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PRESIDENT'S MESSAGE

BY JONI SUNDQUIST, NEBRASKA SOCIETY OF CPAS

SOLVING YOUR PROBLEMS IS OUR PASSION



While “busy season” for CPAs has come and gone, summertime at the Nebraska Society of CPAs is one of your organization’s busiest seasons. CPE is full throttle ahead and our Fall Conference and Annual Meeting are just around the corner. Several exciting months lie ahead!

At the Nebraska Society of CPAs, we pride ourselves on finding solutions to your concerns and problems. This might mean seeking a legislative solution to help Nebraska CPA firms continue to thrive in our state. Another time, it’s pulling together a group of CPAs to provide input to the

Nebraska Department of Revenue on a new form or process. Other times, it’s quickly developing a CPE course on an emerging issue, or publishing an article on a legal matter, or participating in a research study that might result in new strategies, or pursuing a new business partnership to provide you discounted products and services.

Whatever your concerns or problems may be, our focus remains: “Every member. Every day.”

The Society is continually working for you and your profession.

A significant pain point we’re trying to address at this time is the profession’s pipeline problem—defined as the accounting profession’s struggle to recruit students while simultaneously losing unprecedented numbers of CPAs to retirement. Although this issue is not specific to our state, we know there are things we can do to help you right here in Nebraska.

Our most recent effort includes the creation of a new video geared toward high school students, featuring Society Past Chairman Ryan Burger of GBE CPA in Seward and produced by RightEye Digital of Lincoln.

In the video, Burger explores opportunities available in the accounting profession and what it takes to become a CPA. He lets students know that becoming a CPA is an exciting and rewarding career choice. You'll find the 38-minute lesson online at www.nescpa.org/careers/videos. We encourage you to share the video with your local high schools and accounting teachers!

A shout out to Deloitte for providing the funding that made the video possible and to the University of Nebraska-Lincoln College of Business for allowing us to use their facility for filming.

Your Society has another video in the planning stages, highlighting the vast opportunities in accounting. We're discussing other innovative ways to inspire the next generation and help you with the accounting talent shortage.

In addition, the Foundation of the Nebraska Society of CPAs is doing its part to grow the CPA pipeline by providing scholarships to accounting students attending 14 universities and colleges in Nebraska—stay tuned



At the Nebraska Society of CPAs, we pride ourselves on finding solutions to your concerns and problems. This might mean seeking a legislative solution to help Nebraska CPA firms continue to thrive in our state.

for more information about our Foundation and 2022-2023 scholarship recipients in an upcoming issue of the Nebraska CPA journal.

And don't forget that as a member, you can post your organization's job openings for free on our website at www.nescpa.org/job-postings/add.

What else can we do to help? Please feel free to reach out to me with your thoughts and ideas. ◀



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.

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OOPS!

I FORGOT TO RENEW MY CPA LICENSE!

BY DAN SWEETWOOD, NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

Hey, we all get busy and sometimes it is easy to set aside State Board email reminders to renew your active CPA license, inactive registration, or your CPA firm permit to practice. The goal of State Board staff is to assist during the licensing renewal period (from early May until June 30) by sending several reminders to you. Doing so has greatly decreased the number of non-renewals over the years!

What happens if I miss the renewal period?

If you miss the renewal period, your best course of action is to pick up the phone and call the State Board at (402) 471-3595 or email the State Board staff at kristen.vanwinkle@nebraska.gov or heather.myers@nebraska.gov to start the process. We will try to make it as painless as possible; however, there will be some pain! This includes a \$250 administrative fee for active permit holders (CPAs) to return to good standing; this is above and beyond your regular licensing fees. Again, our goal is to get you back to good standing ASAP so you can remove this from your to-do list.

It is important you make contact with the State Board office ASAP if you have not renewed based on several factors, including:

- Your current permit to practice as a CPA in Nebraska is no longer in good standing. This could impact current engagements you are working on and possibly impact your status with other state boards and regulators.
- Eventually, your name will be included in a national database indicating you are not in good standing in Nebraska.
- After not renewing for three years, the State Board can implement provisions under the Nebraska Public Accountancy Act to administratively revoke your credentials after notice of a formal hearing. This can directly impact your ability to call yourself a CPA and some state boards will initiate action against you.

Simply put, it is very important you remain in good standing with your State Board! If by chance you leave Nebraska and work elsewhere, State Board staff will work with you to provide your best options to remain in good standing in Nebraska or to relinquish your Nebraska credentials. Again, this will depend on your individual circumstances.

Never hesitate to reach out to us if you have any questions regarding your CPA license in Nebraska. ◀



The Nebraska Board of Public Accountancy administers public accountancy law in Nebraska. Dan Sweetwood is executive director of the Nebraska Board of Public Accountancy. You may contact him at (402) 471-3595 or dan.sweetwood@nebraska.gov. You may also contact State Board Administrator Kristen VanWinkle at kristen.vanwinkle@nebraska.gov or State Board Business Manager Heather Myers at heather.myers@nebraska.gov.



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Certified Public Accountants

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2022 NESCPA COURSE CALENDAR

DATE	TYPE	EVENT TITLE	VENDOR	LOCATION	CPE/ ETHICS HOURS
AUGUST					
8/25	AA	Balancing Security With Operational Efficiency	Karl Egnatoff, Taymes LLC	Live Webcast	2
8/26	AA	Breaking Down the Auditor's Report for Non-ERISA Engagements	AICPA	Live Webcast	8
8/29	TX	Employee Stock Options	Surgent, Co-sponsoring with Iowa Society of CPAs	Live Webcast	2
8/30	AA	Governmental Accounting & Auditing Update	AICPA	Live Webcast	8
8/30	TX	Form 990: Best Practices for Accurate Preparation	AICPA	Live Webcast	8
8/31	AA	1st Annual Women in Accounting Summit	Nebraska Society of CPAs	Crete Carrier Riverview Lodge, Mahoney State Park, Ashland	6
SEPTEMBER					
9/6-9/9	MA	AHI Staff Training - Level 1 - Basic Staff Training	AHI Associates	Live Webcast	24
9/12	IT	Technology for CPAs: Don't Get Left Behind	K2 Enterprises	Live Webcast	8
9/13	ET	Ethics & Technology	K2 Enterprises	Live Webcast	4
9/13	IT	Mastering Advanced Excel Functions	K2 Enterprises	Live Webcast	4
9/13	AA	Revenue Recognition: Identifying Contract & Performance Obligations	AICPA	Live Webcast	2
9/13	AA	Revenue Recognition: Determining & Allocating Transaction Price	AICPA	Live Webcast	2
9/13	AA	Revenue Recognition: Satisfying Performance Obligations & Special Considerations	AICPA	Live Webcast	2
9/13	AA	Lessee & Lessor Accounting	AICPA	Live Webcast	2
9/14	IT	Microsoft Teams	K2 Enterprises	Live Webcast	4
9/14	IT	Remote Access for Small Businesses	K2 Enterprises	Live Webcast	4
9/16	TX	Estate Planning for 2022 & Beyond	Art Werner, Werner Rocca	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-Thru 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	TX	Estate Tax Planning Options for Farmers	CLA	Live Webcast	4
9/22	AA	How FASB Activities Will Impact NFP Financial Reporting	AICPA	Live Webcast	2
9/22	AA	The Impact of Federal Government Activities on Government & NFP Financial Statements	AICPA	Live Webcast	2
9/27	AA	The Most Critical Challenges in Not-For-Profit Accounting Today	Surgent	Live Webcast	4
9/27	AA	Applying the Yellow Book to a Financial Statement Audit	Surgent	Live Webcast	4
9/28	FN	Current Developments & Best Practices for Today's CFOs & Controllers	Surgent	Live Webcast	8
9/28	TX	The Essential Multistate Tax Update	Surgent	Live Webcast	4
9/29	TX	Traps & Pitfalls in Estate Planning	Art Werner, Werner Rocca	Live Webcast	8

