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We arranged for two days of learning in Columbia, and nearly 450 of you arrived to share the networking and camaraderie for the biggest event in SCACPA history. Pages 12-15

SOUTH CAROLINA

CPA REPORT

Fourth Quarter 2019

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CPA REPORT

Volume 49, Fourth Quarter 2019

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With SCACPA Education, Our Learning Curve has Many Directions

A message from Zoe Davis, CPA, CFE, SCACPA Board Chair

| Member since 1997

When you've got questions about best practices, there's no shortage of good answers

When we devoted ourselves to a career as a CPA, we knew that meant being dedicated to lifelong learning.

But it's more than complying with the requirement of 40 hours of education every year, it's about having competency in your chosen field. I admire the CPE instructor who once pointed this out to his class: "We all know a CPA who tells everyone he has 30 years of experience, when what he really has is one year of experience 30 times in a row."

SCACPA's CPE is all about competency over compliance, and I'm proud of all the ways the Association offers our members South Carolina-specific instruction.

It starts with how SCACPA can lead me to tools that will educate my office staff to help clients. I encourage my team to obtain the education needed to properly understand client needs and how to provide effective services. We work together to outline the types of clients we will be assisting and which continuing education will best assist the staff for the upcoming year. When members of our team return from a CPE event, we commonly carve out time with our group to explain what was learned.

I also share key articles from SCACPA's *South Carolina CPA Report* magazine and the AICPA Journal so everyone can keep up with current events in our profession.

Thinking back on all the CPE events I've attended through the years that were hosted by SCACPA, there are so many

courses where high-quality practitioners took the time to help members understand concepts they've never considered. This is the second year of our Tax Team brand of advanced instruction, and your participation and testimonials prove there is a need for courses that go above and beyond the basics.

I appreciate that SCACPA CPE keeps us up to date on ethics requirements. I have enjoyed the quality of A&A updates and the courses about not-for-profits. I can enjoy the convenience of livestream CPE on my computer. I couldn't imagine learning about those topics anywhere else.

And ever since the introduction of All-Inclusive Membership, the Association has formed a CPE Committee of 16 that works hard throughout the year to create courses by CPAs for CPAs. Their work speaks for itself at our annual Fall Fest and Spring Splash accounting conferences. If you haven't attended one so far or weren't among the nearly 450 members who registered for November's Fall Fest at the Columbia Metropolitan Convention Center, do yourself a favor and mark your calendar for Spring Splash in Spartanburg this May.

I find it inspiring that so many of our members have become polished, elite presenters at our courses. Perhaps you or one of your colleagues has been kind enough to share your time and talents at our events by being a speaker. For example, I thoroughly enjoyed Tyler Gibbons, CPA, discussing Bitcoin at Spring Splash last May. He did a fantastic job addressing that ever-changing environment and explaining cybercurrency in a way everyone could understand. When we gather in person at a SCACPA event, or reach out online via the SCACPA Connect portal, you know you can count on your peers to answer the questions you have in a pinch, and that's the power of our networking.



Once I'm equipped with this knowledge, I'm prepared to engage with my clients on topics they need to be educated on. I have found it important to educate and clarify the role CPAs play when providing assurance services. There are times when the client might not clearly understand their role and responsibility, and many times I am explaining why I cannot perform certain tasks or be a part of management's decision-making process since it is critical that we remain independent. I find when clients clearly understand our roles and the services we provide under the current standards, it makes for an overall successful engagement.



There are so many opportunities to expand your knowledge base through the Association. I challenge you to reach out in new ways in 2020 to learn more – and I don't just mean as the CPE busy season deadline nears. Even as a volunteer for one of SCACPA's many committees and task forces, you learn about

leadership, networking and serving the community.

We all learned a lot in the past year, and let's talk about ways to learn more going forward. If you ask me, "one year of experience 30 times in a row" sounds like a waste of time. 🎯



A message from Chris Jenkins, CAE, CISSP

As We Cycle Through the Seasons, SCACPA Keeps You Prepared for What's Next

This May will mark my fifth anniversary as CEO of your association. I thank you for my opportunity to serve, and I promise that what was good enough yesterday will pale in comparison with what's to come.

While certain topics and initiatives come and go, the truth is that the CPA life is governed by many annual milestones. Recently, the SCACPA communications team spent time reflecting on these dynamics, and we took special notice of the themes that emerged. As we enter 2020, I invite you to think about these actions and how they affect your practice.

Q1: ADVOCACY (January-March)

While many of us might greet the new calendar year with thoughts of, "New year, new me!", SCACPA recognizes that the year's tone can be set at the State House with the new legislative session. That's why ever January, SCACPA and our lobbying partners at Copper Dome Strategy hand out our annual "Tax Guide for Legislators" that alerts our representatives of changes to the tax code. This is our first step in offering assistance and



generating goodwill (not to mention distributing CPA-PAC Checks to key lawmakers and hosting "Meet Your Legislator" networking events) in the annual dance of passing South Carolina's conformity bill. Remember, 2020 is the second year of the state's legislative cycle, and two tax reform bills were introduced for debate in 2019. Look for "View From the Dome" blog posts that keep you updated on the week's developments.

January also marks the second year of our #WhyCPA messaging that informs the public about the differences between an accountant and a CPA. Although this is a year-round

campaign, the start of the year is when we want South Carolina's individuals and businesses to begin thinking about who will have their back before and after-tax deadlines.

We know February is when busy season begins for many of you, and it's in those weeks beforehand that we want to have your attention for our calls for volunteers for the committees and task forces that will have projects to contribute to throughout the year. And good luck to those in our student pipeline in your studies as the spring semester begins at South Carolina's colleges and universities.



Q2: VALUE

(April-June)

This is the time of year when SCACPA wants to respect your workload heading into the April 15 deadline. We purposely keep correspondence and announcements to an absolute minimum until you've had time to decompress. Our Thursday morning Current Assets e-newsletter is where we'll keep you up to date with what's going on, but if you don't get around to reading those when they're fresh in your inbox, we completely understand.

May is the month when you'll start hearing heavily from us again. First and foremost, it's the beginning of our annual membership renewal drive. Look for your renewal membership packet in the mail, where we recount what we've accomplished together and let you know what's to come that provides the value of membership.

It will also be time again for Spring Splash, which this year will be May 14-15 in Spartanburg. This will be our third Spring Splash and our third difference host city. It's important that SCACPA visits different parts of the state in the spring to show you our dedication to seeing and hearing our members at their convenience.

May also marks the sine day end of the Legislative Session, where we once again hope to be celebrating our successes in the State House. And we invite all our student members to take advantage of May's scholarship application deadline. Last year, we awarded \$44,500 to 31 remarkable students, and we anticipate both those numbers to once again rise.

With June as the end of our membership year, this makes for a good time to check that status of your CPE Bank. If you still have hours remaining from your annual allotment of 40, we offer a range of CPE choices that includes Surgent self-study.



Q3: RECRUITMENT/ COMMUNICATE/GROW

(July-September)

The new membership year and fiscal year begin, and we want to make sure you're introduced to your new leadership volunteers on our Board of Directors and in your local Chapter. Our Board jumps right in with strategic planning for the direction of the Association both short-term and long-term.

While you start planning your CPE Bank for the fall months, take a moment to thank the members of our CPE Committee of 16. While they work hard throughout the year to listen to your recommendations for the continuing education important to you and emphasize competency over compliance, this is when they finalize our CPE schedule of courses and speakers for the following year. CPE by South Carolina CPAs designed for South Carolina CPAs remains the most interactive way SCACPA keeps our programs relevant for the needs of individuals and businesses in our state.

By September, we hope you have ideas of how you'd like to take part in October Month of Service. Our student scholarship winners are announced as they head back to classes for the fall semester. Behind the scenes, we revamp our marketing guide so that potential vendors and sponsors know all about their opportunities to spread their message.

continued on page 8

◀ continued from page 7

Q4: CPE/EDUCATE

(October-December)

The end of the year can be a race to the finish line, but we're with you all the way.

Every year, SCACPA members, firms and chapters show their incredible devotion to their communities through October Month of Service. We share your triumphs in our publications and on social media, and it's always a tough call to determine a winner of our Community Connected Engagement Awards.

We know that busy season doesn't just mean the October 15 Tax Deadline, it means that SCACPA is offering localized CPE with all of our eight Chapters and through the convenience of our livestream offerings.

With year-round advocacy, this is the time of year when our Key Person Program helps identify the decision-makers in your personal and professional networks who can help us succeed in the upcoming legislative session when the new calendar year arrives.

Since the start of All-Inclusive Membership, we've designed our Fall Fest conference in November to be the biggest event in SCACPA history. You haven't disappointed in your support and attendance, and we'll be returning to Columbia Metropolitan Convention Center where we just had an incredible event with nearly 450 registered attendees.

