

Dakota CPA Connection

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OVERVIEW OF THE NEW QUALITY MANAGEMENT STANDARDS

By Jaclyn Veno, CPA, Galasso Learning Solutions

New quality management standards from the American Institute of CPAs (AICPA) affect every firm with an accounting and auditing practice. Design and implementation of a system of quality management (QM) is required to be completed by Dec. 15, 2025, with an evaluation required within a year.

Background

In June 2022, the AICPA's Auditing Standards Board issued the quality management standards, including Statements on Quality Management Standards (SQMS) No. 1 and No. 2, along with Statements on Auditing Standards No. 146. Additionally, Statement on Standards for Accounting and Review Services (SSARS) 26 was issued by the Accounting and Review Services Committee. These new standards were prompted by the evolving business landscape. The power and use of technological resources have increased exponentially, both by businesses and firms. Additionally, the expectations of regulators, given high-profile business failures, are higher now than ever.

SQMS NO. 1

SQMS No. 1 introduces a new, risk-based quality management approach, moving away from a policies-based model. It underscores leadership responsibility,

requiring firms to tailor their systems to the unique circumstances of their accounting and auditing practices, allowing for scalability. The individuals assigned ultimate responsibility and accountability for the system of QM, on behalf of the firm, evaluate the system annually and conclude whether it provides the firm with reasonable assurance that the objectives of the system are being achieved.

The key components of this SQMS encompass the firm's risk assessment process, governance and leadership, relevant ethical requirements, acceptance and continuance, engagement performance, resources, information and communication, and monitoring and remediation.

The firm's risk assessment process is a new component that comprises the process the firm is required to follow in implementing the risk-based approach to quality management. The process entails the following three steps:

1. Establish quality objectives — additional quality objectives when necessary to achieve the objective of the system of quality management.
2. Identify and assess quality risks with a reasonable possibility of occurring and

affecting the achievement of a quality objective.

3. Design and implement the firm's responses and include certain responses specified in the standard.

The governance and leadership component addresses the importance of quality

Continued on page 11

- Thanks to all who voted in our newsletter naming contest!
- We have moved to four printed newsletters
- Electronic only newsletters will be sent in March and Sept
- If you prefer electronic newsletters for all issues, you can opt in to that service in your member profile or send us a note!

NEWSLETTER REFRESH

Get the details on page 3

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PRESIDENTS MESSAGE

BRITTANY DUNN, CPA

As I write this article, it's early February and I hope everyone is enjoying their opportunity to reconnect with their long-lost cousins and friends over their frantic tax return questions. We all know they are expecting you can assist with these, regardless of whether you have ever been employed as a CPA in a tax related role. As frustrating as these requests are to our non-tax focused CPA friends (and maybe some of us tax focused CPAs), it does highlight the respect that the public has for the CPA profession and the knowledge they expect us to have. One of the first requirements on the road to becoming a CPA is the educational requirement of 150 credits to sit for the CPA examination. But that wasn't always the case.

First, a little bit of background for those of us who didn't take all 4 sections at once in a huge auditorium, with a pencil, no calculator, and were only able to get there by walking to the exam, uphill, both ways. Back in 1988, the AICPA recommended that state boards of accounting require 150 college credits as a prerequisite to earning the CPA designation. At the time, the AICPA felt that additional hours of study were needed to keep up with expanding tax laws and more sophisticated approaches to auditing.

Tax laws, audit approaches and accounting standards haven't gotten any less complex, so why has the discussion on this topic increased in volume. The reason relates to our CPA profession's current pipeline challenges. Between 2017 and 2022, the annual number of CPA exam sections delivered has dropped about 40%. There are a handful of reasons that have been suggested as contributing factors to this decline, with the barrier to entry caused by the 150-credit requirement being one that much discussion has been raised about.

The 150-credit requirement has been discussed as a barrier to entry due to the cost and time required to complete the credits. A July 2023 report from the Center for Audit Quality (CAQ) found that when students were asked their reason for not choosing accounting as a major 57% said it was due to not wanting to pursue the 150-hour requirement. That study also found that minorities are disproportionately affected by the 150-hour rule. This further exacerbates our pipeline problem because our workforce is becoming more culturally diverse, but this requirement appears to be an even bigger barrier for a culturally diverse workforce.

