Scott Hoppe, CPA
CalCPA Education Foundation President
Founder, Why Blu

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Education Foundation President Scott Hoppe is a master of technology, using all of its facility to run his remote firm. CalCPA members will now benefit from that expertise during his tenure as we navigate post-pandemic business.

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"Companies that publish sustainability information that is subject to assurance by professional accountants have an opportunity to bring trust and reliability to their sustainability information."
—Association of International Certified Professional Accountants CEO of Public Accounting
Susan S. Coffey, CPA, CGMA

15%
The number of workers who are delaying retirement because of COVID-19.
—Nationwide

$2.8T
The total amount of global M&A deals in the first six months of 2021, up 132 percent from 2020.
—Refinitiv

51%
The amount of hiring managers who anticipate adding permanent positions in the second half of 2021.
—Robert Half

$26,373
The average amount families pay for a year of college.
—Sallie Mae

222
The number of data theft reports this year, as of June 30, from tax professionals to the IRS, an increase from 211 in 2020 and 124 in 2019.
—IRS

$1,031
The average personal income tax refund issued by the FTB through mid-June for the 2021 filing season.
—FTB

Financial Processes REVAMP

More than 50 percent of public companies have overhauled their financial processes in the past year. Here are the factors they said were driving those changes:

- Implementation of new technologies: 48%
- Changes to accounting standards and related adoption work: 24%
- Material weakness or significant deficiency remediation: 6%
- Inquires from regulators: 5%

—Deloitte

New Funding Rounds for the California Small Business COVID-19 Relief Grant Program

California’s Office of the Small Business Advocate, part of the governor’s Office of Business and Economic Development, announced that there will be three additional rounds for the California Small Business COVID-19 Relief Grant Program following Gov. Gavin Newsom signing into law the largest economic recovery package in state history.

Visit careliefgrant.com for funding rounds, eligible awards and deadlines.
New Guidance: Employee Retention Credit

The Treasury Department and the IRS issued further guidance on the employee retention credit, including guidance for employers who pay qualified wages after June 30 and before Jan. 1, 2022, and additional guidance on miscellaneous issues that apply to the employee retention credit in both 2020 and 2021. Notice 2021-49 amplifies prior guidance regarding the employee retention credit provided in Notice 2021-20 and Notice 2021-23.

Notice 2021-49 addresses changes made by the American Rescue Plan Act of 2021 to the employee retention credit that are applicable to the third and fourth quarters of 2021. Those changes include, among other things:

• Making the credit available to eligible employers that pay qualified wages after June 30 and before Jan. 1, 2022;
• Expanding the definition of eligible employer to include “recovery startup businesses;” and
• Modifying the definition of qualified wages for “severely financially distressed employers.”

ANNOUNCEMENTS
Paul Davison was promoted to partner at Dedekian, George, Small & Markarian Accountancy Corporation.

ACCOMPLISHMENTS
The AICPA and CPA Practice Advisor recognized Shannon King Nash as one of the 2020-21 Most Powerful Women in Accounting.

FIRM NEWS
Armanino LLP opened new offices in Austin and Chicago in August … Modesto firms Grimbleby Coleman and Ristau & Co. have merged and will operate under the Grimbleby Coleman name.

MEMBERS IN THE NEWS
*The Epoch Times* quoted John Moorlach in a July article about California’s public pension system … *San Jose Spotlight* featured Andrew Crockett in a July 19 article about his candidacy for Santa Clara County Assessor … *OpportunityZone.com* quoted Blake Christian in a July 21 article on ways to invest cryptocurrency … A July 22 *CNBC* article on states offering SALT workarounds quoted Perry Ghilarducci … *Going Concern, Yahoo Finance and Inside Public Accounting* mentioned 2021-22 CalCPA Chair Christie Simons … *KPVI* mentioned Scott Hoppe, 2021-22 CalCPA Education Foundation president … *CNBC* quoted Mary Kay Foss Aug. 5 in an article about how municipal bond interest may affect Social Security taxes and Medicare premiums … *InvestmentNews* quoted Dan Morris, Annette Nellen and Richard Pon in an Aug. 6 article on digital assets and crypto taxes … *Journal of Accountancy* quoted Jim Wallace in an Aug. 6 article on supporting working parents during a crisis … *AccountingToday* mentioned 2021-22 CalCPA Education Foundation President Scott Hoppe in a news item … *Journal of Accountancy* quoted Irene Valverde in an article about acceptable office attire as people return to the office … An Aug. 9 *Financial Advisor* article on tax traps for clients moving states quoted Mary Kay Foss and Rob Seltzer … *AccountingToday* quoted Brian Stoner in an Aug. 9 article about the 2020 tax season, an Aug. 10 article on how practitioners are serving clients for the rest of 2021 and an Aug. 12 article about pre-October priorities for practitioners … *CNBC* quoted Dan Herron in an Aug. 13 article about the earned income tax credit.

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as part of a special project, CalCPA's Management of an Accounting Practice (MAP) and Young, Emerging Professionals (YEP) committees posed a series of questions to each other regarding each's experiences in the profession and offering advice.

MAP Committee representatives included David C. Jorgensen, CPA (DJ), partner in charge, BPM; Johanna Sweaney Salt, CPA CGMA (JSS), managing partner, GSA, llp; and Erin E. Roche, CPA, CGMA (ER), team leader, Elliot CPA Group Inc.