OCTOBER

10/4	MA	Advanced Controller & CFO Skills	AICPA	The Thompson Center, UNO, Omaha	8
10/5	MA	Controller's Update: Today's Latest Trends	AICPA	The Thompson Center, UNO, Omaha	4
10/5	MA	Finance Business Partnering: The Changing Finance Function & Technology Impacts	AICPA	The Thompson Center, UNO, Omaha	4
10/12	TX	Maximizing Your Social Security Benefits	Surgent	Live Webcast	4
10/12	ET	Ethical Considerations for CPAs	Surgent	Live Webcast	4
10/13	AA	Accounting, Audit & Attest Update for Practitioners With Small-Business Clients	Surgent	Live Webcast	8
10/18	TX	Guide to Real Estate Tax Strategies	Larry Stein	Mahoney State Park, Ashland	8
10/18	TX	The Top Five Tax Issues in Dealing With LLCs & Partnerships	Surgent	Live Webcast	4
10/18	TX	Limited Liability Companies: Losses, Liquidations, Terminations, Continuances & Sales	Surgent	Live Webcast	4
10/19	TX	Pass-Through Entity Immersion Workshop	Larry Stein	Mahoney State Park, Ashland	8
10/20	MA	Management & Leadership Essentials	AHI Associates	Live Webcast	8
10/20	TX	2022 Guide to Retirement, Income Tax & Estate Planning Strategies (Giving Your 60+ Client a Planning Check-up)	Larry Stein	Mahoney State Park, Ashland	8
10/20	AA	Real World Frauds Found in Not-For-Profits	AICPA	Live Webcast	4
10/21	TX	S Corporation Taxation: Advanced Issues	Surgent	Live Webcast	4
10/24	IT	Securing Your Data: Practical Tools for Protecting Information	K2 Enterprises	Live Webcast	4
10/24	AA	Small Business Accounting Shootout	K2 Enterprises	Live Webcast	4
10/24	MA	AHI Staff Training - Level 1 - Basic Staff Training	AHI Associates	Live Webcast	24
10/25	IT	Technology Update	K2 Enterprises	Live Webcast	4
10/25	IT	Testing & Auditing Excel Workbooks	K2 Enterprises	Live Webcast	4
10/26	IT	Top PDF Features You Should Know	K2 Enterprises	Live Webcast	4
10/26	IT	Working Remotely: The New Normal	K2 Enterprises	Live Webcast	4
10/26	AA	Conquering the New Lease Standard	Real World Seminars, Co-sponsoring with Iowa Society of CPAs	Live Webcast	8
10/26	AA	Accounting for Revenues & Expenses in a Not-For-Profit	AICPA	Live Webcast	4
10/26	AA	Not-For-Profit Financial Reporting	AICPA	Live Webcast	2
10/27-10/28	AA	22nd Annual Fall Conference & Annual Meeting	Nebraska Society of CPAs	Embassy Suites, La Vista	16
10/31	TX	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	TX	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
11/3	MA	Talent Management Summit	Jeremy Wortman, HRD Initiatives	Shadow Ridge Country Club, Omaha	8
11/3	AA	Applying the Uniform Guidance in Your Single Audits	AICPA	Live Webcast	8
11/7	TX	Key Tax Issues Facing Business & Industry	Van Der Aa Tax Ed LLC	Quarry Oaks, Ashland	8
11/8	TX	It's Personal! Individual Tax Update 2022	Van Der Aa Tax Ed LLC	Quarry Oaks, Ashland	8
11/9	TX	Year-End Tax Planning: Thinking Outside the Box	Van Der Aa Tax Ed LLC	Quarry Oaks, Ashland	8
11/11	TX	Federal Tax Update - Individual and 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
11/16	TX	Reviewing S Corporation Tax Returns: What Are You Missing?	AICPA	Live Webcast	4
11/16	TX	Reviewing Partnership Tax Returns: What Are You Missing?	AICPA	Live Webcast	4
11/17	TX	This Year's Best Income Tax, Estate Tax & Financial-Planning Ideas	Surgent	Live Webcast	8
11/17	TX	Critical Issues Involving Taxation of Construction Contractors	Surgent	Live Webcast	4
11/17	AA	Contract Accounting & Lease Accounting & Their Impact on Contractors	AICPA	Live Webcast	2
11/18	TX	Estate & Life Planning Issues for the Middle-Income Client	Surgent	Live Webcast	8
11/21	AA	Non-GAAP Financial Statement Options: Cash, Modified Cash & Tax Basis	Surgent	Live Webcast	4
11/21	TX	Mastering Basis Issues for S Corporations, Partnerships & LLCs	Surgent	Live Webcast	4
11/28	IT	Advanced Excel	K2 Enterprises	Live Webcast	8
11/29	IT	Excel Best Practices	K2 Enterprises	Live Webcast	8
11/29	AA	Construction Contractors: Non-Revenue & Non-Lease Accounting Considerations	AICPA	Live Webcast	4
11/29	AA	Construction Contractors: Auditing Considerations	AICPA	Live Webcast	4
11/30	IT	Excel PivotTables for Accountants	K2 Enterprises	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	16
12/7	IT	Excel Tips, Tricks & Techniques for Accountants	K2 Enterprises	Live Webcast	8
12/7	TX	Getting Ready for Busy Season: Key Changes Every Tax Practitioner Should Know	Surgent, Co-sponsoring with Iowa Society of CPAs	Live Webcast	4
12/8	IT	Artificial Intelligence for Accounting & Finance Professionals	K2 Enterprises	Live Webcast	4
12/8	IT	Emerging Technologies, Including Blockchain & Cryptocurrencies	K2 Enterprises	Live Webcast	4
12/9	IT	Excel Charting & Visualizations	K2 Enterprises	Live Webcast	4
12/9	IT	Introduction to Excel Macros	K2 Enterprises	Live Webcast	4
12/12	TX	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
12/12	AA	Nonprofit Accounting & Financial Reporting	Paul Koehler	Hillcrest Country Club, Lincoln	8
12/13	AA	Governmental Accounting & Auditing Update	Paul Koehler	Hillcrest Country Club, Lincoln	8
12/13	TX	Tax Forms Boot Camp: LLCs, Partnerships & S Corporations	Surgent, Co-sponsoring with Iowa Society of CPAs	Live Webcast	8
12/13	AA	You Have a SOC 1® Report - Now What?	AICPA	Live Webcast	4
12/14	TX	General Sales Tax & Nebraska Incentive Program	Nebraska Department of Revenue	Mahoney State Park, Ashland	4
12/14	ET	Doing the Right Thing - Continuing to Refresh Your Ethical Foundation	Bryan Slone	Mahoney State Park, Ashland	4
12/14	MA	Working Remotely: Best Practices, Challenges & Opportunities	Surgent	Live Webcast	2
12/14	MA	Work-Life Balance: Maximizing Productivity & Understanding Related Tax Issues	Surgent	Live Webcast	2
12/14	TX	Federal Tax Update	Surgent	Live Webcast	4
12/15	TX	The Complete Guide to Payroll Taxes & 1099 Issues	Surgent	Live Webcast	8
12/16	TX	Four Tiers of Loss Limitations: A Guide to the Rules for Pass-Through Entities	Surgent	Live Webcast	4
12/19	IT	2022's Biggest Security & Privacy Concerns	K2 Enterprises	Live Webcast	4
12/19	IT	An Accountant's Guide to Blockchain & Cryptocurrency	K2 Enterprises	Live Webcast	4
12/19	TX	2022 Federal Tax Update for Businesses & Individuals	Van Der Aa Tax Ed LLC	Quarry Oaks, Ashland	8
12/19	AA	Preparation, Compilation & Review Engagements: Update & Review	AICPA	Live Webcast	4
12/19	AA	Financial Reporting Implications of the COVID-19 Pandemic	Surgent	Live Webcast	4
12/19	TX	Social Security & Medicare: Maximizing Retirement Benefits	AICPA	Live Webcast	4
12/19	TX	Employer's Handbook: Health Care, Retirement & Fringe Benefit Tax Issues	Surgent	Live Webcast	4
12/20	IT	Data Analytics for Accountants & Auditors	K2 Enterprises	Live Webcast	4
12/20	ET	Ethics & Technology	K2 Enterprises	Live Webcast	4
12/20	TX	2022 Federal Tax Update for Businesses & Individuals	Van Der Aa Tax Ed LLC	Ramada Midtown Conference Center, Grand Island	8
12/20	AA	Annual FASB Update & Review	Surgent	Live Webcast	4
12/20	ET	Ethics & Professional Conduct: Updates & Practical Applications	AICPA	Live Webcast	4
12/20	TX	Securing a Comfortable Retirement	Surgent	Live Webcast	4
12/20	TX	S Corporation, Partnership & LLC Tax Update	Surgent	Live Webcast	4
12/21	TX	Reviewing Individual Tax Returns: What Are You Missing?	AICPA	Live Webcast	4
12/21	TX	IRS Tax Examinations & Hot Issues	Surgent	Live Webcast	4
12/21	AA	Current Issues in Accounting & Auditing: An Annual Update	Surgent	Live Webcast	4
12/21	AA	Fraud Basics: Protecting the Company Till	Surgent	Live Webcast	4

22ND ANNUAL FALL CPE CONFERENCE

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CPE CREDIT

Approved by the Nebraska State Board of Public Accountancy for 16 HOURS CPE Credit, including 2 HOURS of Ethics.