Before you know it, December is here, and it's time for license renewals with the Board of Accountancy.

Then we do it all again in 2021. Who's ready for more?

By thinking about what's to come, you can make the most of these opportunities to energize your peers, clients and community as SCACPA protects and promotes the CPA credential.

Here's to an incredible 2020. The best is yet to come. 🍀



Thursday night's Entertainment Night at Fall Fest featured a Wild West theme that included mechanical bull riding, laser skeet shooting, casino-style games, music, and food and beverages for SCACPA members and their guests. For more photos from Fall Fest, see pages 12-15.





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CPAs Made a Difference Around SC During October Month of Service

SCACPA challenged its chapters, firms and members to show how CPAs can give back to the community during October Month of Service, and we're proud to see so many of you have answered the call! Here's a quick look at your activities:

BURCH, OXNER, SEALE CO., CPAs, PA (FLORENCE)



Kristina Johnson, Kyle New and Reba Gaskins of Burch, Oxner, Seale.

Kristina Johnson, the Administrative/Marketing Assistant for Burch, Oxner, Seale, shares how her firm supported Wilson High School's autism program, which operates an in-school coffee shop that relies on donations from the community.

"During the first two weeks of October, our office divided into two teams, Witch's Brew and Spooky Spice," Johnson said. "The objective was to collect as many coffee supplies as possible. We even encouraged clients to participate. Both teams created 'coffee collection pots' to reflect their team name."

The coffee shop is run by students in the autism program.

The purpose is not to just sell coffee to students and faculty but to teach life skills. Student employees interact with classmates, clock in and out of work, understand how to prepare coffee, earn a paycheck – and learn how to save money.

"We knew with the weather changing, the shop would be in need of supplies!" Johnson said.

The Witch's Brew and Spooky Spice teams donated a total of:

- 422 cups and lids
- 1,286 K-cup coffee pods
- 2,200 sugar packets
- 2,500 stirrers
- 264 individually wrapped creamers
- 250 napkins

STOKES AND COMPANY CPAs (GREENVILLE)

Stokes and Company CPAs devoted a Monday and Tuesday toward Miracle Hill Ministries, South Carolina's largest and most comprehensive provider of homeless services for children and adults.

"Our firm was privileged to paint the entry, living room, front room, kitchen and office for a Miracle Hill boys' cottage," said Stokes and Company Executive Assistant Christine King. "We had a great time of fun and fellowship. Anna and Mark from Miracle Hill were great to work with and had everything organized for us to make the most of our time. We appreciate Stephen Stokes, CPA, and Allen Hodges, CPA, for allowing us the opportunity to serve in our community."

The team thanks Instant Imprints on Pelham Road for providing fast service and quality T-shirts.

CENTRAL CHAPTER



Central Chapter Members at Harvest Hope Food Bank.

Central Chapter Co-Treasurer/Secretary Traci Tasca, CPA, explains how members gathered at Harvest Hope Food Bank on Oct. 18 for a day of hands-on service.

"We had a great event Friday! Thirty people attended, and about half were students," Tasca said. "We put 8.5 pallets of boxes together to send out to the food desert areas of South Carolina."

Central Chapter members then relaxed at River Rat Brewery for a happy hour.



Central Chapter members relax at their Month of Service happy hour at River Rat Brewery.

CATAWBA CHAPTER



Catawba Chair Jayne Maas found some surprises during her street cleaning.

Chapter Chair Dr. Jayne Maas, CPA, and Treasurer Phillip Parker, CPA, cleaned a street near Oakland Avenue in Rock Hill near Legal Remedy Brewing, because "it looked like it's a popular party spot!" Maas said.

"We had fun and felt good about doing it," Maas said. "Someone from the neighborhood stopped by to thank us, which made our day!"

THANK YOU FOR BEING CONNECTED TO YOUR COMMUNITY

SCACPA wants to thank all our members, firms and Chapters for all the community events across the state that went into October's Month of Service. We will recognize some of those many hours and hard work that went into this for the second year in a row with the Community Connected Engagement Awards during a Spring Splash luncheon in May in Spartanburg. Last year's inaugural winner was McGregor & Company for their work in assisting food banks. 🌱



Here's What SCACPA Members Are Saying About Fall Fest 2019!

SCACPA wants to thank everyone who made Fall Fest 2019 a success. After two days of learning, there were 437 attendees, easily making this the biggest event in Association history.

Thanks to everyone who submitted their evaluation responses. We promise to use that feedback to make the upcoming Spring Splash on May 14-15 in Spartanburg and next year's Fall Fest better than ever.

We're glad that Columbia Metropolitan Convention Center was up to the task of helping Fall Fest and Entertainment Night shine, and we promise we'll be back.

The SCACPA Board and staff are floored by your responses. Here's a sampling of what SCACPA members had to say about Fall Fest. We can't wait for Spartanburg next!

”

Common Fraud Schemes and How to Detect Them
Ramona Farrell

“Great mix of dialogue, videos and audience participation. Great job, Ramona.”
“Always enjoy these sessions. Great relevant real-world recent examples.”

“

Accounting and Financial Statement Disclosures For Endowment Funds Benedikt Quosigk

“I'll always attend a Benedikt session. Please bring him back.”

Presenting Financial Information to Non-Financial Professionals Miller Edwards

“First time I have heard this speaker and I was impressed. He was very relatable and entertaining throughout the presentation.”

“Awesome session. Miller is a greater presenter and made the class a lot of fun.”

Managerial Accounting for Non-Profits Rosalyn Glen

“Rosalyn is an effective speaker and knows the material.”

Uniform Guidance & Yellow Book Update
Melisa Galasso

“Melisa is always great. She is prepared, professional and just great. She gets class input and works it in. She is a true class act at CPE.”

“Melissa is the best – too bad the evaluations stop at 'excellent.'”



“

199A (Update)
Jason Pritchard

“Well prepared and good.”
“Case studies/examples were great!”
“Pretty thorough and good speakers.”

”

”

**Time's
Really Up:
Leases
Melisa
Galasso**

“Melisa Galasso was amazing at explaining!”

“Please have her back!!! She is so great.”

“I will always attend Melisa's sessions. Please continue to bring her back.”

“Great speaker. Very informative.”

“

Controller/CFO Workshop at 30,000ft View

Robert Bendetti

“Great energy, great presentation. Keep Robert!”

“Kept the audience engaged and covered a relevant topic.”

“Great speaker ... very funny and informative.”

“Good audience interaction.”

Opportunity Zone Eric Conkright

“Very relevant. New topic. Truly continuing education.”

Major Differences Between IFRS and USGAAP

Kevin Bogle

“This is a dry topic, but Kevin did a great job making it informative and interesting.”

“Kevin was excellent and connected the difference with practical help for my practice.”

Regulatory Update: SCDOR, SCDEW, IRS, BOA

Jason Pritchard, Moderator

“Mary Goode of the Taxpayer Advocate Service balanced enforcement and assistance well. It is good to see what our state is doing for us.”

“It was nice to see how the Board of Accountancy is moving into the future and appears to be embracing technology to better serve us CPAs. I felt progress coming.”

Overall

“The networking event was a great way to meet other CPAs from the state! Enjoyed being able to bring a guest. Great food and entertainment!”

“Glad the individual session sign-in process was eliminated; much easier to move between rooms/sessions.”

“Great improvement over last year with regards to space and signing in. I could really concentrate on the classes.”

“Well organized, SCACPA staff was on top of their game!”

“Wonderful event and growing larger each year!” 🍀



Congratulations to These Lucky Giveaway Winners!

We were glad that many of our members and guests went home with some nice prizes.

Thanks to all of you who entered a guess in our Candy Jar Contest. We filled both a two-and-a-half-gallon jug and a one-gallon jug with bags of Gold Mine and Coal Mine bubble gum nuggets. The correct number of bags in the big jar was 100 bags while the correct number of bags in the small jar was 42 bags.

For the big candy jar, two SCACPA members guessed there were 99 bags. A random drawing of their names during Friday's luncheon means that Phillip Parker, CPA, University of South Carolina at Lancaster, won the grand prize of the SCACPA folding wagon. Tracy Hilke, CPA, Southeastern Freight Lines, won the consolation prize of the 100 bags of gum.

For the small candy jar, two SCACPA members correctly guessed there were 42 bags. Another random drawing means that Marcia Smeenck, CPA, won a \$100 Amazon gift card. Harris Darver, CPA, of DarverKelly won the consolation gum bags.