YEP Committee representatives included John Eichelberger, CPA (JE), senior accountant, O&S CPAs & Business Advisors; and Rosey Nguyen Flaherty, CPA, MSA (RF), tax associate, Rickmeyer & Associates, Inc.

Questions to MAP Committee
What are some steps to help make someone stand out and be considered as a future partner?

DJ: Assist others in your firm and clients and look for potential clients. Be mindful to stay on top of trends and changes in the accounting profession and your client’s industry.

JSS: There are a number of behaviors that I observe in our professional staff that tell me they are likely great partner material: They think like an owner. They make observations on how things could be done differently/better. They have a vested interest in the bottom line. They ask a ton of questions.

ER: Starting early to ensure you are working on the basic skills that make for great project and relationship management is key. Time management, prioritization based on deadlines, communication, consensus building and boundary setting are all great examples of what goes into becoming a successful manager and partner.

Is there anything that you wish you knew before becoming a leader at your firm?

DJ: Be willing to put others’ needs in front of yours—be it staff or clients. Also, understand a CPA firm is similar to many other businesses and you’ll need to have knowledge and skills surrounding HR, billing, insurance, etc.

JSS: Get involved in CalCPA and other professional organizations. Volunteer at nonprofits/serve on boards who especially need professionals in the treasurer role. Seek CPA firm partners/owners whom you admire and ask them for coffee. You’ll be surprised that they are only discovered through being genuinely curious about fellow networkers. It’s also helpful to have a game plan: Give yourself a modest goal on how many new people you are going to meet or a certain number of conversations you want to have.

What advice do you have for YEPs as we try to meet others and build professional relationships at work and at CalCPA events?

DJ: Get involved at the chapter level to build relationships with fellow CPAs, which also will enable you to have a better handle on trends in the profession.

JSS: At any event you attend (whether CalCPA, chamber of commerce, volunteer, etc.), always sit by someone you don’t know and introduce yourself. Volunteer at CalCPA and other nonprofit organizations, and keep in mind that everyone you meet (personally, professionally and elsewhere) is a potential future client, employer, employee, co-worker or referral source. Be kind.

ER: It seems counterintuitive, but if you find ways to help those you are interacting with, you can make an impact. It’s also important to ask a lot of questions. Some of my best connections have come about because of random things we have in common that were only discovered through being genuinely curious about fellow networkers. It’s also helpful to have a game plan: Give yourself a modest goal on how many new people you are going to meet or a certain number of conversations you want to have.

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JSS: Get involved in CalCPA and other professional organizations. Volunteer at nonprofits/serve on boards who especially need professionals in the treasurer role. Seek CPA firm partners/owners whom you admire and ask them for coffee. You’ll be surprised
how many of us are more than willing to share our experiences.

**EB:** Make sure to take advantage of the opportunities you’re offered and ask for new opportunities regularly; ask those above you what you could do to make their work a little easier and ask for feedback on how you’re performing.

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**When you began managing a team, did your company provide you opportunities to improve your leadership skills? If not, what have you done to improve your leadership skills?**

**DJ:** Yes, they were very supportive of taking courses and being involved in organizations that assisted with those skills, including CalCPA.

**JSS:** The firms I worked for did absolutely nothing to help improve leadership skills. That is one of the main reasons I went out on my own. I wanted to run a firm differently than the ones where I had worked. And by volunteering in many of my kids’ activities I developed leadership skills. Sometimes I learned what not to do, which is important, too.

**ER:** I was given some opportunities by my company and some I sought out on my own. Look for ways to learn more about yourself, too, and how to use your natural strengths most effectively. I’ve benefited, too, from asking role models what they have done to get where they are in their careers.

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**What are the best steps at securing a mentor? Do you have one and have you found it beneficial?**

**DJ:** The managing partner was a huge mentor to me once I was on the partner track. The mentorship involved how to run a business and deal with all whom you come across.

**JSS:** Get active in CalCPA and other professional organizations, where you will find a host of resources and people willing to invest in you. When I first started planning on going out on my own, I sought guidance from a local attorney who had become a father figure to me. Over the years, many CalCPA members and staff invested in me, which was tremendously helpful.

**ER:** I’ve had informal mentors and most of the relationships started organically from networking events or in the workplace. I’ve also participated in formal mentorship programs, where you are matched with a mentor based on questions set up by the administering organization. Professional associations, like CalCPA, can usually connect you with a mentor, too.

**By the time you’re a partner, how much of your time is spent managing people vs doing accounting?**

**DJ:** Depending on the day, 20 percent to 50 percent.

**JSS:** I would say it’s different in a small firm vs. a larger firm. I’m managing partner in a two partner, six staff firm. I think I spend about 25 percent to 30 percent of my time managing people and the remaining time on client work.

**ER:** In my experience at a small firm, I spend significantly more time making sure the work gets done and strategizing on where the firm needs to go next, rather than doing the work myself.

**How did you get involved at CalCPA and hw has it helped you?**

**DJ:** I joined the MAP Committee once the managing partner stepped down after 20-plus years on the committee. It’s a good resource for your firm and allows you to give back and assist other firms.

**JSS:** When I decided to go out on my own, I realized I needed a professional network and joined CalCPA. I started attending every event in our chapter and every Education Foundation class in my area. I talked to people at the meetings/events. They were all so welcoming and friendly and willing to help. I would not be the success I am today without CalCPA.