In response to the pipeline challenges being faced by their members and a belief that more substantial action needed to be taken to address the problem, the Minnesota Society of CPAs advanced a bill in the state legislature that, if passed, would allow a second pathway to MN CPA licensure through 120 credits and two years

of experience. This action taken by the Minnesota Society of CPAs has brought a lot of attention to this issue. As a response, both the AICPA and NASBA has initiated task forces and committees to deal more aggressively with concerns of the profession surrounding pipeline.

The support for the 150-hour requirement has been consistent from the AICPA and NASBA. The AICPA states the expanded knowledge base that professional practice in accounting requires makes the 150-hour education requirement necessary. Additionally, concern regarding loss of substantial equivalency and, therefore mobility, has been voiced, if states begin to adjust their education requirement for licensure.

As part of the AICPA's Pipeline Acceleration Plan, the Experience, Learn, and Earn (ELE) Program has entered its pilot stage. This program is an integrated education and experience program designed to provide an alternate path to the 150 credit hours of education required by allowing candidates to earn up to 30 education credit hours while employed and taking classes through Tulane University, which is the ELE pilot school. More than 100 CPA firms of all sizes across the US have expressed interest in participating, including a couple of firms right here in North Dakota. The AICPA has also assembled a National Pipeline Advisory Group to work through pipeline issues with the goal of proposing potential solutions at the AICPA Spring Council meeting in May. These solutions may be related to the 150-hour requirement or other pipeline issues identified.

The latest development is that NASBA has created a Professional Licensure Task Force which has been working on a Structured Professional Program concept that would be "off-transcript". Very few details have been disclosed, but a request for input has been sent to State CPA Society and Board of Accountancy Executive Directors. The mention of the program being "off-transcript" seems to indicate that they are considering options to meet CPA license requirements outside of 150 hours of traditional college credits.

Both investments in these task forces show engagement of our profession in the issue of pipeline that challenges us as a profession. I'm excited to hear what they come up with and make steps towards overcoming our pipeline shortage. I think it's important for our members to educate themselves on the issue, both arguments for and against the 150-credit requirement and come to their own conclusion about the best course of action forward for our profession. We will keep you updated as these conversations continue to develop and are open to your input on the topic and how we can advocate for you, our members.

MEMBERS ON THE MOVE

WIDMER ROEL ANNOUNCES PROMOTIONS

Widmer Roel is proud to announce that Juan Martinez, CPA and Erik Sell, CPA have been named as partners of the firm, effective Jan. 1, 2024.



A graduate of University of North Dakota, Martinez has been with Widmer Roel since 2016 and has over eight years of experience. He will

continue to provide audit, assurance, and advisory services for clients in a variety of industries while maintaining a focus in the construction and employee benefit plan industries. Juan is a member of several professional organizations, including the AICPA, Construction Financial Management Association, and serves on the board of the North Dakota CPA Society.



A graduate of the University of Jamestown, Sell has been with Widmer Roel since 2021 and has over 17 years of experience. He will

continue to provide income tax preparation and planning for individuals, businesses, and non-profit organizations. Erik is a member of a number of professional organizations, including the AICPA, and Red River Valley Estate Planning Council.

BRADY MARTZ ANNOUNCES CEO RETIREMENT



Brady Martz & Associates announces that its CEO, Todd Van Dusen, plans to retire in 2024. Van Dusen began his journey with Brady Martz as an intern in

1989, advancing through different positions within the firm over the course of two decades. COO Stacy DuToit has been elected to assume the CEO role, effective Oct. 1, 2024.



WELCOME NEW MEMBERS

Lukasz Andrews Jamestown
Breann Augdahl Fargo
Naveen Ballary Bangalore India
Ethan Baptie Bismarck
Thais Borud Minot
Kathleen Brousek Bellevue, NE
Hunter Campbell Moorhead
Hunter Dougherty Catawissa MO
Moses Effah Akoto Grand Forks
Bryce Enerson Grand Forks
Zachery Fisher Horace
Kelsey Gunderson E Grand Forks
Dylan Hahn Thief River Falls
Cherstin Mitzel Bismarck
Katherine Newell Barnesville
Samantha Plecity West Fargo
Mercedes Siek Jamestown
Carson Ullmer Minot



CONGRATULATIONS CPA EXAM PASSERS

Dec 12, 2023- Feb 1, 2024

Easton Andresen	Kayla Mittelsteadt
Sonia Basu	Matthew Rudolph
Debarghya Chowdhury	Anthony Scherr
Naval Kishore	Komala Seetharamaiah
Sushmita Mehta	Emily Spilde
	Haley Wolfe



IN MEMORY

Dale Beling passed away on February 17, 2024. Dale was certified in 1964 and began his career with Broeker Hendrickson which later became Eide Bailly. He was an active member until retiring his license in 1998.

