel and served as chairman of the AICPA State and Local Government Audit Guide Task Force. Blossom holds a Bachelor of Science in Accounting and Business from the University of Kansas. He replaces **Dr. Thomas "Tom" Purcell** of Creighton University in Omaha; Purcell served two four-year terms on the State Board.



Sarah J. Borchers of Kearney was recently appointed to the Nebraska Board of Public Accountancy by Governor Pete Ricketts to serve a four-year term as an active permit holder representing the third congressional district. Borchers is an assistant professor of accounting at the University of Nebraska at Kearney (UNK). Before entering academia, she worked as an audit manager at Contryman Associates, PC for several years, specializing in audits of governmental entities. She holds a Bachelor of Science in Accounting and a Master of Business Administration from UNK. In addition, she received her Doctorate of Business Administration from Creighton University in 2020. Borchers has served for several years on the State Board's Education Advisory Committee (EAC). She replaces **Glen Waltemath** of McChesney Martin Sagehorn, PC in North Platte; Waltemath served two four-year terms on the State Board.



Kristin K. Carlson was promoted to partner at Labenz & Associates LLC in Lincoln. Carlson began her career in public accounting in 2007 following graduation from Nebraska Wesleyan University (NWU), where she earned a Bachelor of Science in Accounting with a minor in communication. She joined Labenz & Associates in 2010. Carlson specializes in business

and individual tax compliance and consulting services, multi-state business taxation, and compilation and review of financial statements. In addition to her membership in the Nebraska Society of CPAs, Carlson is a member of the AICPA. She also currently serves as a member of the NWU Alumni Executive Council.



Zach J. Crom was promoted to senior associate at Labenz & Associates LLC in Lincoln. He joined the firm in November 2020 and graduated from the University of Nebraska-Lincoln with a Bachelor of Science in Accounting and a Master of Professional Accountancy in May 2018. Crom enjoys teaching Junior Achievement classes in the community.



Brady J. Kayl, controller at Chief Industries Inc. in Grand Island, was named to the 2022 Top 35 Under 35 by the Grand Island Area Chamber of Commerce during an awards ceremony on Feb. 24 at the Riverside Golf Club. This annual event recognizes extraordinary leadership and dedication to the community of Grand Island. Kayl is a graduate of the Nebraska Society of CPAs' Leadership Academy.



Corey J. Labenz was promoted to manager at Labenz & Associates LLC in Lincoln. He joined the firm in 2018 and earned a Bachelor of Science in Accounting from Nebraska Wesleyan University and a Master of Science in Accountancy from the University of Notre Dame. Labenz serves on the Junior Achievement Young Professionals Board.



Sasha D. Miller, tax accountant at Contryman Associates in Grand Island, was named to the 2022 Top 35 Under 35 by the Grand Island Area Chamber of Commerce during an awards ceremony on Feb. 24 at the Riverside Golf Club. This annual event recognizes extraordinary leadership and dedication to the community of Grand Island.



Collin M. Phelps was promoted to manager at Labenz & Associates LLC in Lincoln. He joined the firm in August 2017, after graduating from Lipscomb University in Nashville, Tenn., where he earned a Bachelor of Business Administration and a Master of Accountancy. Phelps is a member of the finance team at his church.



James F. "Jim" Scow of Columbus is stepping down from the Platte County Board of Supervisors following 12 years of service on the board. Scow, age 78, who represents District 3, said he will not run for a fourth term in the upcoming election in order to make way for younger residents to run for the board.

Steven J. Snyder of Steven J. Snyder, CPA in Fairbury has been elected to serve on the Jefferson Community Health & Life Board of Directors. He also served two terms on the board in the late 1980s and early 1990s.



Kent P. Speicher of Erickson & Brooks in Fremont is serving as treasurer of the Fremont Area Chamber of Commerce. In addition to his membership in the Nebraska Society of CPAs, he is a member of the AICPA and is active in various other community organizations. Speicher received his Bachelor of Science degree from the University of Nebraska-Lincoln in 1982 and was admitted as a partner to the firm in 2001.



Andrew J. Steffensmeier has been named a shareholder at McMill CPAs & Advisors in Norfolk. He joined the firm in 2013 as a staff accountant. Steffensmeier holds a Bachelor of Science in Accounting and a Master of Public Accountancy from the University of Nebraska-Lincoln. In addition to his membership in the Nebraska Society of CPAs, he is a member of the AICPA. Locally, he is involved with the Norfolk Area Chamber of Commerce, Leadership Norfolk, and the Norfolk Area Community Foundation. Steffensmeier enjoys presenting financial literacy lessons at local schools and at McMill CPAs & Advisors' annual Lemonade Camp.