**ER:** I got involved in CalCPA via a young professional event where I met a crowd of enthusiastic young CPAs. Their energy and passion for the profession was just what I had been looking for in my career. Having a group of role models in the profession has been beyond inspiring. They encouraged me to reach out to my local CalCPA chapter, which I did, and I looked for volunteer opportunities that lined up with what I was doing in my firm. The connections I have made through volunteerism have opened more doors for me than I can list.

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**Questions to YEP Committee**

**What do you see as the pros and cons of working with a small accounting firm vs. a larger firm?**

**JE:** The pros of a smaller firm are that you get to know everybody in the office and you are exposed to many projects that entail taxes, bookkeeping, audits, comp, etc. The cons are that when someone takes a leave of absence, it affects the workload of the whole firm. Additionally, processes may not be as streamlined at times because of the size of the organization.

**RF:** Working in a larger firm gives me an opportunity to work with a variety of people in different levels within the firm, which helps me shape my adapting skills when working with different managers who have different working styles. Working in a smaller firm gives me an opportunity to work in different sections/lines within the firm.

**What’s the one thing you would like to see changed in the accounting profession?**

**JE:** The hours can be extremely demanding sometimes. Work-life balance is something that the profession should strive for.

**RF:** I would like to see more AI assistance in the accounting profession, which helps us focus more on higher-level skills such as analysis and advice.

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**How do you think the profession should be promoting itself to the next generation of CPAs?**

**JE:** It needs to be an ally for teaching the value of time and money to students.
RF: With AI assistance, the next generation of accountants will see accounting become more interesting as it requires higher skills. I've heard a lot of students say that they don't like accountants because they don't want to just enter numbers in the appropriate forms/formats. With AI, accountants can minimize manually entering information and focus on higher level things, such as analyzing the data to the clients or providing advice to the clients.

What attracted you to become a CPA?
JE: I like that the profession makes me exercise my critical thinking skills. I also enjoy learning about how to save money on taxes and learning about the business environments that my clients have to navigate.

RF: Having a CPA license takes me further and faster in accounting career than not.

What do you like most about your firm's culture?
JE: I like that it's easy to talk with managers and partners. They also do not micro manage, which makes gives me the freedom to manage my own schedule and operate efficiently.

RF: Its open-door policy.

What's the one thing your firm could do differently to make the firm better?
JE: Spend more time on the hiring process.
RF: More flexibility to work from home.

What leadership development opportunities has your firm provided to you?
JE: They have allowed me to be a part of CalCPA and have supported me in my networking. They also hired a few staff underneath me that I am now managing.

RF: We have monthly technical meeting during non-busy season where people will make a presentation about a tax article, which helps us improve our public speaking skills.
So much has changed since we last talked. What imprint has the pandemic made on your world?

The pandemic shifted the reality of what jobs need to be in person. Pre-pandemic, every single doctor visit was in person. Now I can take care of 80 percent of my visits virtually. That is a boon for us, because we have two young boys and my wife is pregnant with our first daughter, so we have lots of doctor appointments. Yes, there are jobs that need to be done in person, like construction. But take a step back, after the big remote experiment, many companies leaving their teams distributed and pushing back plans to reopen offices this fall and we are left with the highest performing stock market of all time. Remote works.

The pandemic nudged the remaining Level 1 accounting firms to Level 2. The firms that embraced the shift are likely moving themselves to Level 3. What I want to emphasize is, just because your firm made it through the pandemic remote, doesn’t mean that’s it. The real benefits are still on the table. See my article in the September 2020 California CPA article on the 5 levels of remote work (calcpa.org/~media/california%20cpa%20magazine/0920/0920feature.pdf?la=en).

Those who master remote work—even if they’re going back to the office—have the most to benefit. When I was at PwC in San Francisco, our office took over five floors and I often worked with team members outside of the city. Although this is pre-pandemic, we had to solve problems like how to train people remotely and give feedback. For the firms that embraced tools to improve that during the pandemic, it will serve them well after too.

What does running a virtual accounting firm look like these days?

We’re seeing much more interest from firms across all spectrums. Much of running the firm is identical as before, but the main difference now is increased competition in recruiting and evolving customer purchasing habits of our services.

I can see in the near future that employees will redistribute themselves to firms with remote policies that align with their preferences. Recruiting is changing. Pre-pandemic it was as easy, as “work here, work from anywhere.” Now everyone is in the game. We’re asking ourselves how our value proposition should evolve.

How has the CPA’s relationship with technology changed in the wake of the pandemic?

There is now a broader acceptance of how our jobs can be done using technology and in a fully distributed way. We accelerated the adoption of distributed work. I’d say we made at least 10 years of progress in one year. We know now how many employees want to work remotely and have successfully relied on technology to do their jobs.

What piques your interest in particular when it comes to technology and accounting?

I saw so many opportunities to bring technology to my work when I
started interning at EY in audit and launching my accounting career in tax at PwC. When I really dove in as I started my own practice, every turn was like a new frontier where we could use technology to give our clients an improved experience.

It was simple in the beginning; for example, clients would upload files to us and we would process it internally. They were in the dark in terms of what happened following the upload, or what happened next. So we thought, “Let’s write a program code to notify our clients that we received the file and moved it.” We started to think more broadly about where our clients were in the dark about our process, and how we could use technology to bridge the gap.