REGISTRATION

Member Fee:

\$420

Non-Member Fee:

\$470

Early Registration

Deadline:

Tuesday, September 27

HOTEL INFO

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94TH ANNUAL MEETING

The Society's Annual Meeting will be held during the luncheon at noon on October 27, featuring remarks by outgoing Chairman Erica Parks and Chairman-Elect Lori Egger.

Conference Agenda

Please check (✓) which breakout sessions you will attend.

Thursday, October 27, 2022

- 7:00 a.m. Registration & Continental Breakfast
- 8:00 a.m. State of the Profession
– *Okorie Ramsey, AICPA Vice Chairman*
- 9:00 a.m. Break
- 9:20 a.m. Economic Outlook for 2023
– *Patrick Regan, The Regan Group*
- 10:20 a.m. Break
- 10:25 a.m. Federal & State Tax Developments
– *Matt Ottemann & Jon Grob, McGrath North*
- 11:55 a.m. Luncheon & Annual Meeting
- 1:25 p.m. Leadership During Times of Exponential Change
– *Dr. Jeremy Wortman, HRD Initiatives*
- 2:55 p.m. Break
- 3:15 p.m. **Breakout Sessions**
 - Retirement Plan Audits – *Kelly Mann, AuditMiner*
 - Farm Succession for the Next Generation – *Nathan Patterson, Koley Jessen*
- 4:10 p.m. Fighting Fraud in a Post-Pandemic World
– *David Domina, Domina Law Group*
- 5:10 p.m. **First Day of Conference Adjourns**

Friday, October 28, 2022

- 7:30 a.m. Registration & Continental Breakfast
- 8:00 a.m. Ramping Up Nebraska’s Workforce
– *Bryan Slone, Nebraska Chamber of Commerce & Industry*
- 9:05 a.m. Break
- 9:10 a.m. A&A Update: The Latest in Auditing and Accounting
– *John Barbagallo & David Anderson, KPMG*
- 10:10 a.m. Break
- 10:20 a.m. Upping Your Data Analytics Game
– *Dr. Joe Kirby, Bellevue University*
- 11:20 a.m. Break
- 11:30 a.m. Planning for Succession Success
– *Brandon Hamm, Koley Jessen*
- 12:30 p.m. Luncheon
- 1:15 p.m. **Breakout Sessions**
 - What’s Next on the Employment Law Horizon?
– *Erin Schroeder, Koley Jessen*
 - Is Your Cloud-Based Data Safe?
– *Tim Weidman, Frankel Zacharia Tech Services*
- 2:00 p.m. Break
- 2:20 p.m. Building an Ethical Culture Starts With You
– *Dr. Jeremy Wortman, HRD Initiatives*
- 4:10 p.m. **Conference Concludes**

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A TRAP FOR THE UNWARY

PUNITIVE PENALTIES UNDER IRC SECTION 409A

BY PETER LANGDON, KOLEY JESSEN

A critical component to every business is its people.

Employees invariably look to employers to provide employee benefits, such as health insurance. An often-overlooked employee benefit that can help both large and small businesses attract, retain, and reward employees is non-qualified deferred compensation. Professional advisors should be familiar with non-qualified deferred compensation to provide optimal professional services in raising this potential benefit and to identify potential issues regarding the maintenance and operation of non-qualified deferred compensation so that punitive penalties may be avoided.

Non-qualified deferred compensation is essentially compensation earned in one taxable year and paid in a subsequent taxable year.¹ The primary scenario in which non-qualified deferred compensation arrangements arise is the retention of service providers, particularly high-level, or high-performing, team members. A similar situation in which these arrangements arise is when an organization is targeting a particular individual to join its team. Non-qualified deferred compensation arrangements are typically found in employee incentive plans, employment agreements, separation agreements, and individual non-qualified deferred compensation agreements. Non-qualified deferred compensation is typically structured in the form of a plan in which multiple participants participate, as opposed to individual agreements.

However, individual agreements providing for non-qualified deferred compensation are not uncommon.

As an example, suppose High Tech Inc. wants to retain its chief financial officer (CFO) for a period of time in the future. As a result, High Tech Inc. and its CFO enter into an agreement on Sept. 1, 2022, whereby High Tech Inc. will credit \$10,000 to a hypothetical account for the CFO on Jan. 1 of each year for five years beginning in 2023. The CFO will also contribute a specified portion of the CFO's annual bonus to the account each year. The CFO's deferred compensation and the employer's contributions will then be paid out upon the CFO's retirement in equal annual installments over a period of 10 years. This arrangement would be subject to Internal Revenue Code (IRC) Section 409A as non-qualified deferred compensation.

As an additional example, assume High Tech Inc. wishes to implement a long-term retention tool for a business development executive that provides a benefit of having an interest in the underlying value of High Tech Inc.'s stock so that such individual has "buy in" to grow the company. However, High Tech Inc. does not want to give up any actual equity. High Tech Inc. would be well-suited to offer this employee shares of phantom stock that track the underlying value of the stock of High Tech Inc. without giving up any actual equity. Alternatively, High Tech Inc. could also consider



Professional service providers should be aware of the benefits of non-qualified deferred compensation for their clients. Such knowledge allows professional service providers to offer unique and beneficial advice.

a stock appreciation rights arrangement. The underlying value of the phantom stock or stock appreciation would then be paid to the business development representative at a certain time in the future. The phantom stock benefit is considered non-qualified deferred compensation, while the stock appreciation arrangement could be considered non-qualified deferred compensation depending on how it is structured.

Non-qualified deferred compensation is governed by IRC Section 409A. IRC Section 409A defines non-qualified deferred compensation as “any plan that provides for the deferral of compensation. . . .”² An arrangement provides for the deferral of compensation if a service provider (e.g., an employee) obtains a legally binding right to compensation in one taxable year that is, or may be, payable in a later taxable year.³ The primary concern under IRC Section 409A are the punitive penalties for non-compliance. In the event of a violation of IRC Section 409A, all compensation deferred for the tax year and all preceding tax years is includible in the applicable service provider’s gross income.⁴ Additionally, when income is included in a service provider’s gross income as a result of a violation, a 20% penalty excise tax is imposed on the amount included in the gross income of the service provider as well as an interest rate penalty based on the underpayment rate plus 1%.⁵ The total excise tax is imposed on the service provider. Based on the harsh penalties contained in IRC Section 409A, care must be taken in adopting, maintaining, and operating non-qualified deferred compensation arrangements.

