

The Silver State CPA

March/April 2010

NVCPA CPE: A Bright Idea! P.1



Success Starts
with a Strong
Army P.11

01 A Message from the NVCPA

02 Member News

04 Chapter News

05 Considerations When Valuing a Privately Owned Casino Using the Market Approach

07 The University of Nevada Reno's 150-hour Accounting Program

09 Are You Prepared for a Sales and Use Tax Audit?

11 Success Starts with a Strong Army

13 Tax Corner: Foreign Bank Account Reporting

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NVCPA Contact Information
750 Sandhill Road, Suite 120
Reno, NV 89521

(P) 775-826-6800 (F) 775-826-7942 1(800) 554-8254

A Message from the NVCPA

NVCPA CPE: A Bright Idea!



By Michael E. Davis, CPA
NVCPA President

It is hard to believe that it is already April. I hope that all of my fellow CPA's in public practice have had a tolerable busy season. One thing that I have noticed over the years is that the "season" goes by faster and faster each year. So does life. With the culmination of our firm's busy season, comes the time to consider all of the various continuing education needs of our staff and Directors. The options are voluminous these days and we at NVCPA recognize the challenges to provide competitive quality continuing education. In these days of cost-cutting, it is important to recognize those areas where the "tried and true" professional necessities win out. As many of you know from personal experience, the area of quality continuing education is one of those benefits that NVCPA has strived to provide and continues to offer. Please consider supporting the NVCPA in its efforts to provide our membership the services and options that keep our state's CPA's top notch in our field.

This year promises to be one of the most valuable and diverse CPE schedules the Society has ever offered. With the rapidly changing business environment - including stimulus spending and health care reform, the Society has scheduled new classes to address the mounting interest in these subjects. With that in mind, the Nevada Society of CPAs is constantly adding new courses to fit the needs of Nevada CPAs. For the 2010 CPE calendar year, we have scheduled 95 high quality live seminar courses throughout the state. In addition, the NVCPA is also offering a wide variety of webinars at a great price for our members.

Most notably, the Nevada Society of CPAs is proud to bring back speaker, Robert Ranweiler who will be teaching his widely popular "Tax Advisors Update" course. In addition the NVCPA has invited a new speaker, Mark Morze, who will be teaching a fraud course titled, "Fraud: Ex-Con Tells ALL." These speakers among others will surely entice members to check out some of these popular CPE courses, so be sure to follow the CPE schedule on the web. This year, the Society has completely revamped its course offerings but is still providing the most popular courses from the past. In addition to a new logo, the Nevada Society has launched a new website. Currently our database management team is looking at designing a new membership section that will improve the ease of CPE online registrations for both members and non-members. Our target date to have the complete schedule of the 2010 CPE programs listed on our website is mid-April. We currently have courses through August available on our site.

In addition to our excellent line-up of CPE courses, the Society is still committed to offering high-quality conferences and events, as we have done in the past. Coming up on May 17-18 the Nevada Society of CPAs is proud to be hosting its 32nd Annual Gaming Conference in Las Vegas at the ARIA Resort & Casino. This conference features over 27 of the leading experts and executives in the gaming industry so don't miss out on this opportunity to meet some of the top Nevada gaming professionals while earning 16 hours of CPE.

NVCPA CPE: A Bright Idea! continued on page 14

Member News

Kate A. Park & Dawn Tarbet

Kate A. Park, a certified public accountant, has joined Barnard, Vogler & Co. in Reno as a Tax Manager, and Dawn Tarbet has been promoted to Senior Accountant with the firm after earning her CPA designation.

Park previously held positions in which she provided tax services to individuals, fiduciaries and businesses in a variety of industries.

Park earned a bachelor's degree in public accounting from Mesa State College and is working toward a master's degree in taxation at Golden Gate University.

Tarbet, who has been with the firm since 2009, holds a bachelor's degree in accounting from the University of Nevada, Reno.

Lauren Sankovich

Lauren Sankovich of Muckel Anderson CPAs will serve as 2010 President of the Nevada Alumni Association.

J.J. Johnson

J.J. Johnson has been named Controller of ElectraTherm Inc. of Reno.

Johnson previously was Director of Financial Services for Smiths Interconnect Group in Thousand Oaks, Calif. He also has worked as Vice President and Controller of Poly-Phaser Corporation in Minden.

Gary Kraemer

Gary Kraemer, Chief Financial Officer of the Washoe County School District, has been named to the Special Review Executive Committee of the Government Finance Officers Association.

The 11-member committee oversees the national Certificate of Excellence in Financial Reporting program.