It’s become more complex as we have grown, but the end goal is the same: technology reduces our time commitment and improves the client experience. I’ve been working on how automation can support all levels of the firm, way beyond data entry in tax software.

Basically, I keep running into pain points in managing the firm and choose to solve those problems with technology. I haven’t come across something yet that can’t be solved with code, and I love it.

Why did you get involved in Education Foundation leadership?
Education is and has been really important to me, and I have a genuine love of learning. Not a love of getting good grades and of passing exams and working the system, but of coming away from a session, course or degree with usable and integrated knowledge. That’s one reason why I got my doctorate in accounting. It was actually my junior college professor who helped me get on the path into accounting in the first place. I felt excited to give back to the profession through the Education Foundation when education was my gateway.

I stay involved because the board of trustees are talented individuals, and I bring a unique perspective to the current challenges as a younger member.

What is the Education Foundation doing to innovate/compete in a crowded CPE market?
We watch the market for the latest trends. Spotting them isn’t enough if we can’t bring them live. What’s especially exciting is the fast turnaround when we see what’s working and bring an idea to the table. The fastest last year was three days from idea to product—that’s quite the agility and exactly what’s needed to stay ahead of the game.

What are your goals for this year? What can members/customers expect from the Education Foundation this year?
My goals this year are 100 percent customer-centric. My focus is on a frictionless customer experience and enhancing that experience with technology. I built my firm’s success on customer experience and have felt first-hand what it can do.

The Foundation has past success here already. For example, we used to have you type in your credit card information every single time you bought from us. Then we built the feature to save your credit card information. Now you find a course, login and can pay without fishing for your wallet.

CalCPA recently implemented Salesforce; we have the advanced tools and are actively hiring the team to bring those capabilities online. These things take time, but we will consistently release improvements to make buying from us and our great products as easy and frictionless as possible.

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2021 CalCPA Technology Showcase Series

Join us for the last in our series of hour-long lunchtime Webcasts FREE to CalCPA members!

Innovate your workflows, ideas and projects
Let’s face it, working from home has its challenges. Now more than ever, teams are seeking solutions to help innovate their workflows, ideas and projects. CalCPA will present the last in our series of hour-long Webcasts featuring thought-leaders from top companies who will share how their technology can help solve problems many members face. So, grab your favorite lunch and join us from Noon–1 p.m. PST

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What has changed at the Education Foundation? The Foundation is going through a pace of rapid change. Three things stand out. We’ve restructured to better align to develop, market and deliver professional education to members and customers. We constantly review new technologies to enhance the overall product and experience. And we’ve introduced fast-track development processes to be more responsive to immediate market needs.

How will the pillar of diversity, equity and inclusion fit into the Education Foundation’s agenda this year? We’ve taken a hard look at this. I believe the organization is being far more conscious of who is where. The areas we’ve focused on are the composition of our board of trustees, faculty, planning committees and speakers. It goes beyond just sitting at the table—we also consider bias in the content. At the end of the day, when we take a start here we’re going to move the needle in the right direction.

What are the new education needs of CalCPA members, and what is the Education Foundation doing to meet those needs? New content is something the Foundation is actively seeking. While topics are always emerging, at the moment our focus is on technology (cybersecurity, AI, machine-learning, data analytics, visuals, RPA, ransomware, etc.). What’s impressive is the team can get a new topic and turn around a relevant course in a much shorter period of time than we could in the past. This will keep content fresh for customers.

What are some trends in the professional education world and how is CalCPA responding? The biggest trend that started even before the pandemic is the shift from compliance to competency in CPE. Yes, we want to get the hours from CPE but, more important, we want to learn valuable information. Post-pandemic, it will be interesting to see how shopping behaviors and consumption of CPE has evolved. I imagine we’re going to see a bigger trend toward on-demand material.

How has nano-learning been evolving? I’ve been excited about nano-learning since it first came up. The more ways we can provide education to our customers in a way that’s convenient and accessible, the better. I’ve been on some pilot programs to explore how we’ll bring it to our customer members.

What do you believe sets the Education Foundation apart from other service providers? Timeliness of topics, the uniqueness of content and our commitment to quality.

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Bittersweet Journey

Every journey has a destination. However, the time to reach that destination can vary by days, weeks, months and even years. One of my most stressful journeys started more than five years ago.

Nearly six years ago my good friend, Wesley, died suddenly from heart failure. Although he had some significant health issues over the years, it still came as a shock when he passed. A few years prior to his death, he and I had met over lunch and talked about being each other’s emergency plan if something were to happen to us.

It was a serious discussion, but by the time lunch had ended, we had talked about lots of other things and the emergency plan seemed like something we would not have to work through and finalize for many years. We never formalized a plan, but simply agreed we would help each other’s spouse through the transition, if needed.

It was Dec. 29, 2015, when his office called to tell me he passed away. I immediately drove to his office and met with his staff, tears streaming down our faces, and then they looked to me to see what to do next. What was I supposed to tell them? I was not planning on acquiring his firm; we had only discussed helping the other spouse work through the selling of the firm. But, for various reasons, I ended up acquiring his clients and hiring his staff on Feb. 1, 2016.

This was when the even harder part of my journey began. I have just completed my sixth tax season after the transition and when I look back, I’ve learned a lot. Here are three key areas that have impacted my journey.

Staffing
This was, by far, the hardest and most stressful area to manage during the transition. Wesley and I both had small firms (less than five employees each). Within 30 days of his passing, my firm grew to nine employees and we then hired a few more administrative staff.