Although not exhaustive, some of the more prominent rules that must be dealt with in implementing, maintaining, and operating non-qualified deferred compensation arrangements relate to providing for permissible payment events and the anti-acceleration of payments. Non-qualified deferred compensation can only be paid upon certain permissible payment events, which include: (i) death, (ii) disability, (iii) a change of control, (iv) a specified time, (v) separation from service, and (vi) an unforeseeable emergency.⁶ If non-qualified deferred compensation provides for, or is paid for, any reason other than those listed, the arrangement will be in violation of IRC Section 409A as either a documentation error or operational failure, as applicable. In the event a non-qualified deferred compensation arrangement includes an impermissible payment event for unvested non-qualified deferred compensation and payments have not yet been made, the plan documentation error may be corrected by amending the plan document, pursuant to Internal Revenue Service (IRS) corrections procedures.⁷

Similarly, issues arise when non-qualified deferred compensation payments may be accelerated, or paid prior to the time provided

for in the governing document. For example, if a plan provides for three annual installment payments upon a separation from service, but also provides that the employer has the discretion to pay the full amount sooner than such three-year period, then IRC Section 409A would be violated based on an impermissible acceleration of payment.⁸ Corrections for this type of drafting error are available under the IRS correction procedures by amendment, prior to the payment of any accelerated amounts.⁹ However, if an employer has discretion to accelerate payments and an accelerated payment is actually made under the arrangement, such accelerated payment may be corrected pursuant to IRS correction procedures, but the associated penalties will depend upon when the correction is made.¹⁰

Non-qualified deferred compensation allows employers to provide unique benefits with respect to attracting, retaining, and rewarding talent. Professional service providers should be aware of the benefits of non-qualified deferred compensation for their clients. Such knowledge allows professional service providers to offer unique and beneficial advice. Although the rules and regulations contained within IRC Section 409A are complex, in the battle for talent, the benefits significantly outweigh the costs associated with the creation of and compliance with non-qualified deferred compensation. ◀



Peter Langdon is an attorney in Koley Jessen’s Employment and Benefits Department. He has extensive experience in advising clients on executive compensation, nonqualified deferred compensation, and alternative equity ownership arrangements under Internal Revenue Code Sections 83, 409A, and 457. He also practices in the areas of employee benefits generally with respect to health and welfare benefits and retirement plans. For more information, contact Langdon at peter.langdon@koleyjessen.com.

¹However, non-qualified deferred compensation arrangements can be structured with significantly more complexity, such as deferral features accompanying stock options and stock appreciation rights plans as well as phantom stock arrangements, but such discussion is beyond the scope of this article.

²IRC § 409A(d)(1). The term “plan” as used in IRC Section 409A generally refers to any plan, agreement, or arrangement that provides for the deferral of compensation.

³Treas. Reg. § 1.409A-1(b)(1).

⁴IRC § 409A(a)(1)(A).

⁵IRC § 409A(a)(1)(A).

⁶Treas. Reg. § 1.409A-3(a)(1)-(6). Each of the permissible payment events is specifically defined in the regulations, except for death. As a result, careful drafting must be applied to ensure the permissible payment events are properly structured within the nonqualified deferred compensation arrangement.

⁷IRS Notice 2010-6(VII)(A)(2).

⁸Treas. Reg. § 1.409A-3(j)(1).

⁹IRS Notice 2010-6(VII)(E).

¹⁰IRS Notice 2008-113.

WHEN IS A DUCK NOT A DUCK?

RECLASSIFICATIONS IN THE WORLD OF STATE TAXES & INCENTIVES

BY NICK NIEMANN & MATT OTTEMANN, MCGRATH NORTH LAW FIRM



While we work on a variety of state and local tax and incentive scenarios, one common thread between many of these is that the Nebraska Department of Revenue or Economic Development will often reclassify a business transaction or type of business based on its view of the economic, business, or legal reality. This can have significant and unwanted tax and incentive effects.

Some of the common examples of such reclassifications occur in the following areas:

Tangible Personal Property Versus Service (Sales & Income Tax)

A critical question for both sales and income tax purposes is whether a transaction constitutes the sale of services or tangible personal property. For many transactions, this distinction is unclear, particularly when a customer receives some tangible personal property combined with significant services.

To aid in addressing this question, in addition to some prevailing cases, the Nebraska Department of Revenue issued Rev. Rul. 1-08-6,

which provides a test for making this distinction. However, the result even under the ruling can be unclear.

This reclassification most commonly affects: a) whether the transaction is subject to sales tax as the sale of tangible personal property; and b) for multistate businesses, how their income is apportioned for state income tax purposes.

Bundled Transaction (Sales Tax)

An improperly structured purchase transaction, in which a purchaser receives multiple goods or services for one, non-itemized price, can cause tax to be imposed on the purchase of otherwise nontaxable goods or services. This is known as a bundled transaction, in which the Department of Revenue reclassifies nontaxable goods or services into taxable ones.

Stock Sale Versus Asset Sale (Sales Tax, Income Tax & Property Tax)

Designing the sale of a business as the sale of assets or the sale of stock can have several significant tax effects for sales tax, income

tax, and property tax purposes. Classification may be challenged or become less clear when the buyer and seller agree to an election under Internal Revenue Code Section 336(e) or 338(h)(10) to treat a stock sale as an asset sale.

This classification can affect (among other things): a) the valuation and depreciable life of personal property for property tax purposes; b) qualification of the transaction for Nebraska's capital gains exclusion; and c) certain sales tax exemptions.

Classification as Employee Versus Independent Contractor (Incentive, Sales & Withholding Tax)

Classification of a person as an independent contractor or employee is a common question that businesses of all types must deal with. There are many tests to apply in making this distinction. For example, the IRS has announced a 20-factor test. The Nebraska Supreme Court has announced a 10-factor test.

This reclassification can affect (among other things): a) the state and federal tax withholdings required for a person; b) sales taxation of items produced for your business by the person or firm; and c) inclusion of the person in a company's Nebraska incentive new job and compensation calculations.

Classification of Software Developers (Sales Tax)

The Department of Revenue will reclassify custom software developed by outside firms as a taxable sale of software, unless the software development contract meets a three-factor test for the developers to be treated as "temporary employees" of the company for sales tax purposes. This three-factor test is contained in the Department of Revenue's Rev. Rul. 1-02-1. If a company very precisely includes the three factors for temporary employees in its software development contract, and the contract does not contain various conflicting provisions, Nebraska sales tax will not apply.

Taxation of Cloud Computing & Data Center Services (Sales Tax)

The Department of Revenue has been reviewing how cloud computing and data center services are classified and has, in multiple instances, attempted to reclassify those transactions under various theories.

First, the Department of Revenue has alleged that sales tax is due on a part of cloud computing or data center services, because those services are protected by certain levels of software security measures. In Nebraska, security services are taxable.

Second, in certain instances, the Department of Revenue has alleged that companies receiving cloud computing services are really renting tangible personal property, which if that were the case would make the transaction taxable.

Use of Step Transaction Doctrine to Treat Multiple Transactions as One

The Department of Revenue, like many taxing agencies including the Internal Revenue Service, has increasingly been using the step transaction doctrine to reclassify a series of transactions as one transaction for tax purposes. This denies the business the expected result from the series of transactions and can result in significantly



Designing the sale of a business as the sale of assets or the sale of stock can have several significant tax effects for sales tax, income tax, and property tax purposes.

negative tax implications. The U.S. Tax Court has explained this doctrine as follows:

"The step transaction doctrine generally applies in cases where a taxpayer seeks to get from point A to point D and does so stopping in between at points B and C. The whole purpose of the unnecessary stops is to achieve tax consequences differing from those which a direct path from A to D would have produced. In such a situation, courts are not bound by the twisted path taken by the taxpayer, and the intervening stops may be disregarded or rearranged."

The potential for reclassification under the Step Transaction Doctrine, like other doctrines such as Substance Over Form, Economic Substance, Sham Transaction, and Business Purpose, need to be understood (and planned for) at the time of the transaction and deployed or defended against in the audit or appeal.

Classification of Software as Tangible or Intangible Property (Incentives)

Following the Nebraska Supreme Court decision in *First Data Corp. v. Department of Revenue*, the purchase of certain software may be classified and qualify for incentives under Nebraska's incentive programs as the purchase of tangible property. To qualify, the license contract with the software provider must meet certain specific requirements, including that the business receives a non-exclusive license in the software.

The Department of Revenue will still attempt to reclassify software from being qualified tangible property to ineligible intangible property. In so doing, it's important to properly apply federal income tax law and properly respect key parts of the contract between the business and software provider.

Classification of Business Activity (Tax & Incentives)

Nebraska's tax and incentive laws allow for benefits to certain types of qualified businesses. Nebraska law generally has specific definitions for the types of qualified businesses, which may not line up to the way the business views itself and which can result in a reclassification to a less favorable type of business. For example, to qualify as a manufacturer, very specific rules must be met regarding

the actions that the business performs upon the final product. This means that some businesses that view themselves as manufacturers may not be manufacturers for tax or incentive purposes, as the Departments of Revenue and/or Economic Development may attempt to reclassify the business as performing another activity.