Thursday Entertainment Night Prize Drawings

Walmart \$25 gift card – Ken Lannigan, guest of Traci Tasca, CPA, NAI Columbia

Amazon \$25 gift card – Jed Dunavant, CPA, SC Office of the State Auditor

Amazon \$25 gift card – Phil Betette, CPA, McGregor and Company

Amazon \$25 gift card – Joseph Phipps, CPA, Phipps & Associates



Darden Restaurants \$25 gift card – Dean Cochenour, CPA, Carey & Company PA

Field and Steam \$250 gift card – Nicole Battle, wife of Sean Battle, CPA, Bauknight Pietras & Stormer PA

32-inch TV – Lowell Wakefield, CPA

Friday Luncheon Vendor Prize Drawings

ADP – South Carolina Gamecocks insulated cooler for Michael Fisher, CPA, Shealy Truck Center; Clemson Tigers insulated cooler for Tommy Bryson, CPA, Columbia Heart

JP Morgan Chase & Co. – Portable grill/cooler for Elaine Gibson, CPA, Le Creuset of America

McGriff Insurance/BB&T Bank – Yeti cooler for Dodd Buie, CPA, C.F. Evans & Company; BCBS gym bag for Diane Murphy, CPA, Montgomery & Yarbrough PA, CPAs; BCBS backpack for Jed Dunavant, CPA, SC Office of the State Auditor

McGriff Insurance/AON – Echo Dot for Tim Morton, CPA, and Krystle Walden, CPA, SC Department of Revenue

Paparazzi Passion for Fashion



– Choice of jewelry for David Mulholland, CPA, Wells Fargo Bank

PayChex – Gift basket and wine for Todd Dailey, CPA, Mauldin & Jenkins

Performance HCM – \$50 Visa gift card for John Clinton Bates, CPA, Suggs Johnson and Lisa Ham, CPA, Richardson Plowden & Robinson PA

Youthful Nectar – Hand-made soaps for Beth Newsome, CPA, Sonoco Products Company

SCACPA – \$25 Amazon Gift Card for Guy Martin, CPA; Julia Stalvey, CPA, Tideland Community Hospice; Debra Turner, CPA, WebsterRogers; and Miles Warren, CPA, AFL Telecommunications






SCACPA would like to thank the photography work of Bemo Prince and David Knoble, CPA.



SCACPA congratulates the 2019 scholarship winners who joined us for Friday's Student Recognition Luncheon.

SAVE THE DATE: SPRING SPLASH, MAY 14-15 IN SPARTANBURG



Know, Like and Trust These Digital Marketing Metrics for CPAs

By understanding how potential clients define value, you can steadily target your audience growth strategies

By Chris Hervochon, CPA, CVA | SCACPA Member Since 2017

Because I travel to so many financial conferences and serve on an assortment of professional committees, I'm fortunate to talk to a lot of CPA firm owners.

One common challenge I hear them address is marketing. Some firm owners admit that they're scared of it.

While the "Know, Like and Trust" factor can be achieved through traditional networking, it's time for digital marketing to augment your marketing techniques.

Clients often prefer to interact with you the way they met you. For instance, clients who find you on Facebook are more likely to utilize your online client portal rather than ask to sit down with you in person to file their tax return. If you've noticed that the number of virtual or "distributed" firms has been increasing, you'll realize that a digital marketing strategy can serve two purposes: 1) it augments your existing marketing and networking tactics, and 2) it's the most logical method for virtual firms to obtain clients.

Is digital marketing as simple as hiring someone to write blogs and post on social media for you? No. Hiring a Search Engine Optimization expert might work, but how would you know?

Let me share with you some ideas based on how my firm operates and how we determine why some things work – and some don't.

Website Traffic

If you don't have Google Analytics installed on your firm's website, you should (and not just because it's free). Google Analytics provides you a wealth of information about how many people visit your site, when they are visiting, how long they are browsing and what they are looking at. While all that is helpful, the most interesting datapoints relate to visitor affinity and referral sources.

I learned that the majority of visitors to my site, and consumers of my content, are female. All my visitors are under the age of 44. The bulk of my traffic comes from social media: Facebook, LinkedIn and Quora. Based on Google Analytics' affinity data, I know that my site's visitors like to travel, have interests in health and beauty, are well-read and are technology natives.

Interesting, right? This is even more powerful within the context of my firm's specialty: We provide virtual CFO services to marketing and creative agencies.

YouTube Average View Duration

Video is the new frontier, particularly live video. Does this mean you must have a YouTube channel or be on Facebook Live? It doesn't, but I do see a lot of young firm owners utilizing these channels.

For starters, video – especially live video – is a great way to build the “Know, Like and Trust” factor because people get to see who you really are. Additionally, YouTube is the second-largest search engine behind Google. (Food for thought: Google owns YouTube!)

Once you post content, how do you learn if it was any good? To answer that, I like to look at average view duration by video. While it's great to collect views for my videos, is it doing my firm any good if someone only watches for 3 seconds? No. In order to cater my content to the average view duration, I must understand what my viewers are seeing when they decide to quit watching. I can then adjust future content to maximize my message.

Additionally, I want to understand all the trends in total watch time. This can signal if my content is getting better – and, most importantly, if it's resonating.

Facebook Page Likes

With 1.59 *billion* average daily users, Facebook is by far the world's largest social platform. If your firm doesn't have a Facebook page, create one. It's free, and social media isn't going away. In marketing, it's always easier to go where the people are than for them to come to you.

I like to track how many “page likes” my Facebook presence has over time. The higher the number of fans I have of my page, the larger my audience. The larger my audience, the more people will hear my message. As I mentioned, this drives more traffic to my website. There will also be a greater potential for my message to be shared to people outside my orbit.

CRM Contacts

Customer Relationship Management is a database or software platform that tracks prior interactions with clients and helps to manage future interactions. A properly managed CRM system can be a treasure trove of client data and marketing possibilities.

Hubspot is my firm's CRM. Each time a new contact sends me an email, downloads a lead magnet or books a meeting using my online web link, Hubspot creates a new contact. The goal is to grow the number of contacts over

time and to look at that number in the context of revenue. As a simple exercise, I have found an overlay chart of gross revenue and the number of new CRM contacts to be informative.

Search Term Page Rank

Do you know what search terms your ideal clients are looking for?

Or what search terms your competitors are ranking for?


Or what search terms your firm currently ranks for?

If not, it's time to do some research. The answers might not be what you think.

Good tools to start with are Answer The Public, Google Trends, Ahrefs and Small SEO Tools. As a first step, research what your ideal clients are looking for and what competitor firms are Google ranked for. Then, create content around those search terms. Finally, track how your firm's web page ranks over time for those search terms. Once you get near the top of Google's search results for that term (assuming the search volume is high enough), it should start to translate into higher revenue.

Make the Best of Your Options

Digital marketing is a foreign idea for many CPAs – and rightfully so, it's not what we do every day. However, effective marketing ultimately leads to a greater number of ideal clients, higher firm revenue and increased employee satisfaction. Once you understand how your potential clients define value, you can steadily target your efforts to increase your audience.

I hope you will consider these ideas about what your firm should be tracking. Yes, you will be up against an almost infinite number of options, but figuring out the right ones will help you see the bigger picture of what works best for your firm. 



Chris Hervochon is the owner of Chris Hervochon, CPA, CVA LLC, a sole-proprietor CPA firm based in Hilton Head that provides outsourced accounting and tax preparation for small businesses and individuals. He serves on SCACPA's Governmental Affairs Committee. He was selected among the 2019 “40 Under 40” in the Accounting Profession by CPA Practice Advisor magazine. When not crunching numbers, Chris likes to spend time with his wife and three children.

CPAs, CFOs Learn How to Play ‘The Price is Right’

Deal hunting will always be a game of cat and mouse between buyers and sellers, but the evolution of how we think about price is here

By Steven K. Howell, CPA, CFP, MBA | SCACPA Member Since 2018

CPAs are expanding their footprint in the business world. No longer are they solely accountants, auditors or tax specialists. By blending their technological expertise with strategic purpose, CPAs are finding themselves tasked with holistic management responsibilities across industry roles.

Career watermark positions for CPAs, including Chief Financial Officer, are in the midst of an evolution. No longer is the CFO solely the head of finance, accounting and reporting. Practitioners holding leadership positions in industry are expected to understand the intricacies of operations and strategic positioning in the marketplace. Furthermore, they’re expected to fully understand the lifeblood of commerce – the customer.

Understanding your client, customer or end-user gives you direct insight into the most important practical decisions a company takes – how to price your goods and services.

A CPA in leadership with a deep understanding of how and why a firm is pricing its goods and services will lead to more effective leadership of the total financials. It also goes hand in hand with understanding your clients and consumers. Let’s look at how pricing strategies have changed over the years. Bear in mind these are simple brushstrokes; depending on product lineup, industry and strategic positioning, the history and future direction of pricing offer infinite possibilities, but there are lessons to glean.

Traditional Pricing Methods

Traditional pricing strategies persist because they are often simple and justifiable.

The most common of these methods is the cost-plus method, where direct costs and allocated overhead are adjusted with a markup margin percentage to derive the price. The high-low pricing methodology is still quite common in certain industries, particularly retailers.