The transition did not go as well as hoped. Wesley and I had similar values, but very different work styles. I don’t think his staff ever felt part of my firm and I struggled to find out what they needed to feel part of the team.

At first, I thought it was the grieving process that they needed to go through, even though they really didn’t want to grieve with me. I held firm retreats, hired a team building consultant, hosted firm events, but we weren’t able to create the combined firm I hoped for.

I realized we were not the firm that they wanted to work with. They liked what they had before and did not like the sudden change.

There were days when I was discouraged. One of the transitioned staff was creating a toxic work environment, continually telling everyone that we were really “two firms” in one office. The employee left after about a year, but the cloud of discontent remained.

The last employee from the transition retired from my firm at the end of June 2021. All of the employees we have now joined the firm after Feb. 1, 2016. Most of them never met Wesley and treat his clients as if they have always been our clients. Although I’m hoping that this team continues to work well together, we are now at 12 employees, and I still miss my small firm.

Clients
When Wesley died, I reached out to a CalCPA member I was fortunate to know who helped with emergency firm transitions. Since I was not originally planning to acquire his firm, he connected Wesley’s wife with a business broker to manage the firm’s sale and transition.

When it became clear that it would be best for his family for me to acquire the firm, we still used the broker to help with the process. It was an additional expense, but the broker explained how to go about the transition and financing options to consider. We both hired our own business attorneys to review the contract and provide guidance—an expense that I considered necessary and valuable.

There was one area on which we did not agree with the broker. The broker told us we should refrain from informing Wesley’s clients of his death until after the firm was transferred. The rationale was that the firm’s value would go down because his clients would start seeking a replacement CPA.

Wesley’s wife and I discussed this issue and could not follow the guidance. We thought it important to inform Wesley’s clients of his passing and at the same time assure them that they would be updated on a regular basis on the transition. Wesley had been their CPA adviser for many years and many of his clients attended the memorial service. It would have been wrong to deny them the opportunity.

We used Constant Contact and mailed letters to all of his clients to keep them up to date. When it was decided that I would acquire the firm, we sent out a joint letter: his wife explaining why my firm was selected and my letter explaining how much Wesley meant to me and my plans to honor his legacy and take care of his clients.
I'm glad we did what we did. The client transition process went much smoother than I thought. Many of his clients shared that they appreciated the regular communications and felt that they were taken care of during the transition. I was able to meet with his clients, cry with them and then work with them.

After the first year of the transition, we retained over 85 percent of his clients. That has declined since, but it is still more than 50 percent and now those clients have been referring new clients to us. I no longer even consider which ones came from the transition.

**Technology & Processes**

Wesley and I used different tax and accounting software and we both had very different work processes. Our firm was more reliant on technology; his firm had more of a manual process. It took more than a year to get his firm documents converted into our system. We hired additional staff to scan prior tax year documents and update our practice management software to create projects and billing for all the clients. We maintained two different tax and accounting software systems for that year, hoping that would help his staff with the transition.

Our firm had switched to value billing many years ago, while his firm used hourly billing. We decided to retain that same billing process for his clients for the first year, and then transitioned them to our process. We knew we would lose some clients, but we had to make sure the firm costs were covered, especially with all of the increased costs of operating a larger firm.

In hindsight, we should have switched the clients to our process right from the beginning and treated it like we do when we onboard new clients. Maintaining two complete firm systems is a huge challenge.

**Conclusion**

I know this journey is far from over, and there may be roadblocks ahead. My biggest lesson learned is the importance of firm succession planning—and starting much earlier than you think you need to. I've been spending time the past few years setting up my firm's succession plan, including emergency plans in case something happens to me before I retire.

As much as I'm happy that I was able to help Wesley's family, I'm still not fully convinced that I should have acquired his firm. There were many days when I felt alone and stressed out, and when I wanted to reach out for support, Wesley was the first one that I thought of. However, I have been involved with both my local CalCPA chapter's MAP group, as well as the CalCPA MAP Committee, and I reached out to members of both on a regular basis.

These members were my lifeline. They listened, empathized and shared. Many of them had experience with firm transitions and were willing to be transparent and vulnerable with me.

My local MAP group meets monthly to encourage and help each other navigate the ever-evolving landscape of managing an accounting firm. If you're not involved in your local chapter’s group, I recommend you reach out and start making connections now, before a life event comes your way. There are people, including CalCPA members, who are willing to help you on your journey.

Lynda R. Boman, CPA is president at Boman Accounting Group, Inc. You can reach her at lynda@bomanaccounting.com. This is a follow up to the author's original California CPA article from September 2018: calcpa.org/news/2018/08/23/bittersweet-journey.
Managing Well-being

When did long hours and high stress become the acceptable norm in the accounting profession? Are we doing ourselves a disservice by living this way—sacrificing our health and well-being just to get more work done? Is there another way?

Living with high levels of stress and pressure impacts every aspect of your life. As humans, our ability to handle stress and pressure is finite. Stamina and endurance are not enough. Eventually you will reach a breaking point, which usually looks like burning out or getting so frustrated that you leave the profession all together. If you remain active in the profession in this way, it comes at a high cost to your health and personal life.

Many of us use up ourselves in service of getting more work done. Personal experience has shown me that this method and mindset is hurting your business. In fact, you’re likely not getting more work done, but instead limiting your productivity. Alternatively, committing to new levels of well-being and self-care can have a direct, positive impact to your bottom line.