Notice to Readers

Are you interested in writing for the Silver State CPA? Do you have member news that you would like to share? Would you like to advertise in our monthly magazine?

Please contact the Society at: 1(800) 554-8254 or e-mail mcdonald@nevadacpa.org

In Memoriam

Merlin John Jones of Las Vegas, passed away Tuesday, Feb. 16, 2010, at the age of 83. Merlin was born in Holden, Utah, in September 1926, to parents, John Sibley Jones and Geneva Teeple Jones. Merlin earned his master's degree in accounting from Northwestern University. Being the over-achiever that he was, he passed the CPA Boards on his first try (not many can do this!). He worked for Arthur Anderson & Company in Dallas, before moving to Las Vegas in 1954, where he joined with Wayne Bunker to create "Bunker and Jones, Certified Public Accountants." He also served as president of the Nevada Society of Certified Public Accountants. Merlin retired from professional life at an early age so that he could pursue other interests such as teaching accounting classes at UNLV, being a founding director for one of Nevada's most successful and fastest growing local banks and he continued as a business consultant to select clients.

W. Elmo DeWhitt passed away recently and was long time member of the Nevada Society of CPAs (since 1954). Mr. DeWhitt was 96 and his NV License Number was 80.

Scott Asselin

Scott Asselin has been promoted to Senior Accountant in the Reno office of Kafoury, Armstrong & Co.

Asselin, who joined the firm in 2006, previously worked as a Staff Accountant. He is an accounting graduate of the University of Nevada, Reno.

Heather M. Tryon

Heather M. Tryon, a Director with Meridian Business Advisors in Reno, has a credential as Certified in Financial Forensics, a specialty certification for certified public accountants.

Jim Proctor

Jim Proctor, a certified public accountant and certified fraud examiner with Meridian Business Advisors in Reno, presented seminars to the Washoe County Bar Association on buy-sell agreements and business disputes and failures.

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Chapter News



Another Tax Season Comes to a Close....

Another tax season is coming to a close and I'm sure we are all looking forward to Spring and enjoying some sunshine and fresh air!

Our March speaker, Scott Mitchell with Moss Adams LLP, gave us great insight into segregation of duty issues. He provided tips on how to identify steps that can break the chain of events that can lead to fraud and to identify the "risks" that pertain to your particular company.

There will be no luncheon in April, but our May speaker will be Jeanne Yamamura who will speak on "Generational Issues in the Workplace." Please note that our May luncheon has been moved to May 19th.

I would like to thank all of our

members who are either bringing students to our luncheons and/or sponsoring the students. It is a pleasure to meet these students and give them some insight into the real world of accounting!

It has been a pleasure to serve as the Reno Chapter President this year. My term will come to an end in May and Kelsey Hernandez will be stepping into the shoes of President for the coming year.

Make every day a great day.....

Lisa Carlon

Reno Chapter President



Happy Tax Season

The March 15th deadline is behind us as the all important April 15th looms. In the spirit of the tax season, I will try to keep this brief.

Thanks goes out to Kara Kelley, President and CEO of the Las Vegas Chamber of Commerce as she spoke at the February 18th meeting about the economy and fielded questions from the audience. Kara will be leaving the Chamber shortly and we would like to wish her great success on her future endeavors.

We are back in full force with our April 22nd meeting. Jeffrey Burr will be presenting "Estate Planning Considerations for 2010: an Update on the Current Law and Timely Planning Opportunities."

Finally as the 2009/2010 year winds down, our chapter is seeking individuals to serve on the chapter Board of Directors. If you know of someone or you are willing to serve, please contact me as soon as possible.

Happy Passover, Happy Easter, Merry Vernal Equinox and most of all a successful and happy tax season!

See you at the April 22nd meeting!

Barry Herr

Las Vegas Chapter President



Considerations When Valuing a Privately Owned Casino Using the Market Approach

By Thomas C. Berg, Jr., CFA, ASA
Bryce A. Geyer

There are over 200 privately owned casinos in the State of Nevada. There are ten publicly traded casino operators in the U.S., of which seven operate casinos in Nevada. The stock market provides us with the values of these public companies daily. But how do we determine the value of the remaining private casino operators? More importantly, why do we care? Performing a valuation is a useful tool during initial negotiations for a potential sale, when considering borrowing options, and for purposes of financial reporting or estate planning.