Defending against this reclassification requires a detailed understanding of the business model and precise explanation of the model to the Departments of Revenue and/or Economic Development.

Classification as Compensation or Dividends (Incentives & Income Tax)

Those who have worked on federal income tax audits and appeals are familiar with IRS efforts to reclassify dividends and reasonable compensation in closely held corporation situations. The same reclassification can be applied by the Nebraska Department of Revenue in addressing the amount of compensation for incentive job credits and in addressing compensation income tax deductions versus dividend distributions.

Classification as Compensation or Dividends (Unemployment Tax)

Classification of ownership distributions as wages for unemployment tax purposes illustrates another dividend versus compensation reclassification. The Nebraska Department of Labor (DOL) recently mailed a letter to all limited liability companies (LLCs) and limited liability partnerships (LLPs) in Nebraska, reminding them of their requirement to pay Nebraska unemployment tax on the distributions to LLC members and LLP partners that constitute wages for Nebraska unemployment tax purposes, resulting in a potential reclassification. Under a Nebraska DOL regulation, a distribution of a share of the profits to a member of an LLC or partner in an LLP will be reclassified as wages if one of three conditions are met:

1. The distribution exceeds the proportion of the total paid in capital investment of the LLC or LLP owned by the recipient.
2. The distribution is made based upon the number of hours, days, weeks, or months the individual performed services.
3. The distribution is made primarily based upon services performed for the LLC or LLP.

Many LLCs and LLPs have not treated such distributions as wages, but the Nebraska DOL's regulation effectively reclassifies the payments as wages—at least for Nebraska unemployment tax purposes.

This highlights a common reclassification by taxing agencies—converting ownership distributions to wages and vice versa. To avoid this reclassification, the rules regarding distributions need to be understood and precisely applied to ensure that a payment will have its intended tax result.

Classification as a Resident or Nonresident (Income Tax)

While you may believe you have left Nebraska and become a Nebraska “nonresident,” the Nebraska Department of Revenue

aggressively applies its multifactor test to find otherwise and reclassify you as a Nebraska resident. It has taken several cases to court in recent years.

Conclusion

Avoiding each of these reclassifications by the Departments of Revenue, Economic Development, and Labor requires a thoughtful application of the facts of each transaction or business to a detailed understanding of the applicable law, whether that is statutory, regulatory, or case law. The first step is for an advisor to be sure that he or she understands the applicable facts, issues, and legal standards and the potential contentions that each department could make in attempting to reclassify. The second step is to ensure the legal documentation properly exists to support the intended result. ◀



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. For more information, visit www.NebraskaStateTax.com

and www.NebraskaIncentives.com. For a copy of their full publication, *The Anatomy of Resolving State Tax Matters*, or their *Nebraska Business Expansion Decision Guide*, visit their websites or contact Niemann or Ottemann at (402) 341-3070 or at nniemann@mcgrathnorth.com or mottemann@mcgrathnorth.com, respectively.

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THE SELF-EMPLOYED NEED RETIREMENT PLANS: CPAS CAN HELP

BY MARK J. GILBERT, CPA/PFS, MBA, REASON FINANCIAL ADVISORS



They come to us for business advice, so why not retirement advice? As the number of entrepreneurs grows, CPA firms can grow with them by providing needed personal financial planning advice.

There are about 16 million workers in the United States who consider themselves to be self-employed now, up from around 13 million in mid-2020, according to the Pew Research Center. While the COVID-19 pandemic primed this growth, both in a positive sense (perhaps the “Great Resignation” lit a fire under the feet of would-be entrepreneurs) and in a negative sense (as businesses let go of thousands of W-2 employees), I believe we’ve entered a period of permanently high entrepreneurship moving forward, even as the economy recovers from its pandemic ills. But what of the retirements of these go-getters? How many employer-sponsored retirement accounts have they left behind, and how much of their personal savings has gone into starting their new ventures?

I’ve often felt that we CPAs and CPA personal financial planners can make the most impact in the lives of the self-employed and small business owners—and now we have a bigger market than ever to serve. So, how can we as strategic advisors ensure these entrepreneurs meet their long-term financial goals?

Assuming that your self-employed clients are already well on their way to covering the basics—think the proper legal and tax structures for their businesses, sound budgeting and cash flow management, and risk management (like business/liability and long-term disability insurance)—you should reinforce the benefits of retirement planning. There are five primary retirement programs available to the self-employed: IRAs, SEP-IRAs, SIMPLE IRAs, solo 401(k) plans, and defined benefit pension plans. Each of these vehicles has different mechanics, pros, and cons to consider. Here are some basics to take into consideration when discussing them with your clients.

Flexibility Needs

The planning and selection of one or more retirement programs for a self-employed individual should be done in such a way that they establish meaningful holdings in three types of accounts: pre-tax, after-tax, and tax-free. The goal here is to create financial flexibility for when the time comes to utilize these assets, whether that be for living expenses or another venture.

The simple fact is that our tax and financial planning opportunities are greatest when clients have these three pools of assets to access. For example, you might recommend a withdrawal of pre-tax funds in excess of your client’s required minimum distribution (RMD)



The planning and selection of one or more retirement programs for a self-employed individual should be done in such a way that they establish meaningful holdings in three types of accounts: pre-tax, after-tax, and tax-free.

if the excess amount “fills up” their current marginal tax bracket, therefore reducing the likelihood that those funds will be taxed at a higher rate in the future.

Of course, the further goal of maximizing tax-free and after-tax assets often carries with it the cost of higher current income tax liabilities, which is why it’s important to strike a balance that works for each client and minimizes their current and future tax consequences. I personally like to set up my clients’ holdings so that their pre-tax RMDs are minimized, while their after-tax and tax-free assets are positioned to grow substantially.

Financial Expectations

For some self-employed individuals, retirement account assets become the lion’s share of the financial resources available to them in retirement. For others, not so much. Understanding how significant the anticipated value of a client’s retirement assets will be, and how they’ll play into their overall personal financial goals and well-being, will undoubtedly affect your retirement planning recommendations. For example, a self-employed individual whose retirement will largely be funded by qualified plans and IRAs may require the relatively larger contributions permitted by a solo 401(k) or defined benefit pension plan. On the other hand, a business owner who plans to meet their retirement living expenses largely through the sale or public offering of their business may very well benefit from more modest programs, like IRAs and SIMPLE IRAs. Of note, always be sure to consider a client’s actual and projected pension benefits (if any), Social Security benefits, and spousal assets when developing your recommendations for self-employed retirement programs.

Asset Allocations

Lately, we’ve seen almost daily how growth and technology stocks outperform value stocks and then the next trading day the opposite is true. The stock and bond market volatility we’ve witnessed throughout 2022 simply reinforces my belief in the practice of

building a diversified investment portfolio with allocations across a mix of domestic and international equities, fixed income, real estate, commodities, private equity, and more.

However, asset location, as much as asset allocation, is a significant part of the tax planning strategy for your clients. It’s important to practice minimizing income taxes by strategically placing specific investment assets into pre-tax, after-tax, and tax-free vehicles. This could be as simple as determining to hold municipal bonds in after-tax accounts and corporate bonds in pre-tax accounts. You could also be more nuanced by guiding your clients to hold low-cost index funds in after-tax accounts and actively managed investment funds in pre-tax accounts.

The point here is that helping your clients allocate funds to not only the right investments for their risk tolerance and financial needs, but also into the right vehicles to maximize the tax benefits of each of those types of investments, is a great opportunity to bring added value to your clients. And the beauty of the investment marketplace today is that there’s almost certainly a tax-efficient vehicle for every asset class we’d likely recommend.

Distribution Rules

Starting in the 2022 tax year, IRAs and other qualified plans will utilize a new set of life expectancy tables for account owners and beneficiaries to follow when calculating their RMDs. These tables replace the ones in use since the early 2000s, and reflect our increasing life expectancies, therefore resulting in smaller RMDs (anywhere from about 1% to about 8% between ages 72 and 102).