Joseph P. "Joe" Stump of AMGL CPAs & Advisors of Grand Island has joined the Home Federal Bank Board of Directors. Stump has been with AMGL since 2007 and is a shareholder in the firm. A Grand Island native, he is a graduate of Central Catholic High School. Stump also holds a Bachelor of Science in Business Administration from Dana College in Blair. In addition to his membership in the Society, Stump is a member of the AICPA and the National Association of Certified Valuation Analysts. An active part of the Grand Island community, he serves on the boards of the Friendship House and the 1868 Foundation, and volunteers on the Resurrection Parish Counsel. Home Federal Bank was founded in 1935 and now serves six communities across Nebraska—Grand Island, Hastings, Holdrege, Lexington, Superior, and Lincoln.



Kiley A. Wiechman, a partner at HBE LLP in Lincoln, is serving as treasurer of the Matt Talbot Kitchen & Outreach (MTKO) Executive Committee and Board of Directors. Wiechman joined HBE in 2005 after receiving a Bachelor of Science in Business Administration in Accounting from the University of Nebraska-Lincoln in 2004. In addition to being a member of the Nebraska Society of CPAs, she is a member of the AICPA and serves on the Rotary Club of South Lincoln Board of Directors.

Firms in the News



Lutz has been named a 2022 Best Tax and Accounting Firm in America by Forbes. The list identifies 223 firms across the U.S. that are most recommended for their tax and/or accounting services. This is the third year in a row Lutz has been named to America's Best Tax and Accounting Firms list.



and finance ecosystem. It also provides the AICPA and CPA.com more visibility into disruptive trends from emerging technologies that are transforming the accounting profession. Selected companies receive a \$25,000 grant, participate in a six-month curriculum, receive guidance from expert advisors, and have an opportunity to showcase their solutions at AICPA ENGAGE, the profession's largest conference.



Read the full press release at bit.ly/AuditMiner-Release and visit the AuditMiner site at auditminer.com.

Omaha-based **AuditMiner** was recently selected as one of 10 early-stage companies to participate in the 2022 Startup Accelerator, sponsored by the AICPA and CPA.com. The company was founded by **Kelly Mann** (left) and **Jason Bogner** (right).



Bob Almquist (right) shakes the hand of Grand Island Area Chamber of Commerce Chairman Tim Wojcik while Chamber President Cindy Johnson (middle) prepares to hand Almquist the Business of the Year award. Photo by: Josh Salmon, Grand Island Independent

Omaha-based **AuditMiner** was recently selected as one of 10 early-stage companies to participate in the 2022 Startup Accelerator, sponsored by the AICPA and CPA.com. Founded by **Kelly Mann**, along with cofounder Jason Bogner, AuditMiner is software that streamlines the employee benefit audit process. The company started in early 2021 and has since partnered with Proven Ventures, expanded into more than 25 states, and most recently joined AICPA and CPA.com in this accelerator. The company's solution leverages automation to streamline and standardize audit workpapers and templates, increasing the quality and consistency of Employee Benefit Plan (EBP) audits across a CPA firm.

AMGL CPAs & Advisors was recently honored by the Grand Island Area Chamber of Commerce as Grand Island's Business of the Year, during the Chamber's 2022 annual meeting. **Robert D. "Bob" Almquist** accepted the award on behalf of AMGL. The firm serves clients in 30-plus states and several countries. ◀

The AICPA and CPA.com Startup Accelerator supports the growth of early-stage technology companies throughout the accounting



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Session 5: Engaging Talent Part II *August 22 @ Noon CT*