Business valuation methods generally are divided into the Market, Income and Asset Approaches. The Market Approach involves applying multiples to a company's representative earnings, cash flow and, in some cases, revenues or book value. Currently, we are focused on the utilization of publicly traded company multiples in our valuation analyses of private casino operators. We currently place little emphasis on transaction multiples, and we do this for two reasons. First, transactions that occurred in the early- to-mid 2000s are not comparable because the multiples paid were inflated by easier credit and a more favorable outlook than today. Second, recent transactions are not appropriate as they primarily involve companies

that are in financial distress, as a result of weak economic and industry conditions, combined with overleveraged balance sheets.

Valuation professionals and public equity analysts tend to focus on multiples of MVIC to EBITDA because publicly traded casino operators tend to have varying capital structures, and EBITDA is a proxy for cash flow to both equity and debt holders. Applying a multiple to a company's representative EBITDA provides an indication of its MVIC; subtracting the company's total debt balance from this provides an indication of the market value of its equity. An appropriate multiple properly reflects the risk profile and growth outlook for a company. Choosing a multiple for a private company involves assessing the relative risk profile and growth outlook for that private company relative to the publicly traded companies. In general, lower risk and higher growth potential indicate that a higher multiple is appropriate, while the opposite indicates a lower multiple.

There are a variety of risk factors to consider when choosing a valuation multiple for a private casino operator based on publicly traded company valuation multiples. To begin with, the public companies are generally much larger, with greater manage-

ment depth, geographic diversification, access to capital for growth initiatives, and marketing resources. Each of these factors makes an investment in a publicly traded company less risky than an investment in a private company. Other general factors which affect a company's risk profile include volatility of earnings, excessive use of financial leverage, and inadequate liquidity. Additionally, there are many risk factors that are specific to a particular casino.

In selecting a multiple to apply to a private casino operator, one must consider the characteristics of the local market area of the casino. The market area of a casino not located in downtown Reno, or on the main strip in Laughlin, Tahoe or Las Vegas, is generally going to be within a 5-mile radius. Outside of these main downtown/strip locations is where the vast majority of private casinos are found, although some private casinos, such as the Edgewater in Laughlin or Planet Hollywood in Las Vegas, are in these main downtown/strip areas.

When analyzing the local market area, it is important to consider demographics. What is the growth potential of the local population? Are they homeowners? Is there a major shopping center nearby? Is the casino near a major highway or busy

road? A casino located in a high growth area with a major shopping center or other destination nearby, and also directly adjacent to a major highway, will be more valuable. However, the possibility that growth will attract competition must also be considered.

Another important issue related to market area is that tourist destination casinos in Nevada, especially in the Reno market, have been hurt in recent years by the increase in new Indian casinos in California. Non-destination, or "locals," casinos have also suffered, but to a lesser degree, from the general impact on local economic conditions of lower tourist-based spending. In general, casinos targeting the tourist market (outside the Reno market) will tend to have stronger growth and higher values in healthy economic times because their customer base will grow more quickly than casinos targeting the local population. However, during periods of economic turmoil tourist-based casinos are more adversely impacted than locals-only casinos, as their customer base tends to shrink more quickly.

Current and expected competition is another primary consideration. What is the proximity to the nearest other casino? Are there any new casinos planned in the area which will impact the company's market share and growth potential? How many other casinos are within a 5-mile radius? Competitors must be identified and the subject company must be evaluated against the strengths and weaknesses of its competitors. Does the company have superior facilities, including the façade, parking, interior, restaurant, buffet and bar? Does it also have a hotel? Does the casino offer better comps and player rewards? Does it have table games, or just slots? How often does it update its slot machines? Does it have an entertainment venue, making it more comparable to the publicly traded companies as an entertainment destination? Considering these factors, a casino with updated facilities, a hotel that generates positive cash flow, attractive player rewards, and an entertainment venue, will be more valuable.

How does an understanding of the subject company translate into the selection of a reasonable multiple? A major factor to consider is how comparable the public companies are to the private company in terms of operations. One thing to note is that Las Vegas Sands, MGM Mirage and Wynn Resorts all have casino operations in Macau, a high-growth international location, making them less comparable to casinos operating only in the U.S. Another factor to note is that only Monarch Casino and Resort (which operates the Atlantis in Reno) operates solely in Nevada. Also, Isle of Capri Casinos, Penn Nation Gaming, and Trump Entertainment Resorts do not have any casinos in Nevada, making them less comparable to those operating in Nevada.

Recent multiples of the group of publicly traded casino operators have ranged from 8 to 10 times EBITDA, with a few outliers, and a median of about 9 times EBITDA.

Factors discussed earlier cause private companies to be valued at lower multiples. Each case is different, but in our recent experience EBITDA multiples of 4 to 6 times are typical when valuing private casino operators.