While other distribution rules changes are largely designed to encourage withdrawals from qualified plans and IRAs as early as age 59½ until the first RMD (in most cases at age 72), it’s important to remember there are meaningful exceptions. For example, qualified plan assets can be withdrawn as early as age 55 with no penalty by former employees who separated from service with the employer sponsor of the plan. In addition, section 72(t) of the Internal Revenue Code permits penalty-free withdrawals from IRAs at any age as long as the payments to the IRA holder are substantially equal and continue for the longer of either five years or the period of time from the first withdrawal until the account owner turns 59½. These exceptions to the typical age 59½ withdrawal requirement can provide almost any account holder with added financial flexibility for anything from emergencies to full-blown retirement income.

As the number of entrepreneurs grows across the country, I see a growing opportunity for CPAs to enhance their offerings while adding more value by providing self-employed clients with the long-term business, tax, and retirement planning strategies they need to succeed both in business and life. ◀



Mark J. Gilbert, CPA/PFS, MBA, is president of Reason Financial Advisors in Naperville, Ill., and is the personal financial planning columnist for *Insight* (icpas.org/insight), the magazine of the Illinois CPA Society. You may contact him at (630) 807-9009 or mgilbert@reasonfinancial.com.

This article is reprinted courtesy of the Illinois CPA Society.





MEMBER SPOTLIGHT:

A GUIDING LIGHT HALL OF FAMER FRANK HAYES INSPIRES OTHERS

BY DWAIN HEBDA

Frank Hayes, longtime CPA and founder of Frank Hayes & Associates, was a 2009 inductee into the Omaha Business Hall of Fame. This remarkable moment was part of a remarkable life, and the capstone of a journey so unlikely that years later, he still speaks of it in tones tinged with awe.

“It was absolutely, positively, something I thought would never happen,” he said. “Keep in mind who I am: I’m a person from a little town, Mendenhall, Mississippi; 10 brothers and sisters; raised on a farm, some days when I was a little kid not even having food to eat; went to segregated schools; didn’t have much money, didn’t have a lot of mentors.”

He continued, “Going from that to where the business community recognized me for my accomplishments is amazing. Omaha has so many great businesspeople, and to be in that group is still almost unbelievable.”

If Hayes’ life had played out as typecast, he might still be scraping a subsistence out of the Mississippi earth as his father and grandfather, farmers both, had done. From a young age, however, Frank Hayes has dreamed differently.

“Living a farmer’s life meant working very hard, because we farmed the land with our hands. There wasn’t a lot of equipment,” he said. “School became an escape for me. My mother encouraged that; my dad, not so much.”

His mother moved him to Omaha in search of better opportunities and it didn’t take long to pay off. Originally bent on medical school, Hayes’ life was altered by his high school chemistry teacher.

“He said ‘Frank, this came across my desk and I thought of you,’” Hayes recalled. “I looked at the information and I was like, OK, this is about accounting. I knew nothing about accounting. But it had a scholarship component, so I was going to look into it, because I wanted to go to college.”

Hayes was able to attend Creighton University, where he majored in accounting and, as was allowed then, passed his CPA exam as an undergrad. He also earned valuable experience working part-time for the Internal Revenue Service, which continued full time after graduation. By age 24, he’d taken his career into the private sector, landing with Grant Thornton LLP.



Frank knew where he wanted to practice accounting. “I decided I was going to open my firm west of 72nd and south of Dodge,” he said. “I know that sounds trite, but I thought, ‘If a person doesn’t want to work with me because of the color of my skin, so be it. But I’m not going to give them the excuse they can’t come to a certain part of town.’”

Three years later, in 1983, he hung out his shingle. It was his boldest move yet, as he faced the dual hurdles of being a person of color and perceived as an inexperienced youngster.

“I made a strategic decision opening the firm,” he said. “I’d noticed there was a demarcation line in Omaha; there were people who lived west of 72nd and those who lived east of 72nd. There were people in Omaha who would not go north of Cuming Street.”

Frank knew where he wanted to practice accounting. “I decided I was going to open my firm west of 72nd and south of Dodge,” he said. “I know that sounds trite, but I thought, ‘If a person doesn’t want to work with me because of the color of my skin, so be it. But I’m not going to give them the excuse they can’t come to a certain part of town.’”

Hayes augmented this strategy with multiple community service activities, leveraging the power of social networking long before the digital version was invented.

“I became a member of the [Omaha] Chamber of Commerce, I participated in Leadership Omaha, I joined a couple of organizational boards. That let people know who I was,” he said. “Then, if they needed accounting or tax services, or any kind of consulting services we were providing, they’d at least give me a shot.”

Of course, Hayes’ community service was about more than client recruitment; he was investing time and resources in his fellow citizens and in future generations.

“What stands out for me is he is very humble, a good mentor, good coach, and good person to reach out to for advice. He makes anybody he’s dealing with a better person,” said Eric Ewing, executive director of the Great Plains Black History Museum, of which Hayes is a board member. “He’s brought great leadership to the museum and brought more awareness to what the museum does.”

Hayes’ shared expertise has advanced organizations, and individuals. He was among a group of involved citizens who founded

100 Black Men of Omaha to provide guidance and mentoring to local Black youth. Also part of that group was Rick Bell, whose son Marcus is now the group’s executive director and CEO, and said the organization still reflects the mentor mentality of its founders.

“One of our mottos is ‘What they see is what they’ll be.’ That truly was the foundation of the organization and we’ve carried that forward with our youth. Not just telling them do this or do that, but actually showing them and living it out in our own lives,” Bell said.

He continued, “Frank is one of those guys who is just the epitome of class. When you think about somebody who represents Omaha well, he’s the epitome of someone to truly look up to in business and pushing organizations forward.”

“100 Black Men of Omaha pretty much defines who I am,” Hayes said. “We wanted to show young Black kids that if you did things right, if you worked hard, if you maintain your dignity, you can succeed. And then we gave them models of that success so as they saw it, they could dream, ‘That can be me.’ It’s truly been the highlight of my life to make this community better.” ◀

Frank Hayes has been a member of the Nebraska Society of CPAs since 1984. Visit <https://hayes.cpa> for more information.

This article was originally published in the April/May 2022 issue of B2B Magazine, a product of Omaha Publications.

Photo by Bill Sitzmann.

Dwain Hebda is an award-winning journalist, editor, and photographer, as well as president of his editorial services company Ya!Mule Wordsmiths. Based in Little Rock, Ark., Hebda’s work appears in more than 35 publications in multiple states. He was recently awarded Best Reporter/Columnist by the readers of AY Magazine; a runner-up Diamond Journalist of the Year by the Arkansas Society of Professional Journalists; and repeatedly awarded by the SPJ and Arkansas Press Association for excellence in the written word. Nebraskan by birth, Southern by the grace of God, he and his wife lavish time on their four grown children and two lovely dogs, Hootie and Cash.



Members in the News



Jared L. Abrahamson, CPA, has been hired as a tax manager at Deloitte & Touche LLP in Omaha. He is a graduate of the University of Nebraska-Lincoln with a double major in accounting and finance. Abrahamson serves as treasurer for the Lincoln Chapter of the American Marketing Association.



Emily E. Arrigo, CPA, has been promoted to assurance manager at HBE LLP in Lincoln. She graduated with a Bachelor of Arts in Accounting from Hastings College. Upon the completion of her degree, Arrigo joined HBE in 2018 as an accountant. She provides assurance services for both for-profit and nonprofit clients in addition to employee benefit plans.



Ashley S. Bell, CPA, has been promoted to assurance director at HBE LLP in Lincoln. She graduated from Nebraska Wesleyan University with a Bachelor of Science in Accounting and a minor in Finance. Upon completion of her degree, Bell worked for BKD as a senior audit associate and Farmers & Merchants Bank as COO and comptroller before joining HBE as a senior accountant in 2018. Since then, she has provided for-profit and employee benefit plan specialized services to HBE clients. Bell serves as treasurer for St. Mark's Preschool KIDZONE and as a TeamMates mentor. She also has served as a member of the finance committee for the YWCA Lincoln.



Blake L. Berke, CPA, became an owner of McGill Restoration in Omaha in January. He started with the company in 2016 as CFO and presently serves as McGill Restoration's COO. Berke holds a Bachelor of Business Administration in Accounting and Finance from the University of Nebraska-Lincoln.