Session 6: Building Talent *September 21 @ 11:00 AM CT*

Session 7: Leveraging Talent Part I *October 21 @ Noon CT*

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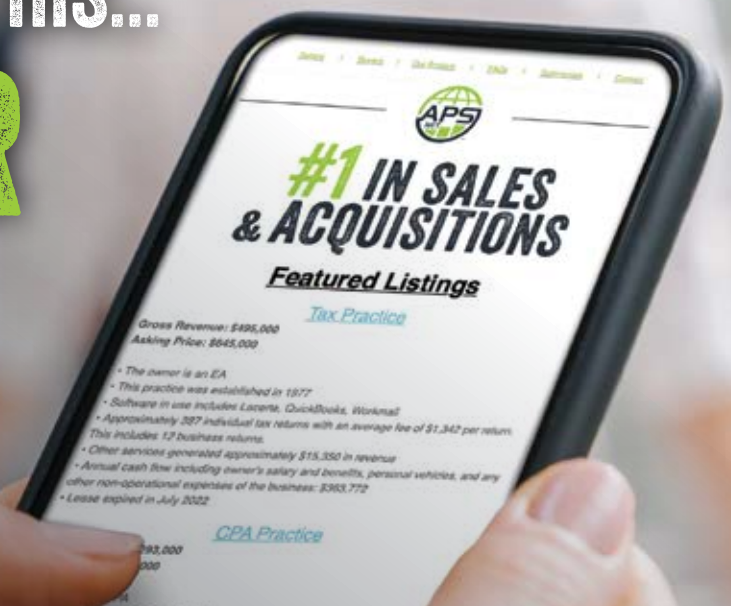
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WITH SELLER GUARANTEES:

1 Collection Pricing

When the seller receives payments based on collections or billings over a period of time, this is referred to as a “percentage of collections” or “percentage of billings”. The down payment, percentages, and payout terms vary widely. Traditionally, however, the buyer would pay a down payment of 20% of the estimated price and then pay 20% of collections each year for the first 4 years. This particular scenario is so common that many accountants think it is the only way practices can be sold! Understandably, buyers like these terms because payments are manageable and almost all the risk of client retention is transferred to the seller. Buyers will explain there is an “up-side” to the seller if the gross revenue increases year after year. However, most sellers are not comfortable assuming retention risk while they have little control over the clients’ experience with the new owner. Sellers also dislike the accounting and due diligence involved in calculating the collections year after year. If such a method is used, both the buyer and seller need to be sure everything is spelled out clearly from the beginning, addressing such issues as whether new clients or referrals will be included in the collections, and how “collections” will be applied and accounted for.

2 Look-back Pricing

In this type of sale the buyer “looks back” after a period of time and determines collections or billings; the sales price is then adjusted accordingly. There are many variations to this method. Although dollar for dollar adjustments are common, there can be alternative price adjustments such as allotting 50 cents for each dollar increased or decreased; or perhaps adjustments may be applied only after a 10% decrease or increase in actual collections; upward and downward caps may be placed on the adjustment, and so on. As you can see, there is room for creativity. This structure is similar to the first method in that the seller guarantees the revenue, but the seller’s risk is limited to a shorter period of time. The look-back method does not require seller financing. The seller could receive all cash at close, but then be obligated to refund a portion of the sales price if there is a negative adjustment at the end of the look-back period. In a twelve month look-back, the seller guarantees each client will show up at least once. In the collections scenario, the seller must rely on the buyer’s ability to keep the clients coming year after year. The look-back approach is a step closer to a fixed price since the seller has more control; however, the variations can be complicated, making it necessary for each party to be especially certain they understand the implication of each arrangement.

WITHOUT SELLER GUARANTEES:

3 Cash Pricing

This is when the seller receives 100% of the sales price in cash at closing. The buyer may be obtaining cash from personal funds or, more likely, from a third party lender. Third party financing can actually be more attractive to many buyers, as the payout terms are often extended over ten years rather than the 3-5 years we see when sellers finance the sale; and since most sellers prefer cash at close, this option is a win-win. The cash method has become more and more common in situations where healthy firms in desirable geographic locations change hands. An increase in institutional money available for accounting practice acquisitions, and a marketplace flush with buyers due to broker marketing, have both contributed to the increase in cash sales.

4 Fixed Seller Financed Pricing

In this final method, the sales price is determined prior to close with the seller carrying a portion of the sales price and the price remaining static throughout the life of the loan. When a buyer verbally communicates their intent to make this type of an offer, it is important to make sure the buyer is actually considering a fixed price. In view of the fact that traditional deals involve seller financing and an adjustable price based on collections (as described above), a seller may offer to finance a portion of the sales price and the buyer may interpret that to mean they are willing to be paid based on collections. Seller financing is appealing to buyers because 1) it is much easier than the bank application and underwriting process, 2) it keeps the seller “in the game” and motivates them to put forth more effort in the transition process (or so the buyer believes), and 3) it often comes with more favorable interest rates. Sellers are more attracted to fixed financing than to guarantee options, but they will still be concerned about collecting full payment. Sufficient down payments, good credit, excellent experience, and proper credentials will be required of the buyer.