Thomas C. Berg, Jr., CFA, ASA, is a Senior Vice President and Bryce A. Geyer is a Senior Associate at FMV Opinions, Inc. They perform valuation services for fairness opinions, corporate and personal income tax, financial reporting, estate and gift tax, and other purposes. Both Mr. Berg and Mr. Geyer have valued common stock, preferred stock, debt instruments, carried interests and intangible assets and, among their areas of specialization is the valuation of casinos. FMV Opinions is a national valuation and investment banking firm with offices in New York, San Francisco, Los Angeles, Irvine, Chicago, and Dallas.

¹Group includes Ameristar Casinos, Isle of Capri Casinos, Las Vegas Sands, MGM Mirage, Monarch Casino & Resort, Penn National Gaming, Pinnacle Entertainment, Riviera Holdings, Trump Entertainment Resorts, and Wynn Resorts. Does not include companies with significant operations outside of casino operation, such as Boyd Gaming, which operates travel agencies and insurance companies in addition to casinos.

²MVIC = market value of invested capital (market value of equity plus total debt); EBITDA = earnings before interest, taxes, depreciation and amortization.

³Market value of equity is on a marketable minority basis, so a control premium would need to be added in order to derive the controlling interest value of the company's equity. Control premiums typically range from 20% to 30%.

⁴In March 2000, Prop 1A was passed, allowing slot machines and banking and percentage games by federally recognized Indian tribes on Indian lands.

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The University of Nevada Reno's 150-hour Accounting Program

By Betty J. Cossitt, MBA, CPA and Cynthia A. Birk, MA, CPA

Effective fall semester 2010 some major changes will be implemented to the accounting programs at the University of Nevada Reno (UNR). Provided are the state requirements, some background information on the program, and an outline of the changes to the programs.

Nevada State Board of Accountancy Education Requirements:

The State of Nevada passed legislation which changed the education requirements for CPA exam candidates effective January 1, 2001. As of that date candidates are required to have either (1) a bachelor's degree and a total of at least 150 semester credit hours of education including 30 accounting credits, 24 general business credits, and three business law credits, or (2) a master's degree in accounting. The degrees must be granted by accredited institutions.

Within the required 30 credit hours of accounting, nine of those hours must be in financial accounting, three hours in cost accounting, three hours in auditing, three hours in federal income tax, and twelve hours in accounting electives. The twelve hours of electives may include some finance courses and may include up to six hours of internship credit.

The general business credit requirement allows students to take courses in a broad array of subjects including organizational behavior, business finance, business law, computers, data processing, economics, ethics in business, legal and social environment, management, marketing, oral communication, quantitative applications in business, statistics, and communication.

Candidates must submit a transcript to the state board for evaluation of courses. If the degree is obtained from a college or university outside of the United States, transcripts must be translated to English and the can-

didate needs to provide a detailed listing of each course indicating US equivalency and semester credits. (Source: Nevada State Board of Accountancy)

History of UNR's Master of Accountancy (MAcc) program:

The MAcc program was established in 2000 in response to the State Board's 150-hour requirement. Originally the program required students to complete 30 semester credits at the graduate level. Students could specialize in one of two tracks: Financial /Audit or Tax.

The first MAcc classes were offered fall semester 2001 and the first three students graduated from the program in May 2002. Since that time, approximately 60 students have graduated from UNR's MAcc program. The program was designed and approved based on the assumption that an additional accounting faculty member would be hired. This additional position never materialized and the department struggled to provide the courses for both tracks.

In 2009, the accounting undergraduate and master's degree programs were reviewed for reaccreditation by The Association to Advance Collegiate Schools of Business (AACSB). Based on some of the review comments and budget cuts at the University, the department made a decision

to revise the program.

Details of the Revised Program:

In response to the 150-hour education requirement to sit for the CPA exam that was adopted in many states, new degree programs were developed across the country. A large number of colleges and universities began to offer a 150-hour, five-year degree program that provides their graduates with both bachelor's and master's degrees. These programs have proven to be quite successful and UNR decided to use that program model as a basis for its program revisions.

The first step in revising the program was to reduce the number of required credit hours in the undergraduate degree program from 124 semester hours to 120 semester hours. This was accomplished by eliminating four credits of non-business electives. There were no other substantive changes made to the undergraduate degree program. In addition to the completion of 66 credits of general University requirements, students must complete 27 credits of upper-division business core courses, 3 credits of microcomputer applications, and 24 credits of upper-division accounting credits for their bachelor of science degree in business administration with a major in accounting. The 24 credits of upper-division accounting credits are detailed in the table below.