He started his career at Seim Johnson LLP in 2012, where he was a senior associate and earned his CPA in 2014. Berke's volunteer activities include serving on the board of Citylight Church and the YMCA of Greater Omaha. He has also served as a National Association of Intercollegiate Athletics (NAIA) football official and as a National Collegiate Athletic Association (NCAA) football official, center judge in the Mid-America Intercollegiate Athletics Association (MIAA).



Lauren M. Duren, CPA, has been promoted to client accounting services and healthcare director at Lutz in Omaha. She provides consulting and outsourced accounting services to corporations, partnerships, and independent medical and dental practices. Duren holds a Bachelor of Science in Business Administration in Accounting and a Master of Business Administration from the University of Nebraska at Omaha. She began her career in 2012. Duren is a volunteer for Lutz Gives Back. She is a member of both the Nebraska and National Medical Group Management Association.



Jordan L. Fisher, CPA, has been promoted to audit manager at Lutz and is a remote employee. He graduated with a Bachelor of Arts in Accounting from Hastings College and started his career in 2015. He is responsible for providing assurance services to clients in the government, nonprofit, public housing, and low-income housing industries. Fisher's community service includes volunteering for Hastings Give Day and Hercules Haven, as a board member for Start Over Rover, and as treasurer of the Iowa Farm Sanctuary.



Bryan C. Frew, CPA, has been promoted to tax director at Lutz in Hastings. Frew earned a Bachelor of Science in Business Administration in Accounting from the University of Nebraska at Omaha and began his career in 2009. As tax director, he is responsible for providing taxation services to businesses and individuals, as well as trusts and estates with a focus on medical practices. Frew is a past treasurer of the Third City Community Clinic in Grand Island and a volunteer coach for youth sports and camps.



Hannah E. Goscha, CPA, has been promoted to tax manager at Lutz in Omaha. She is responsible for providing tax consulting and compliance services to clients with a focus on partnerships, corporations, nonprofits, trusts, and estates. She graduated with a Master of Accounting from the University of Nebraska at Omaha and began her career in 2018. Goscha is co-president of Lutz Gives Back.



Reid K. Hammitt, CPA, has been promoted to audit manager at Lutz in Omaha. He is responsible for providing credibility to clients through financial reporting, with a focus on the manufacturing, engineering, nonprofit, and staffing industries as well as employee benefit plans. He holds a Bachelor of Science in Business Administration in Accounting and Finance as well as a Master of Professional Accountancy from the University of Nebraska-Lincoln.



Melissa L. "Missy" Jackson, CPA, has been promoted to tax director at Lutz in Omaha. Jackson holds a Bachelor of Science in Business Administration in Accounting from the University of Nebraska at Omaha and began her career in 2010. Today, she specializes in the review of corporate and multi-state returns, maintains and manages client relationships, and assists with international compliance.



Brian M. Klintworth, CPA, MT, has been promoted to partner at HBE LLP in Lincoln. Klintworth graduated from the University of Nebraska-Lincoln with a Bachelor of Science in Business Administration, with an emphasis in Accounting and Finance. He joined HBE in 2015 as an intern and began his full-time career shortly thereafter.

Most recently, he served as the firm's tax director. While at HBE, Klintworth earned his Master of Taxation in 2019 from the University of Denver Sturm College of Law. Since the fall of 2021, he has served part-time as an adjunct instructor for Concordia University in Seward. Klintworth is a graduate of the AICPA Leadership Academy. He presently is chairman of the Nebraska Society of CPAs' CPE Committee, serves on the Nebraska Society's Taxation Committee and Accounting Careers Committee, and is a financial literacy volunteer and mentor for the TeamMates program. In addition, he volunteers for the Nebraska Leadership Seminar, serving as treasurer of the board, president of the alumni association, senior counselor, and photographer for the organization, which empowers soon-to-be high school juniors. The addition of Klintworth brings HBE LLP's total partner count to 16 with a staff of more than 100 employees.



Margaret E. "Maggie" Knight, DBA, CPA, CGMA, has been appointed chair of the Accounting and Business Intelligence & Analytics Department at the Heider College of Business at Creighton University. She also currently serves as an associate professor of accounting and director of the Master of Accounting Program.

In addition, having published multiple articles in top-tier journals, Knight has joined the ranks—10th internationally—of notable accounting researchers whose work is recognized by Brigham Young University (BYU) Accounting Rankings. The BYU Accounting Rankings is considered the gold standard in accounting disciplines, covering numerous specialized fields, including accounting education research, which is Knight's expertise. The report ranks accounting programs and faculty worldwide on their success in publishing in top-tier, peer-reviewed accounting journals. It is also helpful for accounting researchers to compare their research productivity to their contemporaries, says Knight.

Knight earned her doctorate at Creighton University in 2018 and has an interest in behavioral accounting and management research. Up until August 2016, she served as CFO for the primary and specialty care networks of physicians in CHI Health, serving more than 800 providers and 140 locations. Knight originally joined CHI Health in 2008 as the system controller, where she oversaw accounting, financial reporting, budgeting, financial analysis, capital planning, benchmarking, and decision support/cost accounting for the health system. Prior to her time with CHI Health, she spent seven years in public accounting with KPMG, where she served healthcare and not-for-profit clients throughout the Midwest.



Lisa M. Kohler, CPA, CIA, has been appointed vice president of internal audit and compliance at Cobalt Credit Union in Papillion. Kohler comes to Cobalt with more than 16 years of audit experience, most recently serving as the internal audit manager for Farm Credit Services of America. She holds a Bachelor of Science in Business Administration with a concentration in Accounting from the University of Nebraska-Lincoln.



Justin J. Korth, CPA, has been promoted to tax director at Lutz in Omaha. He holds a Bachelor of Science in Business Administration in Accounting and Finance from the University of Nebraska at Omaha and began his career in 2016. He is responsible for individual, business, and fiduciary tax compliance and consulting, estate and business planning, and taxpayer representation on IRS matters. In addition, he oversees the firm's international workforce initiative. An active volunteer at his alma mater, Korth is an advisory board member for the UNO School of Accounting, a mentor for the UNO College of Business Scholars Academy, and a member of the UNO Young Alumni Academy. He also is a member of St. Vincent de Paul Knights of Columbus, the former president of Youth Catholic Professionals in Omaha, a finance committee member at the JPII Newman Center, and a mentor at Sacred Heart Catholic School. He presently serves on the Nebraska Society of CPAs' Legislation Committee and in the past has served on the Society's Accounting Careers Committee and Political Education Committee.



Derek L. Meyer, CPA, has been promoted to tax manager at HBE LLP in Lincoln. Meyer graduated from Northwest Missouri State University with a Bachelor of Science in Accounting, then received his Master of Professional Accountancy from the University of Nebraska-Lincoln. Upon completion of his degree in 2017, Meyer joined HBE and now provides specialty tax, advisory, and healthcare services to HBE clients. He currently serves as treasurer for the Seniors Foundation.



Phillip S. Oman, CPA, has been promoted to tax manager at HBE LLP in Lincoln. He graduated from the University of Nebraska-Lincoln with a Bachelor of Science in Accounting and a Master of Professional Accountancy. Upon completion of his degree, Oman joined HBE as an accountant and now provides specialty corporate, partnership, and individual income tax planning and preparation services. He also specializes in State and Local Taxes (SALT) and business valuation services.



Adam J. Pfeiffer, CPA, has been promoted to tax director at Lutz in Omaha. He holds a Bachelor of Science in Business Administration in Accounting and a Master of Professional Accountancy from the University of Nebraska-Lincoln. Pfeiffer began his career in 2009. He is responsible for providing tax consulting and compliance services to clients, with a focus on the real estate and restaurant industries.



Rose M. Pinkman, CPA, CFE, was promoted to assurance director at HBE LLP in Lincoln. She graduated from the University of Nebraska-Lincoln with a Bachelor of Science in Business Administration in Accounting and a Master of Professional Accountancy. Upon completion of her master's degree, she worked for Union Bank and Trust in the internal audit department before joining HBE in 2014. Since that time, Pinkman has provided specialized nonprofit and government audits for a variety of HBE clients.



BrenDee R. Reinke, CPA, was promoted to partner at Herley & Reinke Accounting, PC in Norfolk. Reinke began her career in public accounting in 2009 following graduation from the University of Nebraska at Kearney, where she earned a Bachelor of Science in Business Administration with an

Accounting emphasis and a Master of Business Administration with an Accounting emphasis. Reinke specializes in business and individual tax compliance and consulting services, audit, compilation, and review of financial statements.