Today, accounting and tax practices are sold in each of these four ways. As you can see, the premium offered to the seller lies within the deal terms themselves. Sellers need to present their practice in a way which attracts the largest number of quality buyers, and since the number of buyers affects the type of deal structure, using an experienced broker is the way to get the best price and terms!

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IN REMEMBRANCE OF ARNOLD MAGNUSON



Then Society Executive Vice President Arnold Magnuson, AICPA President Phil Chenok, and Society Chairman Jim Rouch pose for a photo during an AICPA Council Meeting in the mid-1980s. Magnuson led the Society from 1958 to 1990, fully retiring in 1992. Chenok led the AICPA from 1980 to 1995. Rouch served as chairman of the Society in 1987-1988 and has been a Society member for 49 years. “Arnie was always a perfect gentleman and always kept his cool,” said Rouch, recalling memories of their work together on the Society’s Continuing Professional Education program.

Former Society President and Executive Director Dan Vodvarka (pictured left) remembered Arnold Magnuson (pictured right) for his devotion to family, his dedication to the CPA profession, and his service to his country.

The late 1950s were a turning point for the Nebraska Society of CPAs. In 1957, the Nebraska Legislature passed the Nebraska Public Accountancy Act and, in 1958, the Society brought on its first part-time staff person, Arnold Magnuson.

Magnuson, 98, was born Feb. 24, 1924, and died of natural causes on March 17, 2022.

At the time he was hired, membership in the Nebraska Society of CPAs stood at 207. During his 34-year tenure with the Society, Magnuson would guide the growth and expansion of the organization and eventually become its full-time executive vice president. He was the only Society employee until October 1972; at that time, the Society opened its first executive office in Lincoln, employing Magnuson as the executive director along with one secretary. When Magnuson fully retired in 1992, the Society membership had grown to approximately 2,400 CPAs.

“I recall working with Arnie in his early years with the Society and my early years in public accounting,” said Society Past Chairman (1992-1993) and 50-year member Keith Snyder. “He was always a pleasure to

work with and a true professional. I believe the Society is what it is today because of the foundation Arnie created.”

“Arnie was a father figure for me as well as a mentor relating to my involvement with the Society,” said Society Past Chairman (1990-1991) and 47-year member Dave Emry. “He pushed me into becoming involved and, thanks to him, I have benefited from my involvement with my peers and am extremely grateful for his guidance and encouragement.”

“Arnold was not a man of many words. When he did speak, it was important,” recalled Society Past Chairman (1989-1990) and 46-year member Bill Strain. “He was just a true gentleman.”

Former Society President and Executive Director Dan Vodvarka succeeded Magnuson on Jan. 2, 1990. “It was a smooth transition because of Arnie’s guidance, patience, and professionalism. He was very proud of his family and dedicated to the service and advancement of the CPA profession in Nebraska. And he was a true World War II American hero,” stated Vodvarka.

Prior to his time at the Society, Magnuson, like so many of his generation, fought in World War II. He graduated from Clarks High School in 1942 and two years later joined the U.S. Army Air Force, serving as a bombardier in a B-24 Liberator (an American heavy bomber) from 1944 to 1945. During his 26th mission, the plane crashed while over Italy—one member of the crew was killed.

For his service, Magnuson received the U.S. Air Force’s Distinguished Flying Cross, which is awarded to airmen for “heroism or extraordinary achievement while participating in an aerial flight.” He finished his military service to this country on Nov. 4, 1945, as a First Lieutenant.

Magnuson then returned to Nebraska and earned a Bachelor of Arts in Business Administration from the University of Nebraska-Lincoln in 1948.

Magnuson was preceded in death by his wife of 70 years, Darlene. Survivors include Mary Jean “Midge” Dance (Lynn), Sue Laswell (Rick), and Tom Magnuson (Peg), five grandchildren, and six great-grandchildren. ◀

in Memoriam

Robert C. Frazer

1928-2022

Nebraska Certificate #0671

Society Certificate #0268

Thomas J. Monteith

1955-2022

Nebraska Certificate #2334

Society Certificate #1752

John R. Pribramsky

1948-2022

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The Society has made donations to The Foundation of the Nebraska Society of Certified Public Accountants in remembrance of Bob, Tom, and John.

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Learn more about the Society and the benefits of membership at nescpa.org.

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