Undergraduate Accounting Course Requirements – 120-hour degree program		
Required Accounting Courses (18 credits)		
ACC 401	Financial Reporting I	3 credits
ACC 402	Financial Reporting II	3 credits
ACC 403	Financial Reporting III	3 credits
ACC 405	Cost Management and Control	3 credits
ACC 410	Federal Taxation	3 credits
ACC 470	Auditing and Assurance Services	3 credits
Accounting Electives (6 credits) – select two from the following list		
ACC 325	Financial Investigations	3 credits
ACC 415	Accounting for Management	3 credits
FIN 307	Investments	3 credits
IS 365	Business Processes and Information Systems Integration	3 credits

For the undergraduate accounting major who plans to become a licensed CPA, the University will now offer a 150-hour program that will allow students to earn both a bachelor's and master's degree after the completion of their studies. Students in this program will only need to complete 114 credits at the undergraduate level. The additional six credits required for a bachelor's degree will be taken at the graduate level and counted toward both degrees. Students in this program will only take one undergraduate elective and will take the Auditing and Assurance Services course at the graduate level (ACC 670). It is recommended that students take the auditing course and one additional graduate course during their final undergraduate semester. The different undergraduate requirements are outlined in the table below.

Undergraduate Accounting Course Requirements – 150-hour degree program		
Required Accounting Courses (15 credits)		
ACC 401	Financial Reporting I	3 credits
ACC 402	Financial Reporting II	3 credits
ACC 403	Financial Reporting III	3 credits
ACC 405	Cost Management and Control	3 credits
ACC 410	Federal Taxation	3 credits
Accounting Electives (3 credits) – select one from the following list		
ACC 325	Financial Investigations	3 credits
ACC 415	Accounting for Management	3 credits
FIN 307	Investments	3 credits
IS 365	Business Processes and Information Systems Integration	3 credits

In addition to these six credits that will be counted toward both degrees, the student will take an additional 30 credits at the graduate level to complete the master's degree. The revised master's degree will consist of 36 credits and will be more structured than the previous program with only one track being offered.

The complete MAcc offering will consist of 18 hours of required accounting courses, an additional 9 hours of accounting electives and 9 hours of non-accounting electives. See the table below for specific course offerings.

Graduate Accounting Course Requirements – 150 hour degree program		
Required Accounting Courses (18 credits)		
ACC 604	Advanced and International Accounting	3 credits
ACC 611	Taxation of Flow-Through Entities	3 credits
ACC 670	Auditing and Assurance Services	3 credits
ACC 750	Accounting Seminar	3 credits
ACC 759	Accounting Theory (capstone)	3 credits
ACC 780	Accounting Research	3 credits
Accounting Electives (9 credits) – select three from the following list		
ACC 607	Government and Not-For-Profit Accounting	3 credits
ACC 783	Taxation of Corporations	3 credits
ACC 786	Estate and Gift Taxation	3 credits
ACC 794	Special Topics	3 credits
Non-Accounting Electives (9 credits) – select three from the following list		
BADM 727	Leadership and Ethics	3 credits
BADM 729	Seminar in Management Issues	3 credits
BADM 750	Information and Communications Technology in Organizations	3 credits
BADM 772	Changing Environments of Business	3 credits
BADM 780	Business and Public Policy	3 credits
BADM 791	Special Topics	3 credits
ECON 703	Advanced Macroeconomics I	3 credits
FIN 610	Financial Derivatives	3 credits
IS 645	Introduction to Project Management	3 credits
IS 670	Computer Security, Controls, and Information Assurance	3 credits
IS 788	Change Management	3 credits

The accounting faculty worked closely with the Accounting Advisory Board to select the accounting courses to be

offered. The program was approved by the University Courses and Curricula Committee in November 2009 and was very favorably received by the visiting AACSB accreditation team in January 2010.

The admission requirements for the 150-hour program have also been revised. Students who have an overall grade point average (GPA) of 3.5 on a 4.0 scale and a 3.5 GPA in Financial Reporting I and II (ACC 401 and 402), Cost Management and Control (ACC 405), and Federal Taxation (ACC 410) will automatically be admitted to the program upon application and will not be required to take the Graduate Management Admission Test (GMAT). These standards will also be applicable for students who apply to the MAcc program. Students who have between a 3.0 and 3.5 GPA may still apply to the 150-hour program but will be required to take the GMAT. Students who have below a 3.0 GPA will not be eligible for the 150-hour program. They will complete the 120-hour undergraduate degree program but are not precluded from applying for admission to the MAcc after graduation.