Our mood, emotions, psychology and perceptions of reality are all influenced by how well we take care of ourselves. Think of self-care like the roots of a tree. A young tree with shallow roots is vulnerable to wind and weather. It’s likely to get tossed about, damaged and even ripped from the ground during a storm. A tree with a more well-established root system—a strong foundation—will be able to weather that same storm. It may lose leaves or branches, but it won’t suffer in the same way the young tree will.

We face “storms” every day: client demands, deadlines, staffing needs, family needs and personal responsibilities. Think of well-being as the roots of a tree. A young tree with shallow roots is vulnerable to wind and weather. It’s likely to get tossed about, damaged and even ripped from the ground during a storm. A tree with a more well-established root system—a strong foundation—will be able to weather that same storm. It may lose leaves or branches, but it won’t suffer in the same way the young tree will.

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CalCPA's Firm Membership program meets the differing needs of our firms—from education to legal updates to resources for staff members. We are proud to recognize our Top 150 firms* who are partnering with us, as well as our 100% membership firms—those that have taken their involvement a step further to ensure all of their eligible staff are CalCPA members. Thank you for continuing to show your belief that CalCPA is here for our profession. For more information about firm benefits or about becoming a 100% member firm, visit calcpa.org/members/firms or contact CalCPA Director of Member Value and Partnerships Denise Bethel at denise.bethel@calcpa.org.

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*As of July 31.
Any discussion about transforming the accounting profession often includes diversity, equity and inclusion (DE&I). CalCPA is helping lead the way on improving these efforts and best practices by assisting members, their employers—and, in turn, the profession—to attract and retain diverse talent, drive career opportunities into senior leadership roles and increase accountability.

An important first step is to raise awareness within the profession and among its stakeholders by identifying and addressing issues so people of all backgrounds are recognized, valued and respected.

Awareness can be accomplished by correcting presumptive biases about aptitude based on a person’s gender, race, ethnicity or identification; highlighting how lack of equity and inclusion manifest in the workplace today; and by creating forums that facilitate learning through open and honest communication. This is a crucial step toward revealing opportunities for positive change and actions designed to produce measurable results and the desired outcome.

Because anecdotes provide meaningful insight into personal circumstances, CalCPA sought input from a few members willing to share their unique perspectives. Respondents included Okorie Ramsey, CPA, vice president of Sarbanes/Oxley, Kaiser Foundation Health Plan, Inc. and Hospitals (OR); Kristen Contreras, CPA, CGMA, managing director, LevelUp Financial Partners (KC); and Rosa Kuybus, graduate student, University of San Diego (RK).

How might the profession demonstrate a stronger commitment to closing the diversity gap at senior levels?

KC: “Partners and executives can step up to address this disparity by taking a hard look at their organizations and assessing how closely (or not) they reflect the surrounding communities at every level. Changes are, what diversity they’ll find is concentrated in the entry levels, tapering off as they look up to managers and beyond. Focusing attention from the top is key to improving access to leadership opportunities for all under-represented groups.”

OR: “Actively listen to professionals from diverse backgrounds to understand their perspectives and needs. Understand that employment opportunities do not equate to equitable opportunities to thrive. Develop metrics to measure DE&I performance and incentives for those that achieve the desired results.”

What professional experiences have helped you become more aware (self-awareness included), proactive and understanding of diversity, equity and inclusion—including those that perpetuate the diversity gap?

RK: “Getting involved in different networking groups has helped me become more aware proactive regarding the issue by participating on DE&I committees.”

OR: “As the first or only African-American in several of my professional experiences, I had to excel through trial and error and hope that I didn’t make many career-limiting moves as I charted my path. This is not to say that I didn’t have support, advisers and mentors along the way, because I did; however, there often weren’t individuals with my common experience that I could consult or seek counsel.”

KC: “One of the biggest adjustments I’ve made in my own mindset is to look beyond myself when thinking about issues around DE&I. I realized through discussion with others that when I thought about these issues I often had in mind how it affects minorities and women. Being a minority woman, this came naturally to me. It was a bit of an ‘ah-ha!’ moment to hear others speak about these issues as they affect the LGBTQ community, the disabled, trans people or literally anyone being made to feel ‘less than’ There are unfortunately so many different ways people can be excluded in our society, not just the ones where you can see a version of yourself.”

In what ways can the profession identify and mitigate unconscious bias so people of all backgrounds, experiences and perspectives are recognized and valued?

KC: “We know it’s not enough to simply state, ‘We welcome everyone at our firm.’ Working to bring our unconscious bias to the conscious mind takes a great deal of self-awareness and a continuous practice of trying to put yourself in the other’s place. In short, it takes a whole lot of practice.”

OR: “I think the profession has to be intentional about creating opportunities and environments where everyone feels they can grow, excel and bring their unique gifts to the table. For example, review key accounts, large projects or special assignments and determine the level of diversity on teams. If your teams are homogeneous or don’t reflect a level of desired DE&I, ask questions. Moreover, review the pipeline for leadership and succession plans with an eye toward DE&I.”

In thinking about closing the diversity gap and raising awareness of its existence among others within the profession, describe how your career has been influenced by experiences as your career path has evolved.

RK: “I’m a student and being involved in organizations such as CalCPA, ACFE, AICPA and ABWA has helped me to be mindful and aware.”