This practice draws you in with certain products priced below market expectations to win your business for more expensive and often higher-margin products.

Most CPAs will be intimately familiar with the traditional time and materials pricing. Standard labor rates per hour, plus certain materials fees and expenses add up to the most common pricing methodology for service firms across industry and size.

Traditional pricing methodologies still reign supreme in many industries. However, as we learn more about consumer behaviors and wants, pricing strategy evolves in tandem.

The Advent of Psychological Pricing

The fundamental truth of pricing is that our brains are hardwired to look for ways to attain excess value from our finite resources of time and money. Humans love the feeling of a bargain. Behavioral economists refer to this “bargain” feeling as transactional utility – the difference in what you pay versus a reference price, or what you think something might be worth.

On paper, this seems like a straightforward way to quantify the value we get from the deal itself (to say nothing of the utility/usefulness of the object or service purchased). However, the trick is understanding how our brains come to create that reference price on what something should be worth. Even before scientific research paved the way to understanding “why” consumers do what they do, pricing strategists began discovering techniques for pricing that seemingly keyed into the intricacies of human nature.

Psychology-based pricing began with Left Digit Anchoring. Our judgment of prices has been shown to be anchored to the left-most digits. A fascinating 2005 research paper in the Journal of Consumer Research proved how a majority of people perceive the difference between 1.99 and 3.00 to

be closer to 2 rather than the correct answer of 1.01. Our brains are trained to skim, so we falsely believe we have all the information we need after only registering the left digits of a price. Thus, our brains perceive a greater deal than actually exists.

As you can imagine, it's much easier for a consumer to determine a fair reference price if there are opportunities for comparison. New products are exceptionally tricky, as expectations on price and value are not yet tied to a point of reference.

This is true not only for competing products, but for differentiated products from the same company. In the 1990s, Williams-Sonoma introduced a bread-maker for \$275. Sales were lackluster at best. However, the company introduced a slightly bigger and better bread-maker at twice the price, and afterwards sales of the original \$275 model took off.

In consumer behavior circles this is called the “decoy effect.” It anchors consumer perceptions of one model to another model, thereby increasing your perceived value in a deal. In this example, people thought they were getting a bread machine almost as good as the expensive one for half the price.

Those who work in pricing strategy will need to be increasingly aware of trends in consumer psychology. How consumer internal bias, marketing and pricing decisions all play into the revenue picture is no small matter. CFOs are charged with financial oversight, and intimate knowledge of the end user/client only enhances their ability to coordinate the financial infrastructure.

Value-Based Pricing

Psychological pricing will most likely always be prevalent in the marketplace. However, most companies not working specifically in competitive markets, such as packaged goods and retailers, have been evolving in how they not only price their products, but in the ways in which they respect their consumers' perspective.

As we move deeper into the information-technology age, companies must adapt to more conscious and discerning consumers. With limitless access to data, independent reviews and easy cost comparisons, consumers know more than ever before. Clients and consumers have a much clearer definition of value, thanks to their ability to easily reference comparison prices, and more importantly



they ask *why* something costs what it does. CFOs and pricing strategists are increasingly pricing goods and services relative to value derived to better connect with clients' value perception.

CPA firms in particular have been more consistently layering in value-based pricing into their service offering – particularly in the advisory space. Holistic advisory service models share the core tenants of new age pricing strategies, such as combining quality services with a deeper understanding of client needs. Quantifiable aspects of engagements, such as tax issues resolved, material and measurable risks mitigated, etc., are now being coupled with more qualitative services such as strategic planning.

Pricing strategies and deal hunting will always be a game of cat and mouse between buyers and sellers, but we are seeing an evolution of how we think about price – from both the producer and consumer perspective.

As CPAs embrace strategic roles within the workforce, we must seize the opportunity to be at the forefront of developments in financial behaviors of consumers. Our job is to better serve the needs of our clients. 🎯



Steven K. Howell is the Vice President of CCA, a wealth advisory firm located in Rock Hill. He lives in Charlotte, where he enjoys spending time with his wife, playing tennis and being outdoors as often as possible.

Is Your Exceptional Service Creating ‘Loyalty Fatigue’?

By William H. Brady CPA, CFP
| SCACPA Member Since 1997

It's essential to set a foundation of trust and confidence for your firm's most valuable asset – client relationships

At some point in your career as a CPA, you might have experienced this situation:

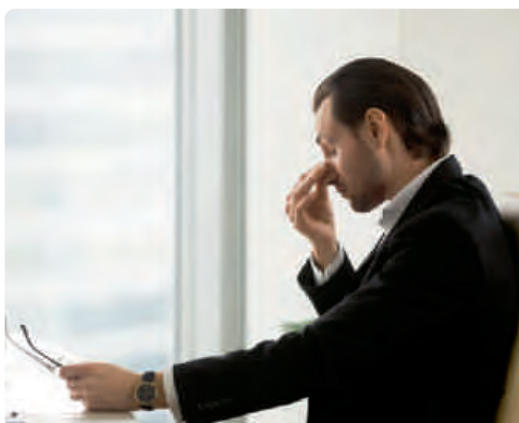
A client with whom you have had a long-standing relationship has requested a face-to-face meeting. You enter it with an intent to discuss and explore financial and tax strategies. After all, for many years you have provided great value with strategies that the client has implemented. However, the client tells you, it's his intent to terminate the relationship immediately. Wait – what?

This occurred to me recently, and it still stings. On my side of the ledger, my firm and I had provided exceptional service to him and his entire family for 15 years. We were attentive and responsive to his needs, we conducted clear and frequent communications, and we provided education when it was needed. We surpassed all his expectations and were confident we were keeping the relationship on the right track. What went wrong?

In this case, the split was not due to losing that business to a competitor because of the potential value the competitor would bring. When I asked the client what my firm could have done differently to retain the relationship, it became clear that his decision was entirely based on the compensation he paid us. This reinforced the adage, “When price comes before value, value always wins.” The client no longer saw the value in the services we performed for him.

I attributed this client's decision to what I call “Loyalty Fatigue.” There is a component to relationships that deals with emotional loyalty, and sometimes that is hard to judge.

We all want to believe our services are superior to those of our competitors. But I'm sharing my story with you because there are actions you might want to establish and include



as part of your firm's client processes to minimize the chances of “Loyalty Fatigue” happening to you.

Here are some ideas:

- Keep communications concise, frequent, transparent and clear
- Learn to actively listen to your clients and use that knowledge in future conversations – this demonstrates that you

truly care about them

- From time to time, remind your clients about the benefits you have created for them through successful strategies you recommended and implemented
- Encourage clients to provide input on how they perceive you are doing (both positive and negative)
- Sincerely thank them for the trust and confidence they place in you

Client relationships should be treated as one of your firm's most valuable assets. By incorporating these steps with discipline into your practice, you set the foundation for deeper client relationships.

I feel strongly about the relationships we build with our clients. When you are proactive about maintaining the relationship, you won't have to be reactive about fixing the relationship. 🟢



William H. Brady is the founder and Managing Principal of CrossRoads Financial Group LLC, on Hilton Head Island. He has more than three decades of experience in helping others pursue the financial freedom of having a thought-out plan.

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With a Sponsor, the Talk is the Important Action

More than a career Coach or Mentor, a formalized Sponsor program can burn down barriers for a high-performing protégé

By Melisa Galasso, CPA

A formal Sponsorship program and a culture of Sponsorship are the tools necessary to help CPA firms retain their best people and ensure that the next generation of leaders is ready to step up as the Baby Boomer generation shifts into retirement. Sponsorship is particularly effective during the mid-career period where so much valuable talent is lost both to changing personal priorities and to enticing external opportunities. Despite the many advantages of formal Sponsorship programs that we will review, just 12% of CPA firms are utilizing them, according to the AICPA's 2017 CPA Firm Gender Survey.

The limited utilization of Sponsorship is often attributed to a failure to recognize the critical gap left by coaching and mentoring. The AICPA's "CPA Firm Sponsorship Success Toolkit" suggests that a Mentor "talks with you" collaboratively to support your career development, navigate the workplace and help you understand feedback. A Coach "talks to you" when helping you find your own solutions or offering instruction designed to help you improve your performance or develop specific skills. In today's workplace, the lines are often blurred between Coach, Mentor, Performance Evaluator and even Role Model. Strong leaders often support their people in all these ways.

However, one element of career development is often missing from leadership training. That element is Sponsorship. It is less popular in literature and unsurprisingly less prevalent in today's workplace culture.

A Sponsor, per the AICPA toolkit, is someone who "talks about you." A Sponsor will advocate on behalf of a protégé during critical internal conversations that are so important for career progression but generally happen without the protégé being present. Moreover, a Sponsor will take intention action to help that protégé gain visibility, get staffed on important assignments, and highlight their most valuable skills and contributions. By definition, Sponsors have organizational power and are both willing and able to use their political capital to support their people.