Expected Benefits of 150-hour Program:

Expected benefits of this program are many. Leading the list is better meeting the needs of employers by providing students with a meaningful path to the 150-hour requirement to sit for the CPA exam. The courses at the graduate level are aimed at improving the skill set of the entry-level employee. This revised program is a better utilization of faculty resources which is critical in this current economic period. It is anticipated that students will be better prepared for the CPA exam. In 2008, the UNR MAcc students had a CPA exam pass rate of 60% while the UNR undergraduate pass rate was 38%. UNR is above the national pass rates for graduate and undergraduate students (39% and 31% respectively), and the accounting faculty is optimistic that the UNR pass rate will continue to be above the national average with the new program requirements. Additionally, UNR strives to maintain its separate accounting accreditation from the AACSB as they are one of only 170 programs worldwide to have achieved this separate accreditation.

The UNR Accounting faculty responded to many adverse factors with a creative solution for educating Nevada's accountants. The faculty will continue to seek input from the professional community as the program is implemented and its results assessed. Continued dialog between the professional community and faculty ensures commitment to UNR maintaining the quality of its accounting program at the highest level.

Are You Prepared for a Sales and Use Tax Audit?

By Richard A. Vallari CPA, CMI

The one letter your client dreads most is the infamous form letter from the Nevada Department of Taxation notifying of their intent to audit your client's business records for Sales and Use tax. If this is your client's first experience with an audit, fear of the unknown quickly sets in. If your client has been through an audit where there was an assessment, the thought of an unexpected drain on cash and time may upset them.

From your client's point of view, reading the letter of intent to audit goes from bad to worse quickly. Not only is the Department of Taxation going to audit their records, they ask your client to produce every record imaginable. By this time, true anxiety has taken hold. This is where you should advise your client to stop, take a deep breath, and relax.

What can your client expect from sales and use tax audit? What records does your client really need to present? How can you make the audit as quick and painless a process as possible for your client?

Most important is the underlying principle that only records that show tax was properly charged, collected and remitted need to be provided. Below are three record-keeping suggestions that, if used, will expedite the audit and keep within the time-frame designated by the Department of Taxation.

First, a sales and use tax audit will review your client's fixed asset purchases and dispositions. As your client acquires and disposes of assets, encourage them to keep a photocopy of each purchase invoice and a copy of the details regarding the disposition of assets in a dedicated notebook or file. By keeping an ongoing file, the tedious task of gathering these documents is already complete. As a bonus, this file assists your client in reconciling fixed asset activity for their federal income tax return, which is another document required upon audit.

Second, a sales and use tax audit will focus on company credit card purchases. Auditors review company credit card purchases not only to ensure sales tax was paid to vendors, but to identify unregistered vendors that may have nexus with Nevada. In the case of out-of-state vendors or online purchases, auditors focus on self-assessment and remittance of use tax. Your client's best protection from audit assessment is accounting for all receipts each month upon review of company credit card statements.


Finally, personal purchases made with a corporate credit card fall within the scope of the audit. Keep in mind that any transaction that passes through business accounts, whether personal or in the course of business is fair game and subject to review during an audit. The best advice to give your clients; **keep personal purchases out of the business.**

Through my experience managing Sales and Use tax audits, a relaxed approach to record-keeping with respect to fixed assets, credit card purchases and co-mingling personal and business purchases results in high audit exposure. Educating your clients about the proper set-up and maintenance of their business records will help them manage the cost of their Sales and Use tax audit defense when the time comes. Additionally, these suggestions, practiced routinely, will result in an efficient audit for your client's business.



Rich is the founder of Southwest Sales tax Solutions, LLC. He has 23 years of experience in the accounting industry, including over 20 years of experience handling sales and use tax issues. He has worked in both industry and public accounting, including one of the National CPA Firms. Rich is a member of the Institute of Professionals in Taxation, earning his designation as a CMI. This designation is widely known as a mark of achievement and distinction in the sales and use tax field. You can contact Rich at (702) 233-0049 or by e-mail at rvallari@cox.net.

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Success Starts with a Strong Army

By Lyndsey Havill

With tax season in the heat of battle, accounting firms are forced to ask themselves, “Did we bring enough armor?” Equipping your team with the necessary tools to effectively enter combat starts with the ultimate question...what wins the war?

For many firms, a successful tax season is marked by happy clients, happy employees, and enough caffeine to plow through a 14 hour workday. Amidst these simple requests lies a whole host of factors that in perfect harmony make for a smooth tax season. Some of these factors are inevitably left to chance, but most of them come down to having the right people with the right skills. Firm leaders are faced with the arduous challenge of not only identifying what skills are needed to perform at a level that produces results, but also how to allocate funds and resources to ensure employees are honing in on these skills.