William "Bill" Cawley passed away on February 3, 2024. After many years of farming, Bill returned to UND to earn his CPA license in 1991. He opened Bill Cawley CPA in Grafton in 1994 and had been a member of the Society for 33 years.

Terrence "Terry" McKenna passed away on February 15, 2024. Terry earned his CPA certificate in 1964 and had been a member for 55 years. He was honored with a lifetime membership award in 2006.

Wihelmine "Mina" Ulven passed away on February 27, 2024. After initially becoming a Home Economics teacher, she returned to UND and became a CPA in 1983. She worked in the Trust Department at Alerus Financial for 20 years before retiring in 2005. Mina was a member for 41 years and regularly donated to the CPA Society Foundation. Two of her children also became CPAs (Steve Ulven - GF and Susan King - FL)

NEWSLETTER UPDATES

Thank you to everyone who voted in our Newsletter naming contest. For many years our newsletter was called the Dakota CPA. A design change in 2012 removed the name. Our former Executive Director, Jim Abbott, suggested Dakota CPA for our contest. It was a fan favorite! We also had a big following for CPA Connection so we landed on the combo.

Delivery Change and Options:

Our survey revealed 45% preferred electronic newsletters, so again, we compromised. Jan, May, July, Nov will be available in paper while March and Sept will be electronic only. If you prefer to have all newsletters delivered electronically you can opt in by logging into our website, scroll to "Change Contact/Profile Info" then click "Email Newsletter Only" or just email membership@ndcpas.org!



MN BILL PASSES FIRST HURDLE

SHERRE SATTLER, EXECUTIVE DIRECTOR

Yesterday morning (Thursday, March 7) I received an alert that the MN Society of CPA's legislation **SF 1660**, which proposes an alternate pathway to CPA, was being heard by the MN Senate - State and Local Government and Veterans Committee.

After hearing testimony, the amended bill received a "Do Pass" recommendation and was referred to the Committee on Finance. If you have ever followed legislation, you know this is just the beginning of a long process. By no means does this "do pass" mean the bill is a done deal!

The original bill as introduced would allow for three options:

1. 150 semester hours + 1 year of experience (current law)
2. 120 semester hours + 2 years of experience
3. 120 semester hours + 1 year of experience + 120 hours of CPE within one year

An amendment removing option 3 was filed during the hearing.

Two year Implementation Date

Another recent change to the bill was the implementation date. If passed, the new law wouldn't take effect until July 2026. The reason for the delay was to give other states a chance to also implement changes.

Testimony in Favor

- Julie Blaha, Minnesota State Auditor, testified that her office is seeing a dramatic increase in the number of calls from local government entities needing help finding an auditor. She believes this bill will increase the number of CPAs available.
- Bob Cedergren, CPA, Current Chair of the MN Society of CPAs, testified that there is a significant shortage of CPAs. The MN CPA Society supports this bill on behalf of their members.
- Jennifer Leary, CPA, CEO CliftonLarsonAllen, believes this bill reduces barriers and opens pathways. This is a national issue and we are at a critical point.
- John Baarios, Assistant Professor, Washington University - He has done research examining the 150-hour rule. His research found little improvement in CPA quality. There has been a reduction in minority CPA candidates by roughly 26%.
- Pat Plamann, CPA Managing Partner, Schlenner Wenner & Co. Speaking from a small firm perspective, they do not see a difference in quality when hiring a candidate with 120 hours vs 150 hours.

Testimony Against

Carl Peterson, CPA, CGMA, AICPA VP Small Firm Interests. Small firms now have clients all over the country. If this bill passes and breaks CPA mobility, MN CPAs would not be able to hold out in

other states without further licensing. This imposes a particularly big burden on small firms who do not have the time and capacity to track the various rules and requirements of other states. The bill could impact professional liability insurance for MN CPAs. This bill could actually be counterproductive to the pipeline issue if the additional burden leads to professionals dropping their CPA license. Students attending school in Minnesota will now have to consider the value of only being able to hold out in MN. No one wants to go back to the way it was before mobility. Timing is the issue with this bill. We should let the profession's stakeholders around the country come together to support a concerted effort to make the changes everyone can get behind.