One of the more important ways that Sponsorship

The value brought by a Sponsor:

- Advocacy/promotion behind closed doors
- Opportunity for new and challenging assignments
- Support and guidance to improve the odds of success
- A well-developed network and knowledge of the organization landscape

The value brought by a Protégé:

- Strong performance and the ability to help shoulder a load
- Exceptional trustworthiness (which often develops into a sense of loyalty)
- A skillset, knowledge and perspective that differs from the Sponsor
- The potential to carry a Sponsor's legacy

is different from coaching and mentoring is that Sponsorship is not focused only on what the protégé can do, learn or change. An effective Sponsor will drive evolution within an organization. Sponsorship does not reshape their people to meet preexisting organizational norms (as is the case with coaching and mentoring). Instead, it challenges, stretches, and expands the organization to this beyond what has worked in the past so that it can better



utilize the core talents of its people. This is the reason why diversity proponents are generally quicker to see the benefits of Sponsorship.

Sponsorship fosters a culture of inclusion because advancement is more transparent and advocacy resources are open to all based on performance. This only occurs when inclusion in Sponsorship programs is merit-based and diverse. It is also important that the benefits of Sponsorship remain open to those not immediately selected for an official program – skills and talent are cultivated and discovered all the time, not just at one specific point in an individual's career.

When a Sponsorship relation is developed organically (i.e., without the help of a formal corporate program), the relationship is one of mutual benefit. Sylvia Ann Hewlett, author of “The Sponsor Effect: How to Be a Better Leader by Investing in Others” and founder of the Center for Talent Innovation, has studied the difference between Sponsorship and other forms of mentoring. She highlights the many benefits a leader gains from seeking out protégés who outperform, are trustworthy and offer a different set of skills, knowledge and perspectives. When Hewlett lists the value each party brings to the relationship, it becomes clear why Sponsorship is so often a win-win scenario.

By promoting Sponsorship or establishing an official program, a CPA firm can expect to:

- Accelerate the careers of high performers
- Address the challenge of low diversity at senior levels by advocating the progression of high performing women

Sponsorship can be the missing link in an organization's talent management strategies:

- Senior executives who have a protégé are **53%** more likely to have received a recent promotion, while lower-level supervisors who sponsor someone else are **167%** more likely to have received a stretch assignment
- **66%** of Sponsors said they are satisfied with their ability to deliver on difficult projects, compared with **53%** of nonsponsors
- **87%** of Sponsors report being very engaged at work, compared with **73%** of nonsponsors
- **68%** of women with a Sponsor feel their rate of career advancement is satisfactory, compared to **57%** of unsponsored women
- **85%** of sponsored women with children continue to work full-time and seek out leadership positions, compared to **58%** of those without a Sponsor

SOURCE: Center for Talent Innovation

and minorities in particular

- Reduce attrition of top talent in mid-level roles by communicating their value and by taking proactive steps to promote their advancement
- Build a more robust bench and solidify succession pipelines by identifying higher performers and giving those individuals the experience and support they need to overcome the unique challenges of executive roles

continued on page 24 ➤

Group Insurance Trust for SCACPA Members is here

SCACPA is proud to announce its newest member benefit: group health insurance for firms.

We know CPA firms face many challenges. SCACPA's health insurance trust will deliver a seamless, integrated solution for Association Members. Because the insurance trustees are SCACPA members, they know first-hand the challenges you face. Their inside knowledge of CPA firms, along with full broker and consulting services, will help them partner with you for tailored

employee benefits plans, funding and administration designed for your specific needs. Here are eight great reasons to join:

- Local Representation/Focus
- Single Source Solutions
- Plan Design Flexibility
- Cutting Edge Technology
- Built- In Compliance Assistance
- Transparency
- The Largest PPO Network: BCBS
- Premium Savings

What are the employee benefit challenges you're facing today? The partnership will listen to your needs and then make recommendations specific to your firm to deliver a solution customized for you.

Additional member protection benefits include **MetLife Auto & Home Insurance, Long Term Care Insurance** and **ASCPA Pet Health Insurance**.

To learn more about SCACPA's newest member benefits, you can visit www.scacpa.org/insurance or email communications@scacpa.org.

◀ continued from page 23

- Guide specific individuals toward opportunities that can maximize their potential and align with personal career goals. It is especially helpful in calling attention to those opportunities that fall outside the typical career path
- Develops the leadership skills and reputation of senior leaders who act as Sponsors. Sponsors also raise their own visibility, gain valuable perspective, and continue to expand their network to include one or several highly capable protégés

Sponsorship is not at all new in the workplace.

Unfortunately, the early application of Sponsorship in the corporate setting was plagued by inequity and bias. The term "good ol' boys club" or "old boy network" refers to an informal system of connections and friendships through which men (particularly white men) use their positions of influence by providing favors and information to help other men according to Audrey Nelson, Ph.D. and author of several books on communication between the genders. While the "old boy network" is no longer socially acceptable, its powerful remnants remain. Consider the business conducted on the golf course on any given Thursday afternoon. Who benefited from being privy to the official and unofficial business discussions that took place over those four or five hours? Who was not present to gain any of that career progressing benefit?

Perhaps because of this somewhat checkered past, the concept of Sponsorship as a formal tool can be difficult for some leaders to fully embrace. However, formalizing the

process as an official career support program or instilling a culture of advocacy into the DNA of an organization will help correct these past inequities and make the benefits of Sponsorship available to those who are most deserving.

The benefits of such action are numerous and spread across the Sponsors, the Sponsored, and the organization as a whole.

The best advice I can provide to an individual seeking a Sponsor is to not necessarily seek out people whose leadership style you admire. Role models and inspiring figures can be helpful but you should not seek those characteristics in a Sponsor. Remember that a Sponsor must be able and willing to blast doors open, occasionally run over the opposition, and burn barriers to the ground on your behalf. In other words, that hard-driving, rough around the edges man who causes people to stop talking when he walks into the coffee room just might be the perfect person to advocate for you. 📌



Melisa Galasso, with over 15 years of award-winning experience in the accounting profession, designs and facilitates courses in advanced technical accounting and auditing topics, including not-for-profit and governmental accounting. SCACPA is excited to partner with Galasso Learning Solutions and the Genuine Learning Blog for real-time A&A updates and answers for SCACPA members.



PROFILE

How I Work

Jennifer N. Smith, CPA
SCACPA Member since 2008

SCACPA Engagement:

SCACPA Sea Island Chapter Officer since 2018

Location: Beaufort

Current gig: Shareholder at Mims, McDuff & Wood, PA

Current mobile devices: iPhone

Current computer: HP Elitebook

One word that describes how you work:

Efficiently. Being extremely efficient is really the only way to get everything done that needs to be done, especially during tax season.

What apps/software/tools can't you live without?

Lacerte, Accounting CS, Practice CS, QuickBooks

What is your workspace like?

Crowded. As much as I'd love to keep a tidy desk, it seems to pile up with paper as soon as I clear it off.

What is your best time-saving trick?

Making phone calls to the IRS first thing in the morning when there is less of a chance of a hold time.

What is your favorite to-do list manager? Pencil and paper.

Besides your phone and your computer, what gadget can't you live without? Earphones.

What everyday thing are you better at than anyone else?

Remaining calm.

What are you currently reading?

Reading "Esther the Wonder Pig" by Steve Jenkins and Derek Walter. Podcast listening "In the Dark," a true-crime investigative podcast.

What do you listen to while you work?

A variety of music and true crime podcasts, anything to create background noise in a quiet office space.



What's your sleep routine like?

Inconsistent night to night.

What memory stands out from when you were studying for/taking the CPA Exam?

The day of my first CPA Exam section, right before I was supposed to be at the testing center, I got a call from the school nurse who told me my 5-year-old daughter was sick and needed to be picked up. I scrambled to find a babysitter to pick her up and then worried about her during the exam. But I still passed.

What's the biggest thing you think about when it comes to the future of the profession?

How the accounting profession can create an environment that embraces a strong work/life balance to attract younger generations into the profession.

What is the best advice you've ever received?

To think critically and analyze all situations on a regular basis instead of simply copying what was done the prior year. 📌

CHAPTER EVENTS

CATAWBA



The Catawba Chapter, along with Junior Achievement, sponsored an accounting lunch and learn at Rock Hill High School's media center in September. About 30 students attended from RHHS accounting classes, and they asked great questions. Lunch was provided, and each Bearcats student received a goodie bag full of accounting stuff. Three Catawba Chapter members attended as speakers: Jayne Maas, CPA, of Winthrop University; Meagan DenOuden, CPA, of BNA Advisors & CPAs; and Candy Ingle, CPA, of Knoble Ingle CPAs (shown). Presentations focused on the size, variety and importance of the profession, and what separates CPAs from other accountants.