Great leaders realize that results are achieved through a myriad of performance dimensions and that a one-dimensional approach to performance inevitably leads to a culture with many jacks and only one trade. Allocating funds and resources to technical training and development cannot be the only solution to increase performance and drive results. Happy clients demand and deserve much more. So how does one go about determining what skills are needed and what resources to provide? Below are a few basic steps to ensure your team is both armed and ready to drive the results that your firm is hoping to achieve.

1. What wins the war? Identify your performance dimensions and ask yourself the following questions: What skills do your employees need to have in order to be effective in their roles? To be effective with your clients? Who needs what skills? When do they need them? For most accounting firms, necessary skills fall under the following levels:

Foundational: Skills that every individual should possess upon hire, but will continually develop throughout their career. These usually include a combination of the following: Client Focus, Communication (both written and oral), Integrity, Results Oriented, Teamwork and Technical Skills.

Professional: Skills that are the spring board for creating and sustaining future business. These skills lay the groundwork for future managerial and visionary skill development and should be developed in entry-level accounting positions: Business Acumen, Decision Making and Knowledge of Products and Services.

Managerial: Skills that are needed to be successful in managerial and supervisory positions. These skills have a great impact on business results and people: Business Development, Coach & Develop Others and Manage Conflict.

Visionary: Skills that enable individuals to create and sustain business as well as anticipate changes or future needs in the market. These competencies should be developed in those individuals who will take the firm’s vision and excite and empower the rest of the firm to follow that vision: Establish Vision & Purpose, Drive Change and Negotiate & Influence.

2. What tools and resources will help employees develop these skills? Build your arsenal of training and development activities. It is important to understand that learning is not limited to a classroom setting or learning “event”. In fact, research suggests that the best learning comes from experience and feedback. When pulling together your “menu” of options, consider the following rule of thumb: 70% of development should come from experience based learning. That is, learn-

ing to ride the bike by riding. 20% of development should come from learning from others. Mentoring, coaching, and job shadowing are great ways for your employees to learn skills. And 10% of development should come from formal training.

“What I hear, I forget. What I see, I remember. What I do, I understand.”

- Confucius

3. Keep your training and development LEARNER focused. Not everyone learns the same way. Knowing your employees strengths and weaknesses as well as their learning style will help you identify what skills need attention and what training and development activity will best accomplish this need. This is why it is critical that your “menu” includes an assortment of development opportunities. For example, it is feasible that developing an enhanced client focus could be achieved by reading a book, attending a training course, watching a peer or attending a webinar. It all comes down to what skill needs to be addressed and what option best meets the needs of the learner.

4. Let’s talk budget. There is good news and bad news. The good news is that many development activities (e.g., mentoring, job shadowing, on-the-job development) are relatively cost-effective and many of the resources are already under your own roof. The bad news is that the majority of accounting firms don’t even budget for non-technical training activities. However, this lack of planning could easily be explained by not knowing how much to allocate. Think of it this way, technical competence is just one of the many skills that your employees need to be effective in their positions. Logically then, you should spend as much on developing these non-technical skills as you do on technical courses. Performance is multi-dimensional. So how much? While there is no perfect equation that answers this question, generally (and I mean very generally) best practice says that you should be spending at least \$700 per person on training annually. However, how much you spend per person will vary depending on the employee’s position as well as their potential.

The American Society for Training and Development found that for every increase of \$700 per employee training, there was a 6% improvement in total shareholder return the following year.

So ask yourself now, for your firm, what wins the war? How effective are your employees at performing all functions of their jobs – over and above the technical aspect? How are you going to do things differently in 2010 to equip your employees and prepare them for battle?

Lyndsey Havill is a Learning and Organizational Development Specialist at The Growth Partnership. She is responsible for leading and assisting in projects to diagnose, design, develop, manage and evaluate talent management systems. <http://maximizetalent.blogspot.com>

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Foreign Bank Account Reporting

By: Henry IP, Senior Tax Accountant, LL Bradford & Company

A United States person must file an FBAR report if that person has financial interest in, signature or other authority over any financial account (s) in a foreign country and the aggregate value of these account(s) exceeds \$10,000 at any time during the calendar year. A “United States person” is a citizen or resident of the United States or a person in, and doing business in the United States. The term “person” includes individuals and all forms of business entities, trusts, and estates.