OR: “If we want to close the diversity gap, we need more leaders in positions of influence to use their position and power to support individuals that don’t look like them to create the change we need and want to see.”

Next time, our column will focus on the topic of recruiting and retaining diverse talent for the profession through a DE&I lens.
Remote Hiring
Looking Farther Afield to Expand the Talent Base

It’s an understatement to say that the job market has changed because of the ongoing COVID-19 pandemic. While some industries have seen their demand plummet and customer base shrink compared to pre-pandemic times, others have had the exact opposite issue.

The adoption of remote work across the country was previously something that perhaps had been anticipated, but many had considered to be years away.

With the number of vaccinations increasing and the pandemic showing signs of somewhat receding, employers and employees have begun to adapt to this new work environment. Many across the country have witnessed both the benefits and pitfalls of remote work.

Additionally, many employees and employers have seen benefits of such an arrangement, most notably with the expansion of the labor pool. Rather than getting caught up in or continuing the endless cycle of self-cannibalization from their direct competitors in the local area, firms have begun to look nationwide and abroad as a means of expanding their talent base.

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With the new opportunities, however, come some potential pitfalls.

Remote Hiring
Looking Farther Afield to Expand the Talent Base

The remote boom resulting from the pandemic has opened quite a few opportunities to expand one’s labor pool.

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Employment Status
As the result of the passage of AB 5, there have been clear rules and regulations dictating who can or cannot be classified as an independent contractor within the state of California.

Other states may not have any clear-cut rules, or may even have rules that conflict with your company’s home state regarding the classification of workers as an employee versus an independent contractor. It’s highly advisable to check the laws of the state of the worker’s residence, as well as engage local labor counsel for confirmation before making an offer to a prospective candidate.

State Nexus
With a remote worker outside of your state, you may have created nexus between your business and the state of their residence. This is highly dependent on their employment status (see above) as well as the role that worker plays in the company. If the person is an employee for the company and either solicits sales or takes part in administration, there is a higher likelihood of creating nexus as opposed to if the worker was an independent contractor working on a support role.

Although the Multistate Tax Commission has created rules to add consistency to state definitions regarding which activities create nexus, not all states are in conformity and some states only partially conform.

Furthermore, the payroll factor may not be the only apportionment factor affected. Depending on the worker’s status and role in the company, the revenues earned in that state may now be apportioned to that state.

Filing Requirements
The hiring of a remote worker may trigger increased compliance obligations for the company. An out of state independent contractor may only cause a company to issue a 1099 to the contractor, with the payment sourced to the contractor’s state of residence.

On the other hand, if the worker is an employee, the company will be responsible for withholding federal and state payroll taxes for the employee and file quarterly payroll tax forms as well as an IRS Form W2 at year end.

Depending on the worker’s role and the resulting impact on creating nexus where the work is performed, the company may also be obligated to file an income tax return with that state.

In addition to income tax considerations for sales, companies also need to consider sales tax nexus. Depending on the good or service provided, sales may be subject to sales tax and require the company to both collect and remit sales tax and file a sales tax return. Depending on the jurisdiction and level of activity, this may be filed on either a monthly, quarterly or annual basis. Although sales tax has been a secondary concern in years past, the ruling on the Wayfair case by the Supreme Court has resulted in sales tax becoming a more significant issue.

Conclusion
The remote boom resulting from the pandemic has opened new and unique opportunities to expand one’s labor pool. However, while there are benefits to doing so, one must be aware of any possible pitfalls and to plan accordingly to avoid unforeseen issues.

S. Andy Nguyen, CPA is a tax manager at Lavine, Lofgren, Morris & Engleberg LLP. You can reach him at nguyena@llme.com.
Online’s Rise
Why Digital Marketing Needs to be a Core Competency in Public Accounting

It used to be that we could accomplish all this without even having a website. And many partners did—and still do. They might not call it “marketing,” but that’s what it is.

Speaking at local events demonstrates your expertise. Your clients come to your office to drop off documents and chat, reinforcing relationships. You create a professional office environment to build trust in the quality of your work and reputation. This is also marketing.

Marketing is how you present your firm to the world.

But the pandemic has disrupted all of this by forcing many of us to get comfortable doing many things that we used to do in-person, online.

In the past, business owners may have preferred to buy professional services exclusively from their local networks. Now they are quickly becoming comfortable working with professionals whom they have never met in-person.

Pre-pandemic, business owners may have preferred to stop by your office to drop off documents and talk about their needs. Now they are more likely to want to avoid traffic by scanning docs to you, then meeting over video conference.

Soon, even if you’re in the same city, you may rarely visit with your clients in person. Online has simply become more convenient.

As a result, buyers are getting more comfortable purchasing services across a wider and wider geographic area. Some might not even care anymore where in the country or world their provider is located.

And even if your clients still choose to work with someone local, they’ll definitely be researching you online.

This is why your firm can no longer rely exclusively on in-person networking and a local presence to bring in new business. At the very least, you have to augment your local efforts with digital marketing.

And I’m not just talking about having a good website (although that’s a great place to start). Because clients continue to be the best source of new business through referrals, you’ll get the best results focusing on the online client experience.

Think about everything from the client point of view. Think about all the effort you put into creating a professional office environment. Is your client experience the same when it goes online?

Here are some items to consider:

• How easy is it for your clients to book a meeting with you? Can they visit your online calendar and select a time that works best for them? Or do they have to play phone tag or go through a tedious series of emails to book a time?