After a full day of CPE at the Southern Charm venue in Rock Hill, Catawba Chapter Treasurer Philip Parker, CPA, left, was the host for S.C. Rep. Brandon Newton, R-Lancaster, for a casual meet and greet and appetizers social with SCACPA members in November. Newton serves on the Committee of Labor, Commerce and Industry.

SUBMIT YOUR UPCOMING EVENTS!

Chapter officers, get in touch with Elaine Mikell at emikell@scacpa.org for assistance.

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LinkedIn: linkedin.com/company/south-carolina-association-of-cpas

You can always check the SCACPA Blog for the latest news at www.scacpa.org/scacpa_blog. And you can make it easier for us to find your posts when you use one of our hashtags, such as **#SCACPA4success**.

If you have an event you'd like us to promote, contact SCACPA Content Strategist Gregory Hardy at ghardy@scacpa.org.



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Membership Engagement Committee Creates Opportunities for Volunteers and Looks to Recognize Your Contributions

With an active membership of nearly 4,300 CPAs, the South Carolina Association of CPAs in many ways has never been stronger. With robust attendance at our two annual accounting conferences, statewide support of our communities during October Month of Service and advocacy that gets results at the State House, SCACPA remains well-positioned to protect and promote the credential.

To get this work done requires the incredible grassroots support of our members. That's why the SCACPA Board and staff decided the time was right to review our volunteer experience to make sure those interested in making a difference are getting the support – and recognition – they need.

Now meet the SCACPA Membership Engagement Committee. These are six members who represent different areas of practice and geography who are engaged and committed to making positive contributions to the Association. Their mission includes:

- **Creating opportunities for members to get involved with the Association**
- **Developing a fulfilling experience for volunteers**
- **Establishing a system to recognize and reward member engagement**

“Being a part of this committee has allowed me to connect with other members while fulfilling an identified need by SCACPA,” said JoAnne Smith, CPA, CGMA, AIAF, MBA (SCACPA Member since 2013), and VP of Finance for The Risk Authority in Columbia. “Openly sharing ideas and connecting with SCACPA members and staff has been the key to meeting our committee’s goals.”

The committee held its most recent meeting on Oct. 30 at the SCACPA office in Cayce. Among their tasks, they

reviewed and compared surveys recently completed by two sets of SCACPA members: those who had previously volunteered with the Association to reflect upon their experiences; and one by members who have yet to volunteer to learn in what ways they are looking to get involved.

The committee now has more insight on ways to effectively utilize the valuable time members are able to volunteer, such as:

The number of hours of service members are willing to invest

Specific ways to contact volunteers with a personal touch

Appropriate ways to spotlight successful volunteer efforts, such as mentions in social media and publications as well as physical awards

How Chapter Officers can harness volunteer efforts in their communities

Creating profiles for what types of talents are required for particular roles, which will help in approving and assigning members for specific tasks

Developing volunteer training to cut down on learning curves for new participants, especially for our Chapter

Officers, where annual turnover of positions offers a recurring transition period

The committee also turned toward SCACPA’s Five Pillars of Membership to break down the ways our members can contribute.

Connect: Member Engagement Committee; October Month of Service organizers

Grow the Profession: Student Liaisons for middle schools, high schools, colleges, and beyond; Professional development of new CPAs; Campus Champions

Advocate: Legislative Committee (Governmental Affairs);



Engagement Committee Members:

Brad Ledford, CPA, SCACPA Board Member, DHG Search Advisors

Sean Kenny, CPA, Brown Hiers Kinder LLC; PrepLink Inc.

James Reese, CPA, JD Shirley LLC

JoAnne Smith, CPA, The Risk Authority (above)

Edward Sullivan, CPA, Sullivan Law Firm PC

Neil Tabor, GreerWalker LLP

CPA-PAC; Outreach to legislators


Educate: CPE Committee of 16; Taxation Committee; Speakers Bureau; On-site assistance for CPE Classes and our Fall Fest and Spring Splash Accounting Conference

Communicate: Editorial Task Force; Writing articles on your area of expertise for the SCACPA Blog and South Carolina CPA Report magazine

Committee members will continue to reach out and listen to our members for advice.

“Any time you volunteer you grow professionally and personally,” said Brad Ledford, CPA, CMA (SCACPA Member since 2007), the President of DHG Search and a member of the SCACPA Board. “That experience helps you grow the accounting community and teaches you skills you can take back to your own organization.”

There is already an easy way to explore SCACPA's volunteer opportunities by applying online to tell us about your interests at www.scacpa.org/volunteer. Email communications@scacpa.org for more information on the opportunities that are always available.

SCACPA thanks all our volunteers of the past, present and future. We are stronger together. 

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Some of our clients recently purchased the following:



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Why Do You Need a CPA? #WhyCPA has the answers

Would you trust your family's health to an online quiz? Of course not! You discuss those decisions with your doctor, who understands your health history and offers expertise based on training and experience.

The idea of trusting your health solely to your internet search bar seems absurd. Why should discussions about finances and business be any different?

SCACPA understands the value of the CPA credential better than anyone. And we think it is vitally important to the future of the profession to educate the community around us — within South Carolina and to the larger community beyond our state lines — as to who you are, what you do and why it matters.

That's why in 2020, SCACPA is moving forward with the second year of our public service campaign, #WhyCPA.

The SCACPA staff is busy creating and promoting messages via stories and graphics on social media that promote the value of the CPA credential and illustrate the difference between a CPA and a non-certified accountant or general tax preparer. CPAs are no longer “just” tax preparers and auditors. The role of the CPA has evolved into a business advisor. They are driven to support their clients above and beyond the tax return.

We explain how CPAs are motivated for success by nature. To earn the CPA credential, professionals must pass a rigorous exam. To maintain the credential and ensure they are up to date on the latest changes and practices that could effect businesses, CPAs must participate in 40 hours of continuing professional education every year. Here are more examples of our messaging:

More than Alphabet Soup

Professionals have been striving to earn the CPA for more than 100 years. The profession has grown and evolved as the business landscape has endured its own challenges. But acronyms behind names can be overwhelming. With so many licenses available, who can keep them all straight? Amid the swarm of credentials, rest assured that the CPA credential is tried and true. Today, CPAs serve their clients in more ways than “just” preparing their tax returns. They are business advisors, helping their clients find solutions and grow their businesses throughout the year. CPAs rise to the challenge in order to help you better serve your stakeholders.



Learn about the additions to SCACPA's #WhyCPA campaign at www.scacpa.org/whycpa

How Students Can Become a CPA

Ready for a career that will set you up for success? Increase your earning potential and discover a career that provides endless opportunities. CPAs work in nearly every type of business. Public accounting firms work with companies of every size to help them maintain good financial practices, steer clear of trouble with Uncle Sam, and take their businesses to the next level. Some CPAs choose to work in for-profit or nonprofit organizations, the government, or education. The possibilities and opportunities are endless. This isn't a journey you need to take alone. Join SCACPA as a student member for FREE and reap the benefits. Let's get started! 🌱

SCACPA Introduces David R. Peters, CPA, as CPE Advisor, Speaker for Business and Industry



SCACPA is proud to announce an agreement with David R. Peters, CPA, to be the Association's advisor and speaker on Business and Industry topics.

Look for David to be an instructor for B&I and certain A&A

and Tax topics at SCACPA's courses and accounting conferences in 2020, as well as a provider of articles and video blogs. He will also help guide the B&I portions of SCACPA's all-inclusive CPE schedule.

"I'm excited to take this leadership role for business and industry CPE by joining SCACPA's team of advisors," said David, who has been a SCACPA Member since 2016 and part of the Association's Editorial Task Force. "South Carolina's growing economy means there's a lot of important ground to cover for the state's individuals and businesses, and I'm looking forward to meeting so many of you at Spring Splash in May."

David is the founder and owner of Peters Tax Preparation & Consulting in Richmond, Virginia, as well as a financial advisor for Peters Financial LLC in Rock Hill. He has more than 14 years of experience in financial services, including three years in the hedge fund industry and six years in

insurance. He was the first Chief Financial Officer at the auto insurance website Compare.com. Along with being a CPA and Certified Financial Planner, David holds the credentials of CLU, CPCU, MST and MBA.

He regularly teaches courses throughout the country for the AICPA, Surgent and Kaplan in accounting, finance, insurance, financial planning and ethics. David is a frequent contributor to many industry publications, including South Carolina CPA Report.

"David will be doing for business and industry what Lynn Nichols does for Federal Tax and Melisa Galasso does for A&A – providing expert advice as an elite practitioner in an area that's vitally important to our members," said SCACPA CEO Chris Jenkins. "David's stellar ratings in front of classrooms show how dedicated SCACPA is to providing high-quality CPE that emphasizes competency over compliance."