Foreign financial accounts are accounts that are located outside of the:

- United States
- Northern Mariana Islands
- District of Columbia
- American Samoa
- Guam
- Puerto Rico
- U.S Virgin Islands
- Trust Territories of the Pacific Islands

Financial accounts are:

- Bank accounts such as savings accounts, checking accounts, and time deposits.
- Securities accounts such as mutual funds, brokerage accounts, and securities derivatives accounts.
- Accounts where the assets are held in a commingled fund and the account owner holds equity interest in the fund.
- Another accounts (s) maintained in a foreign financial institution or with a person doing business as a financial institution.

Financial Interest

The U.S. person is considered having financial interest in financial account(s) when he/she is the owner of record or has legal title, whether the account is maintained on his or her own benefit or for the benefit of others including non-United States persons. Financial interest also includes accounts where the owner of re-

cord or holder of legal title is a person acting as an agent, nominee, or in some other capacity on behalf of a U.S. person. A more than 50% shareholder (held directly or indirectly) of a corporation that owns a foreign account is deemed to hold a financial interest in the corporation’s account, and has a reporting responsibility. A similar rule applies to partnerships; a more than 50% partner in a partnership that holds a foreign account also has a reporting responsibility. A beneficiary of a trust (holding a present interest in more than 50% of the trust assets, or is entitled to more than 50% of trust income) also has a filing requirement. In these situations, both the entity and the individual shareholder, partner, or beneficiary has a separate filing requirement for the same account.

Signature Authority

A U.S. person has account signature authority if that person can control the disposition of money or other property in the account by delivery of a document containing his signature to the bank or other person with whom the account is maintained. A person with other authority over an account is one who can exercise power that is comparable to signature authority over an account by direct communication, either orally or by some other means to the bank or other person with whom the account is maintained. A person who has no power of disposition is not required to file an FBAR.

Forms to File

The holders report their foreign accounts by completing Form TD F 90-22.1. The FBAR is due by June 30th of the year following the year that the account holder meets the \$10,000 threshold. There is no extension available for filing the FBAR. If an account holder does not have all the available information to file the return by June

30th, they should file as complete a return as they can and amend the document when the additional or new information becomes available. The form should be filed to:

U.S. Department of the Treasury
P.O. Box 32621
Detroit, MI 48232-0621

Recordkeeping and Penalties

FBAR records should be kept for five years from the due date of the report. The records should contain the following:

- Name maintained on each account.
- Number or other designation of the account.
- Name and address of the foreign bank or other person with whom the account is maintained.
- Type of account.
- Maximum value of each account during the reporting period.

Failure to file an FBAR when required to do so may potentially result in civil penalties, criminal penalties or both. Both penalties can cost holders of foreign account from \$500 to \$500,000 plus 5 to 10 years in jail.

NVCPA CPE: A Bright Idea! continued from page 1

Be sure to mark your calendar for our Annual Business Meeting & Awards Luncheon scheduled this year at the Atlantis Hotel & Spa in Reno on June 4, 2010. Join us that day to hear an update on Society issues, honor some of our most noteworthy volunteers, and listen to Sheri Bango Cavaney, VP of Practice Mobility & State Regulatory & Legislative Affairs for the AICPA. Her presentation will provide us with an inside look at the most current and probable state legislative issues on the horizon affecting those of us in the accounting profession.

The IRS has recently extended the comment period on its proposal on Disclosure of Uncertain Tax Positions from March 29 to June 1, 2010. In addition, the IRS will release in April a draft schedule for businesses to report uncertain tax positions. A copy of the recent IRS pronouncement and further information about this topic can be viewed on the home page of our website at www.nevadacpa.org.

Michael E. Davis, CPA
Society President

Upcoming CPE Courses

The NVCPA is proud to announce that its 2010 CPE courses have been finalized! The Society works with the Nation's top rated CPE vendors to secure CPE courses that you need to succeed in today's business environment.

6.02.10 - Top 50 Mistakes Practitioners Make & How To Fix Them (Las Vegas)

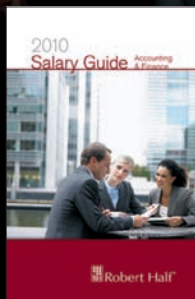
6.03.10 - Surgent McCoy's Handbook for Mastering Basis, Distributions, and Loss Limitation Issues for S Corporations, LLCs, and Partnerships (LV)

6.04.10 - Employee Benefit Plans: Audit & Accounting Essentials (LV)

6.07.10 - Audits of 403(b) Plans: A Challenging New Audit Area (Reno)

6.08.10 - Audits of 403(b) Plans: A Challenging New Audit Area (LV)

To view more CPE courses and register please visit www.nevadacpa.org or call the Society at 1(800)554-8254.



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