• How easy is it for your clients to find documents that they need without having to contact you and wait for you to send them over? If you have a portal, is it intuitive?

• How easy is it for clients to securely communicate with you and your staff? Are they forced to use email or can they also text or message you from their mobile devices?

• How often do you contact your clients to let them know about other services you offer that they might need but may not yet be aware of? Are you sending them the sort of content that they’ll find valuable enough to forward on to colleagues who don’t yet utilize your services?

As the client experience moves online, it’s time to start thinking about digital marketing from the point of view of our clients, our best source of new business.

Blake Oliver, CPA is the co-host of the Cloud Accounting Podcast. You can reach him at blake@blakeoliver.com.
In effect, this allows individuals—who are partners, members and shareholders of small businesses structured as a PTE—to deduct SALT beyond the current federal cap. This approach has been accepted by the IRS in Notice 2020-75, which confirmed that the deduction of state PTE taxes are allowable.

The technical provisions of the PTE are embedded into AB 150. Section 7 adds RTC Sec. 17052.10 specifying the applicable taxable years from Jan. 1 through Jan. 1, 2026, and defines the terms “electing qualified entity,” “qualified amount,” and “qualified taxpayer.” Sec. 12 amends RTC Sec. 17055 to allow both residents and non-residents to take advantage of the elective credit opportunity. Sec. 15 includes the most substantive provisions and adds Part 10.4 to Division 2 of the RTC to establish the “Small Business Relief Act,” which outlines the PTE tax framework.

This section also defines “qualified net income” and “qualified entity,” and specifies the PTE tax is repealed Dec. 1, 2026, or earlier if Congress repeals the federal limitation on individual deductions.

In the coming weeks and months, the FTB will be working on additional information related to the PTE and the steps that taxpayers will need to take to participate.

More important, this new tax strategy could significantly benefit a number of small-business taxpayers, including many CPA firms.

To assist CalCPA members in understanding the mechanics, CalCPA is working on developing resources, including this accompanying infographic. This, and other resources, will be posted on calcpa.org.

Keep an eye out for future CalCPA communications about additional resources and learning opportunities for this new tax strategy.

Earlier this summer
AB 150 was signed into law. This tax budget trailer bill covers various tax related provisions, including language that establishes an elective pass-through entity (PTE) tax.

The PTE tax is intended to provide California taxpayers a method of structuring their state income tax compliance in a manner that provides some relief from the current federal limits on individual state and local tax (SALT) deductions.

It applies for taxable years beginning Jan. 1 and before Jan. 1, 2026, which is aligned with the expiration of the current federal rules for state and local tax deductions.

Specifically, the new tax rules allow individual owners of a PTE, such as a partnership or S corp, to shift some of their tax liability to the entity level. This is done by the PTE electing to pay an entity level tax (9.3 percent) to the state and, in turn, provide the individual owners of the PTE a tax credit equal to the owner’s proportional share of the elective tax. The individual owners can then use this credit to offset their state personal income tax liability.

At the federal level, the PTE, which is not subject to the federal SALT limits, would deduct the elective PTE state tax from any federal tax liability.
CalCPA offers live and virtual courses, discussions, networking sessions and more, all around the state. Take advantage of events in your own chapter or consider attending an event in a neighboring chapter. Where will you be seen?

**FEATURED EVENTS**

**SEPT. 24**

San Diego Chapter  
**SD Summer Nights at Petco Park**

Baseball is back! Take advantage of amazing September San Diego weather and enjoy watching a once-in-a-lifetime Padres season while relaxing on the Pacifico Porch, the best spot in the ballpark. Come after work to reconnect with friends and colleagues. Watch the game, network, professionally socialize and schmooze all while enjoying endless food and drinks in a private suite at Petco Park.

[calcpa.org/slamdiego](http://calcpa.org/slamdiego)

**SEPT. 23**

Channel Counties Chapter  
**Channel Counties Golf Tournament & Scholarship Fundraiser**

Don’t miss the Channel Counties Chapter’s 25th Annual Golf Tournament & Scholarship Fundraiser! Tee up and enjoy a day of golfing and networking while enjoying a beautiful day at Glen Annie Golf Course. The format is a four-person scramble so ask your favorite client, banker, attorney, financial planner, friend or family member to join in on this fun event!

[calcpa.org/residencySQ](http://calcpa.org/residencySQ)

Keep checking [calcpa.org/chapterevents](http://calcpa.org/chapterevents) for all of our chapter events.
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Premier Accounting Professionals.

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Target Candidates with Ease

• **PLACE** your job in front of CalCPA’s highly qualified members and opportunity seekers.

• **SEARCH** our resume database of qualified candidates.

• **MANAGE** jobs and applicant activity right on our site.

• **LIMIT** applicants only to those who are qualified.

• **FILL** your jobs more quickly with great talent.

PROFESSIONALS:
Take Your Career to the Next Level

• **LEVERAGE** social connections by posting your resume or anonymous career profile that leads employers to you.

• **SEARCH** and apply to accounting jobs on the spot by using robust filters.

• **SET UP** efficient job alerts to deliver the latest jobs right to your inbox.

• **SEEK** expert advice on career topics.

• **GAIN** insights and detailed data within the accounting profession including salary, job outlook videos, education, and more!

For more information on recruitment options, contact Customer Service at clientserv@communitybrands.com or (727) 497-6565.

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