David holds four masters degrees, including in taxation, business administration and financial services. He is a co-author of 2018-2020 versions of the Virginia CPA Ethics course, which is required for all CPAs licensed in the Commonwealth. His partnership with SCACPA became effective Dec. 1.

You can reach David at david@davidpetersfinancial.com with your questions and comments. 



MEMBER NEWS



Robert G. Ellison, CPA, (SCACPA Member Since 1998), has rejoined the tax and accounting practice of **Moore Beauston & Woodham LLP** as a Partner in the Charleston office.



J. Kristine Njenga (SCACPA Member Since 2019), has joined the tax and consulting practice of **Moore Beauston & Woodham LLP** as a Staff Accountant in the firm's Charleston office.



Dustin Scott, CPA, (SCACPA Member Since 2014) of **McGregor & Company LLP** has earned the Certified Valuation Analyst designation from the National Association of Certified Valuators and Analysts.

More events for you!

SCACPA is pleased to offer over 800 hours of CPE for the 2019-2020 membership year! We are sure to have what you need to excel in your career whether you are in public practice, business and industry or government and nonprofit.













Find the latest in CPE offerings through our member communications such as the weekly Current Assets e-newsletter, www.scacpa.org and monthly CPE postcards.

Please note: SCACPA makes every effort to not change course locations once they are scheduled. Unfortunately, life happens – construction, dangerous weather, change in site policy, not enough/too many registrations – and it is sometimes necessary to find an alternate location. When this happens, we will send special notifications, so ALWAYS remember to review your latest CPE course confirmation email.

CREDIT AREA

AA	Accounting and Auditing
BM	Business Management
ET	Ethics
PD	Professional Development
RE	Regulatory Ethics
SK	Specialized Knowledge
TX	Tax
VR	Various

	Yellow Book		Online
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FEBRUARY 2020					
2/20/20	4	AA	A&A Update for Beginners: Best Practices for New Auditors (LIAA12R) 	Melisa Galasso	Online (Rebroadcast)
2/20/20	4	AA	Governmental Accounting for Beginners: How and Where to Start (LIAA13R) 	Melisa Galasso	Online (Rebroadcast)
2/27/20	8	AA	Governmental A&A Update - Yellow Book (LIAA22R)  	Melisa Galasso	Online (Rebroadcast)
MARCH 2020					
3/19/20	4	AA	Common Single Audit Deficiencies - Yellow Book (LIAA14R)  	Emily Sobczak	Online (Rebroadcast)
3/19/20	4	AA	GASB Update - Yellow Book (LIAA11R)  	Emily Sobczak	Online (Rebroadcast)
MAY 2020					
5/14-15	8	VR	Spring Splash (CN4113)	Various	Spartanburg
5/19/20	8	AA	A&A Update (SMAA19)	Peter DelVecchia	Southern Charm - Rock Hill
5/20/20	8	AA	A&A Update (SMAA20)	Bruce Nunnally	Milliken - Spartanburg
5/21/20	8	AA	A&A Update (SMAA21)	Melisa Galasso	HGTC - Myrtle Beach
5/21/20	8	AA	A&A Update (LIAA21) 	Melisa Galasso	Online
5/28/20	8	AA	Governmental A&A Update - Yellow Book (SMAA22) 	Melisa Galasso	SCACPA - Cayce
5/28/20	8	AA	Governmental A&A Update - Yellow Book (LIAA22)  	Melisa Galasso	Online

Tune in to SCACPA's exclusive Federal Tax Update Podcast

Learn how to better interpret the tax code with SCACPA's weekly "Federal Tax Update Podcast," hosted by Lynn Nichols. Join Nichols for informed commentary on IRS actions, U.S. Tax Court decisions and legislation of interest to CPAs providing

tax advice and compliance services. Nichols will monitor each episode's comments board and respond to your follow-up questions. With this SCACPA member benefit, you'll be at the forefront of the conversation.



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JUNE 2020					
6/3/20	4	AA	Audits of 401K Update (New Audit Standards for Employee Benefit Plans) (SMAA23)	Bruce Nunnally	SiMT - Florence
6/3/20	4	AA	Financial Statement Analysis (SMAA24)	David Peters	SiMT - Florence
6/9/20	2	AA	Managerial Accounting for Non-Profits (SMAA25)	Rosalyn Glenn	SCACPA - Cayce
6/9/20	2	AA	Managerial Accounting for Non-Profits (LIAA25) ▶	Rosalyn Glenn	Online
6/9/20	2	AA	Presenting Financial Information to Non Financial Professionals (SMAA26)	Miller Edwards	SCACPA - Cayce
6/9/20	2	AA	Presenting Financial Information to Non Financial Professionals (LIAA26) ▶	Miller Edwards	Online
6/11/20	4	ET	A Culture of Regulatory Ethics (SMET05)	Bob Baldwin	Milliken - Spartanburg
6/11/20	2	SK	IRS PUB 4557 Safeguarding Taxpayer Data (SMTE06)	Chris Jenkins	Milliken - Spartanburg
6/11/20	2	RE	SC Ethics, Rules and Regulations (SMET06)	Chris Jenkins	Milliken - Spartanburg
6/16/20	4	BM	Controllershship/CFO Workshop (SMMG04)	David Peters	Southern Charm - Rock Hill
6/16/20	4	BM	Controllershship/CFO Workshop (LIMG04) ▶	David Peters	Online
6/16/20	4	AA	Fraud/Forensic Accounting (Fraud Workshop) (SMAA27)	Ramona Farrell	Southern Charm - Rock Hill
6/16/20	4	AA	Fraud/Forensic Accounting (Fraud Workshop) (LIAA27) ▶	Ramona Farrell	Online
6/17/20	4	AA	CIRA Update (Common Interest Realty Associations) (SMAA28)	Carmen Price	Hampton Inn - Bluffton
6/17/20	4	SK	Technology - Emerging Technologies (SMTE07)	Adam Drewes	Hampton Inn - Bluffton
6/17/20	4	BM	Controllershship/CFO Workshop (SMMG05)	David Peters	Thornblade - Greer
6/17/20	4	PD	Soft Skills - Leadership and Communication (SMOT02)	Ramona Farrell	Thornblade - Greer
6/18/20	2	SK	IRS PUB 4557 Safeguarding Taxpayer Data (SMTE08)	Chris Jenkins	Royal Banquet - Charleston
6/18/20	2	SK	IRS PUB 4557 Safeguarding Taxpayer Data (LITE08) ▶	Chris Jenkins	Online
6/18/20	4	SK	Technology - Emerging Technologies (SMTE09)	Adam Drewes	Royal Banquet - Charleston
6/18/20	4	SK	Technology - Emerging Technologies (LITE09) ▶	Adam Drewes	Online
6/18/20	2	SK	Technology - Excel (SMTE10)	Adam Drewes	Royal Banquet - Charleston
6/18/20	2	SK	Technology - Excel (LITE10) ▶	Adam Drewes	Online
6/23/20	2	AA	Managerial Accounting for Construction (SMAA29)	Betty Spells	SCACPA - Cayce
6/23/20	2	AA	Managerial Accounting for Construction (LIAA29) ▶	Betty Spells	Online
6/23/20	2	AA	Managerial Accounting for Manufacturing (SMAA30)	Tim Baker	SCACPA - Cayce
6/23/20	2	AA	Managerial Accounting for Manufacturing (LIAA30) ▶	Tim Baker	Online

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CONDOLENCES

John S. Herin

May 24, 1926-Nov. 24, 2019

John Samuel Herin, CPA, M.S., the longtime University of South Carolina accounting professor who influenced generations of South Carolina CPAs, passed away at age 93. John retired from USC in 1988 after teaching for 42 years and held the title of Emeritus Faculty. Born in the small textile town of Lockhart, he was a son of the late John St. Pierre Herin and Beatrice Inez Hughey Herin. In recent years, John resided in an independent living facility in Mount Pleasant.

Since 2017, SCACPA has offered a John S. Herin Scholarship as one of its annual education gifts to the students of



South Carolina's colleges and universities. The Herin fund was started by the generosity of SCACPA member Michael Lowrance, whose contributions have totaled \$100,000.

In 2018, Lowrance told the South Carolina CPA Report that it was while living in Columbia in the early 1970s that Lowrance's association with the USC accounting professor grew into a strong friendship. "John introduced me to a lot of people," Lowrance said. "He was chairman of the accounting dept. We were very good friends."

John served for many years on the South Carolina State Board of Accountancy. During SCACPA's 2015 centennial celebration, Herin was named among "100 Influential People in Accounting."

John is survived by his wife of 64 years, Susan Jean Stoll Herin; children Chuck Herin, Amy Herin, Sam Herin; three granddaughters and two great-granddaughters.

Duncan F. Breckenridge Jr.