Okorie Ramsey, Chair of the AICPA, stated the AICPA has implemented a National Pipeline Advisory Group (NPAG) to look at the pipeline issue nationally. They don't want to make these changes in a piecemeal fashion. We want to look at doing this together.

Wrap Up

Again, this is just the beginning of this bill's process, but it appears to have some good momentum. The two-year implementation date is a key amendment to allow other states time to make changes. If Minnesota was the only state to "jump ship" this could be very detrimental for CPAs in the state. Messing with mobility is not a small issue. Remember, this impacts all CPAs in the state, not just those who would elect for the proposed 120 + 2 years of experience option. With that said, other states are also considering similar legislation or at least looking for solutions to the issue.

IDEALLY, the National Pipeline Advisory Group (NPAG) will provide a long term road map this spring which could unite the majority of states on this issue. That's a tall task but I'm an optimist! Even with a lot of consensus, any changes requiring legislation will take time. Things are bound to get a little rocky for a while.

Where does the North Dakota CPA Society stand on the 120/150 issue? For now, we are listening. The AICPA Council meets in a few weeks for regional meetings and again in May where we will hear the final recommendations of the NPAG group.

In the next few weeks, we will be sending a link to a national survey being conducted by the NPAG group. This is an important way to share your opinions on pipeline issues.

President-Elect, Randy Heller, and I will be traveling the state for the annual Presidents Tour the week of June 10. This will be a great opportunity for us to share information and to hear your thoughts. Our Board of Directors will meet on June 25-26 and this will clearly be an important topic.

As always, please reach out if you have questions or opinions to share!

CONGRATULATIONS TO OUR 2023 BOARD OF DIRECTORS SCHOLARSHIP WINNERS!

Each year the Society awards five \$1,000 scholarships. Recipients must be a Society member who intends to write the CPA Exam and become a CPA. Applicants provide a narrative about why they are pursuing the CPA credential and must have completed Intermediate Accounting by the application deadline.

This year we received a \$5,000 gift from Deloitte for the purposes of Diversity, Equity and Inclusion. The Society chose to award 5 additional scholarships to students who are traditionally underrepresented in the profession with these funds.



Aaron Steckman

Aaron is a native of Grand Forks, ND. He attends the University of North Dakota and plans to graduate in May of 2024. He plans on getting his Master of Accountancy in 2025.



Rajesh Nepal

Rajesh is a native of Grand Forks, ND. He plans to graduate in December of 2024 with his Master of Accountancy.



Brittney Kuklis

Brittney is a native of Columbus, ND. She attends Minot State University and plans to graduate in May of 2024 with a Bachelor of Science and a minor in Management Information Systems & Concentration in Honors.



Anna Masseth

Anna is a native of Mandan, ND. She attends the University of North Dakota and graduated with a Bachelor's of Accounting in 2023. In December of 2024 she plans to get her Master of Accountancy.



Tonya Berg

Tonya is a native of Fargo, ND. She attends North Dakota State University and plans to graduate in May of 2025 with a BS in Accounting and Management Information Systems.



Erin Host

Erin is a native of Brainerd, MN. She attends Concordia College and plans to Graduate in December 2024 with a BA in accounting and BA in Finance.



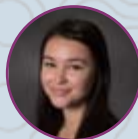
Abigail Willis

Abigail is a native of Scobey, Mt. She attends Dickinson State University and plans to graduate in the Fall of 2025 with an Accounting Degree.



Logan Becker

Logan is a native of New Salem, ND. He attends the University of Mary and plans to graduate in April 2025 with an Accounting, Finance Services and Banking Degree.



Skye Hertel

Skye is a native of Bismarck, ND. She attends the University of North Dakota and plans to graduate in May of 2024 with a Master's in Accounting.



Madelyn Schmidt

Madelyn is a native of Medina, North Dakota. She attends the University of Jamestown and plans to graduate in May of 2025 with a double-major in Accounting and Political Science.

2024 SOCIETY AWARDS

Nominate someone exceptional today!

LIFETIME MEMBERSHIP AWARD

This award is to recognize long-standing Society participation. The recipient must be a CPA and retired (not employed full time, and must be 60 or older). Generally the award will be presented to a CPA who has been actively involved over a number of years. To nominate or apply for life membership, simply prepare a brief recommendation letter and email it to the Society office, mail@ndcpas.org. Nominations due May 15th.

THE MAKING A DIFFERENCE AWARD

This award recognizes significant contributions in community service, education, or service to the CPA Society. Recipients must be a CPA and a Society member. Nomination forms are available at ndcpas.org/awards and are due May 15th.