Jody J. Sanders, CPA, has become the first woman to serve as Fremont's city administrator. A lifelong resident of Fremont, Sanders graduated valedictorian from Fremont High School in 1979. She started working at the Fremont Tribune in 1980 and spent nine years as the newspaper's CFO/controller. While at the Tribune, she attended the University of Nebraska at Omaha. After a brief family move to Missouri in 1990 and back to Nebraska the next year, she worked at a Mutual of Omaha affiliate and resumed attending UNO in 1991. She eventually earned her bachelor's degree in accounting from UNO in 1998, then earned her CPA. After graduating, Sanders worked at Shaw, Hull & Navarrette in Fremont. After being approached by an employment consultant, she then became the accounting/finance manager with the city of Fremont in 2007, was appointed director of finance for the city in 2011, and then interim city administrator in December 2021. Sanders' official appointment as city administrator began June 1. ◀

Firms in the News



Dana F. Cole & Company LLP has opened a new branch at 114 Central Avenue in Grant. The Grant location is one of 25 of the firm's offices spanning six states. **Talon M. Gorgen, CPA**, (pictured right) who is a partner and has been with the firm for nine years, will lead

the office in Grant. Gorgen graduated with a Bachelor of Science in Business Administration in Accounting from the University of Nebraska at Kearney. **Christian G. "Chris" Fryzek, CPA**, (pictured left) will also be in the Grant office but will continue to oversee the Ogallala location. He graduated from Midland University with a double major in accounting and business management. Fryzek has been with Dana Cole for 14 years.

nearly 3,000 staff in the U.S. Eide Bailly has more than 40 offices in 15 states as well as an office in Mumbai, India. The firm ranked 20th on Accounting Today's 2022 list of the Top 100 Firms.



McMill CPAs & Advisors of Norfolk sponsored a Lemonade Camp for approximately 85 first through sixth graders from the community. The goal of the annual camp, now in its 11th year, is to raise money for a local nonprofit and to teach children about financial literacy and giving back. McMill CPAs started the day at their office with a financial lesson for the children about the importance of budgeting. The day campers then made their way to downtown Norfolk, raising \$1,000 through lemonade sales this year for the Norfolk Library Foundation. ◀



Seim Johnson of Elkhorn became part of **Eide Bailly**, based in Fargo, N.D., on July 25. The merger marked Eide Bailly's first office in Nebraska, adding 20 partners and 70 staff members to the firm, which currently has more than 350 partners and



We are a growing CPA firm located in Omaha with a continuing opportunity to expand. We are searching for candidates who believe in investing in themselves to better serve others. Our unique organizational structure allows for a simple, systematic path to satisfying your career goals. Specifically, we are looking for the following candidates:

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- **CLIENT MANAGER:** An accounting / tax professional will work closely with business owners and the Executive Client Managers within the firm. Previous QuickBooks / Microsoft Office / CCH Axcess is desired. Duties will include financial and tax preparation for S-Corps, C-Corps, partnership, and individual tax returns. Prior experience working in a CPA firm strongly desired.
- **STAFF ACCOUNTANT / BOOKKEEPER / TAX PREPARER:** A staff accountant / bookkeeper with 0-4 years of experience. Job duties include preparing payroll & related deposits and quarterly returns, sales tax, monthly bookkeeping services for clients and preparation of income tax returns. Experience in Microsoft Office and QuickBooks helpful.
- **TAX SEASON REVIEWER:** Experienced tax season reviewer for January 2023 through April 2023. Must be detailed and provide tax savings suggestions.

Requirement for each candidate: High integrity, self-motivator, and a continual learner.

Compensation for each candidate: Initial compensation will correlate with experience. Most importantly, each member of the firm will be compensated to the value brought to the client.

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2022 REVISED SCHOOL DISTRICTS AUDITING & REPORTING REFERENCE MANUAL AVAILABLE

The 2022 edition of a longtime Society publication, **Nebraska School Districts Auditing & Reporting Reference Manual**, is available through the Society for \$40.

This year's guide has been updated by members of the Society's Nebraska Governmental Accounting and Auditing Committee, coordinated by Marcy Luth of AMGL, PC in Grand Island and Julie Bauman of Julie D. Bauman, CPA, PC in Falls City.

The guide has been developed to assist accountants in preparing financial statements and reports for all Nebraska School Districts and was prepared with the cooperation of the Nebraska Department of Education and the Nebraska State Auditor's Office.

To order the guide, contact the Nebraska Society of CPAs at (402) 476-8482 or society@nescpa.org.

Classified Ads

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Our firm is seeking an experienced CPA or CPA candidate to meet the growing needs of our clients. This position would include assisting in all aspects of federal and state income tax planning and preparation, and business accounting and consulting. Experience in individual and corporate taxation would be helpful. We are looking for an upbeat individual who is self-motivated with strong follow-through, who enjoys working directly with clients in a growing professional office. Competitive salary and benefits with opportunity for ownership.

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COMMON NEGOTIATION MISTAKES IN SELLING A BUSINESS

Many purchases of a business fail because of problems that arise during negotiations. The sad part is that many of the problems could have been prevented. Try to avoid these rookie mistakes:

- 1. ASSIGNING A VALUE TO OFFERS.** Do not think about offers and counter offers in terms of “good” or “bad.” Instead, consider whether an offer is acceptable to you as it is or whether it would be acceptable with changes. In this sense, all offers are good.
- 2. JUDGING MOTIVES.** As soon as you determine that the other person is greedy or insincere you have killed the deal. Rather, assume that since the other party has made an offer that must indicate interest.
- 3. REJECTING OFFERS OUTRIGHT.** It is rarely helpful to your cause to dismiss an offer. Instead, make changes that work for you and give back to the other party. Always put the ball in their court and make them be the ones who reject an offer. Drawing lines in the sand will not get you what you want.
- 4. ASSUMING YOU ARE THE ONLY ONE DANCING.** It is very common to have parties claim to be the only one giving in or doing their part. You can be sure the other party is saying the same thing. It almost goes without saying but negotiating is about give and take to achieve something that works for both.
- 5. TRYING TO MAKE A KILLING.** You are much better off, unless you are at the flea market, to avoid extreme positions and low-balling. Start with what works for you but also what is within a reasonable range. Beginning “out-of-the-ballpark” only creates ill-will and suspicion that leads to failure in negotiation or failure in the transition of the business.
- 6. SPRINGING NEW DEMANDS.** It is common for parties to bring up new changes they want even after points have been agreed to. Nothing makes other parties more upset than to have new requests pop up out of the blue.

7. TRYING TO NEGOTIATE ONE POINT AT A TIME. Buying and selling businesses involves a wide variety of considerations. It is a waste to try to come to an agreement on one item, like price, without looking at the whole package.

8. FAILING TO PUT THINGS IN WRITING. Parties often want to talk and feel out the other person. That is not a bad start but soon offers need to be put in writing with detail. Scribbling an offer in an email and asking, “Would you take this?” is not productive.

Negotiations in a business sale or purchase are all about making something work for both of you, the employees, and the customers/clients. They are not about you winning and the other person losing.

For more information, visit www.APS.net or contact Trent Holmes at Accounting Practice Sales at (800) 397-0249 or trent@aps.net.



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

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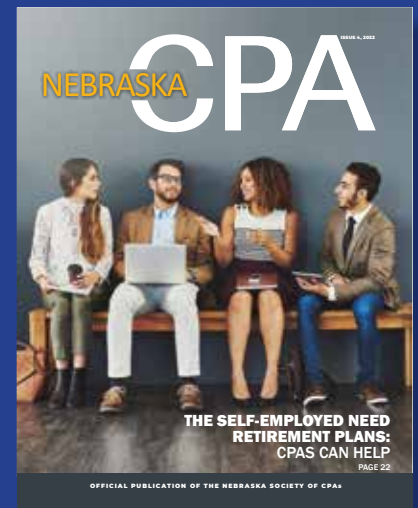
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The Society has made a donation to The Foundation of the Nebraska Society of Certified Public Accountants in remembrance of Donald and Vicki.



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