Nov. 5, 1931-Nov. 16, 2019

Duncan F. Breckenridge Jr., CPA, of Columbia passed away at age 80. A highly respected and honored civic and church leader in the Midlands, his dedication to fiscal integrity and fiduciary leadership spanned generations of boards, causes and community organizations. He was the second of two sons of Duncan "Pap" F. Breckenridge, Sr. and Helen "Bussy" Lucas Breckenridge. He graduated from Dreher High School and



was USC's student body president. After graduation with a Bachelor of Science degree in Business Administration and a major in Accounting, he served as an officer in the United States Air Force followed by six years in active reserve.

Duncan joined the accounting firm of Clarkson, Harden and Gantt upon discharge from the Air Force in 1955 and became a partner in the firm in 1964. He retired from Ernst & Young in 1990 and began a 27-year role at Baker & Baker Real Estate Developers as Chief Financial Officer. He became a SCACPA member in 1960.

Duncan is survived by his wife of 38 years, Miriam Stevenson Upton Breckenridge, and three children from his first 26-year marriage to his college sweetheart, the late Mary Lewis Blackwell Breckenridge.

John Carl Butler

Jan. 20, 1959-Aug. 27, 2019

John Carl Butler, CPA, passed away at age 60. John was CFO for Lexington County School District One where he worked for 32 years. A son of John Carl and Terry Plummer Butler, he was a graduate of Lexington High School and received a Bachelor of Science in Accounting from the University of South Carolina.

While a college student in 1979, he began his career as



auditor and evening manager for the Cox Hotel Associates. Upon graduation in 1983, John joined the South Carolina Auditor's Office as a senior assistant auditor. He joined the South Carolina Department of Education as senior accountant for federal programs in 1985, and in 1987 he joined Lexington District One as accounting coordinator in Fiscal Services. Among his many awards, the Lexington One Educational Office Professionals named him Administrator of the Year for 2016-2017.

John loved his family and wife of 32 years, Virginia "Jenny" Trapp Butler, CPA. He was a member of Pisgah Lutheran Church and served on the church finance council. He first joined SCACPA in 1988.

Cybersecurity Risk Management Strategies: Know Your Vulnerabilities

By Randy Johnston, CEO, Network Management Group, Inc. Exec VP, K2 Enterprises

Headlines abound on cyber security. Do these threats affect you and your firm, or do you believe these attacks “always happen to someone else”? Spear phishing, ransomware, data breaches and identity theft represent key threats to your internal control structure.

The benefits and risks associated with software-as-a-service (SaaS) and hosted applications are different than traditional on-premises information technology, and the implications for evaluation of general computer controls are significant. Despite the enthusiasm for cloud applications, some traditional items used in an on-premises forensic investigation – like the transaction audit trail, user access logs and computer access logs – are often difficult to obtain for cloud solutions and might be unavailable by the time you or your client suspect a crime.

Why are the “bad guys” attacking our businesses and homes? The simple answer is to gain money and/or intellectual property. Another result of these attacks includes Identity theft. According to the U.S.

Department of Justice, identity theft and identity fraud are terms used to refer to crimes in which someone wrongfully obtains another person’s data in a way that involves deception, typically for economic gain. Someone exploiting your personal information for their personal gain is the basis of identity theft. What happens with the stolen data?

A few examples from the Dark Web using the TOR network:

1. \$180 will buy you the login information for PayPal Accounts with a \$1,701 verified balance
2. Perhaps you need U.S. Citizenship Documentation. For \$5,000 you can have a “real” social security

number, birth certificate, passport, driver’s license, etc.

3. You can obtain a credit card or access to a bank account with a \$1,500 available limit for about \$100.

Let’s identify the risks associated with cloud solutions as well as strategies and techniques that can be used to limit these risks.

The Elements of a Cyber Attack

We must consider several factors that cyber attackers exploit as well as understand what must be protected to improve our cyber security.

First, we must protect our **endpoints**. These are frequently the target of the attack and include individual PCs, servers, networks or cloud providers. The purpose of an endpoint attack is to control, corrupt or disable the endpoint. Attackers are

looking for **vulnerabilities**, that is the weakness that permits the endpoint to be penetrated. Vulnerabilities include software flaws, system design weaknesses, insecure configurations and human errors. Attackers use **malware**, that is malicious software. There are many different types of malware and attacks often involve more than one strategy.

The Risks Are Out There

These are just some of the sophisticated attacks and risks of which you should be aware:

- phishing
- tax-related identity theft
- data breaches
- ransomware, viruses and malware
- inadequate security of Internet of Things
- cyber-espionage, cyber theft/crime
- insecure passwords
- data stored improperly without controls
- privacy and regulation

These are the contributing factors for security concerns for data breaches, exploits and other attacks:

- Large amounts of data to store and secure
- Rapid increase in mobile devices
- Need for anytime/anywhere access to data
- Large number of organizations being hacked
- Relative risks of the cloud compared to on-premise data storage/processing

Whether your organization is large or small, everyone is a target. It requires a wide array of tools to protect your organization

Our organizations are attacked with a **delivery vehicle**, that is the malware is delivered to victim machines through a variety of techniques from social engineering such as phishing to USB sticks. Finally, the **method of execution** (MoE) is the means through which attackers get the resources necessary including access, processing time and data to execute an attack.

Common types of malware include depositors, ransomware, backdoors, credential stealers, viruses, worms and vandalizers. For example, a few of the popular ransomware infections include CryptoLocker, CryptoWall and Locky. These types of ransomware infections are designed to hold data hostage. They have been very active since late 2013. Typically, a user opens a program on a local PC that was e-mailed to the user embedded in a file or accessible via a web link. The malware program installs itself in numerous places and then connects to a command and control server run by the perpetrators, which gives the ransomware a public key. This key is used to encrypt all Office files, database applications, pictures, etc., on a computer. Once data is encrypted, users are presented with an ultimatum and must pay within 72 hours or the private key (needed to unscramble the files) will be destroyed. Recent variants have been infecting Remote Data Services (RDS/Terminal Servers) and/or Citrix servers in public and private cloud installations.

Numerous CPA firms, healthcare entities, businesses and government agencies have fallen victim to CryptoLocker. The ransoms demanded range from \$300 to \$18,000. Users must pay in Bitcoin or by anonymous wire transfers. Anti-virus and anti-spam applications do not detect many variants of this threat, but some strategies such as using white listing, geofencing and other techniques have slowed down the rate of infections. However, attackers are getting smarter and choosing new methods for attack.

What Are Some Potential Tools to Prevent Cyber Attack?

There are a few defenses that have been used for some time including a well-maintained firewall and a backup that runs almost continuously. It's clear that a properly installed and maintained anti-virus product is the first line of defense. Signature based anti-virus products are not quite as effective as they once were. In fact, anti-virus is dead according to a Wall Street Journal interview with Brian Dye in May 2014. Mr. Dye, who is Symantec's senior vice president for information security.


Symantec's Norton antivirus suite has been at the forefront of PC security for years and years and the product has evolved

to their Endpoint Protection product. But don't let the claim distract: anti-virus isn't being retired, and Dye's words reflect the new reality in anti-virus protection. Dye told the WSJ that he estimates traditional antivirus detects a mere 45% of all attacks.

Second, a properly configured firewall can help protect your network whether you are running in a public cloud or have created your own private cloud on-premise. We recommend firewalls in all business locations, and prefer business grade firewalls in homes, too. Some states have mandated encryption, like Massachusetts, and this protection is a strong third line of defense.

Your fourth line of defense should be Identity Management including multi-factor authentication with a product like Duo or AuthAnvil. Based on the PCI compliance regulations that went effect February 1, 2018 that requires multi-factor for some users and use cases, we are suggesting multi-factor authentication for all users. These products allow your IT team or contractor to enable a mobile phone or other method such as a token to be used to authenticate a user. Remember that single factor authentication is something you know, like a user ID and a password, where multi-factor authentication is something you know and something you have. The broad acceptance of cell phones and the availability of inexpensive tokens plus the availability of multi-factor authentication from providers like Microsoft or Google leads us to recommend multi-factor authentication this year.

Finally, and fifth, it may be time to consider Security Information & Event Management (SIEM) tools that can identify unauthorized or destructive behavior on your network.

There are threats beyond those identified here. Hopefully, you now understand that the threats are real, and that there are reasonable steps you can use to protect yourself, your family and your business. 

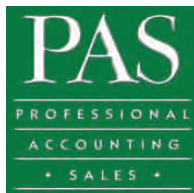
Randy Johnston is a shareholder in K2 Enterprises, LLC, a leading provider of CPE to state CPA societies. He also owns Network Management Group, Inc., a managed services provider that provides around-the-clock support from Boston to Honolulu. Concepts for this article were extracted from the security sessions produced as part of the 2019 K2 Technology Conferences and from Johnston's own experience working with technology at various firms in the U.S. Ask for help at NMGI by emailing helpdesk@nmgi.com or calling 620-664-6000.

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