THANK YOU TO THE FOLLOWING PATRON FIRMS WHO DONATED RAFFLE PRIZES

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Darlys Anderson
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FOUNDATION DONATIONS

THE FOLLOWING HAVE DONATED \$50 OR MORE FROM JANUARY 2023 - JANUARY 2024

Darlys Anderson	Patricia Hanson	Tammy Miller	Mark Vossler
Michael Bakk	Craig Hashbarger	Nicole Nelson	Daniel Walerius
Kate Barone	Randy Heller	Roger Nelson	W W Weispfenning
Carmen Borgen	Tonya Holmstrom	Cynthia Olson	Cory Wheeler
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Michael Bryant	Sheldon Kauk	Pam Peterson	Brian Zerface
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Richard Dahlstrom	Elise Labernik	Michelle Schumacher	
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Brittany Dunn	Tracy LeDuc	Clarence Sitter	
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Michael Farbo	Timothy Lord	Anne Stoll	
Tammy Gerszewski	Gerald Lucke	John Suess	
Preston Gilderhus	Steven Lysne	Tabitha Talkington	
David Glennon	Keith Mantz	Robert Thibedeau	
Renee Gravalin	Juan Martinez	Jody Tibert	
Danielle Hanson	Cara Miller	Jeremy Ulmer	

MEET OUR MEMBERS

Current Job / Company/ Location: Tax Associate at Truman Kingsley, CPA, PC located in Fargo, ND

Hometown: Hunter, ND

Alma Mater/Degree: North Dakota State University - Bachelor of Science Minnesota State University Moorhead - Master of Finance & Accounting

What is your favorite thing about your job? My favorite part about my job is working with clients to meet their financial goals using tax planning and other strategies. I enjoy taking complex issues and breaking them down further for better client understanding.

Tell us about your family: My husband, Landon, and I recently tied the knot in September of 2022. We have a 6 year old German Shepard named Storm and two orange barn cats named Sonny and Olive that we're very fond of.

Hannah Mund



Tell us about a mentor that influenced you: My current employer has quickly become a mentor to me in the past year, showing me the importance of work ethic and client relationships. Working closely with hard working families in the agriculture industry is an inspiring place to be.

What do you like to do in your free time: In the summer I enjoy hitting up local eateries and enjoying a cold refreshment or two out on the lake.

Favorite Vacation: My favorite vacation to date has been traveling to Maui for my honeymoon last winter.

Favorite Food: My favorite foods consist of bread, pasta and pastries (anything with carbs, essentially).



Isaac Mohr

Current Job/Company/ Location: Financial Analyst at Stoneridge Software in Fargo.

Hometown: Moorhead, MN

Alma Mater/Degree: Undergrad at St. Cloud State for Accounting. MBA at NDSU.

What or who inspired you to become a CPA? Excelled at an accounting class in high school. Knew I was going to be an accountant ever since. One of my favorite college professors Amy Fredin inspired me to get my CPA, and the rest is history.

What is your favorite thing about your job? The people. Those who say accountants are boring clearly have not met the folks I get to work with every day at Stoneridge. Words can't describe the joy I feel each day logging on to work with this talented crew.

What was your first job? I used to clean rental cars for Avis. Which I did for two summers during college.

Tell us about your family: I have one brother, Ethan, who is one year younger than me and operates heavy machinery. My dad works at Budweiser but will hopefully be retiring soon to enjoy

some much-deserved relaxation. My mom is my number one fan and works at the Middle School in Moorhead doing security.

Tell us about a mentor that influenced you: There is a YouTube group that goes by Yes Theory who has influenced me a great deal. They have a motto to Seek Discomfort, which can sometimes be forgotten as we get set in our day-to-day routines. Live begins where your comfort zone ends; strangers are only friends you haven't met yet.

What do you like to do in your free time: Love to golf in the summer. Hosting has quickly become a fun activity for me, as I do it twice a week for my friends in the area. Also, attempting to learn the guitar, although quite a long way to go on that journey.

Dream Vacation: My 'gift' to myself for passing my CPA is a two-week trip to Hawaii. I haven't gone yet, but look forward to that, as well as learning how to surf while there.

Favorite Food: Deli sandwiches. Jersey Mikes, Firehouse, etc.

Something most people don't know about me: Basically, from the third grade (2006) to 2023 I can't remember owning or wearing jeans. Until last Halloween when I dressed up as Clint Eastwood from Good the Bad the Ugly (I'm an old fashioned man), as they were an interictal part of the outfit.

UPCOMING CPE OPPORTUNITIES

2024 YOUNG PROFESSIONALS: NETWORKING & LEARNING

WEDNESDAY, MAY 15 | 10:00 - 3:30 PM

LOCATIONS

Fargo - Brady Martz Office
Bismarck/Mandan - Fide Bailly Office

SESSIONS

Leading with Purpose | Karli Moch
Life-Balance - Relieving Stress | Kristi Pfliger-Keller



KARLI MOCH



KRISTI PFLIGER-KELLER

REGISTER
NOW!

LINKEDIN PROFILE SECRETS

Tuesday, May 14 | 10:00 - 12:00 pm CST
2 CPE Communications & Marketing | Sandra Long

Today's CPAs can expect their prospects, clients, referral partners, and candidates to re-search them on LinkedIn. The good news is that you can leverage LinkedIn to craft a digital presence that demonstrates your expertise, showcases your personal brand, and aligns with your values. Learn how to create a LinkedIn profile that is not just a resume but a valuable marketing tool for your CPA business.

ETHICS OF AI: A CPA'S GUIDE

Tuesday, June 11 | 10:00 - 12:00 pm CST
2 CPE Ethics | John Higgins

The practical application of artificial intelligence (AI) in the accounting profession is spreading like wildfire with the release of powerful applications such as ChatGPT. A byproduct of this evolution is the origination of new ethical dilemmas for CPAs on how to address the use of this technology in the delivery of their services. This course, presented by John Higgins, CPA, a nationally recognized technology advisor to the profession, will provide CPAs with a practical framework for addressing the various ethical issues that can arise with the application of AI in their work.





MARCH WEBINARS

- 13 Surgent's Predicting Future Financial Issues Facing the Financial Executive
- 14 Payroll Essentials: Getting to Know Payroll Taxes
- 15 What's Changing in A&A for Governmental Entities
- 19 The Ethical Management of Conflict
- 21 Benefits and Best Practices for Telework
- 25 Surgent's Financial Reporting Update for Tax Practitioners
- 27 Navigating Leaves of Absence
- 29 Governmental GAAP Update

APRIL WEBINARS

- 1 Combating Internal Fraud
- 3 A Practical Guide to Trusts
- 8 The Remote Team Roadmap for Accounting Firms
- 9 Exploring the New Lease Accounting Standard
- 11 Surgent's Annual FASB Update and Review
- 16 Advanced Budgeting - Balance Sheet and Cash Flow Projections
- 18 Surgent's U.S. Taxation of Foreign Corporations: A Case Study Approach
- 23 The Motives and Mystery of Ethics - Understanding the Why

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Pricing changes on April 1st so sign-up now!

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- 1,200+ credits available
- 2-16 hour courses
- Immediate certificate delivery

Plus

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- 190+ Self-Study courses
- 100+ on-demand webcasts

JOIN US FOR OUR 2024 IN-PERSON EVENTS

06/05-06	Small Firms Conference	Bismarck
06/17-18	Management Conference	Fargo
08/11-13	Annual Convention	Medora
09/09-10	Farm Tax Conference	Grand Forks

SHOWCASE YOUR BUSINESS!

We are looking for exhibitors and sponsors for our 2024 conferences. If you or your business are interested in sponsoring or advertising at one of the events below go to ndcpas.org/exhibitor to register.

EVENTS TO SPONSOR:

Small Firms Conference | 06/05-05 | Bismarck
Management Conference | 06/17-18 | Fargo
Annual Convention | 08/11-13 | Fargo
Farm Tax Conference | 09/09-10 | Grand Forks



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For more information about North Dakota's College SAVE Plan (College SAVE), call 1-866-SAVE-529 (1-866-728-3529) or visit www.collegesave4u.com to obtain a Plan Disclosure Statement. Investment objectives, risks, charges, expenses, and other important information are included in the Plan Disclosure Statement; read and consider it carefully before investing.

Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.

The College SAVE Plan (College SAVE) is a 529 plan established by the State of North Dakota. Bank of North Dakota (Bank) acts as trustee of College SAVE Trust, a North Dakota Trust, and is responsible for administering College SAVE Trust and College SAVE. Ascensus Broker Dealer Services, LLC ("ABD"), the Plan Manager, and its affiliates, have overall responsibility for the day-to-day operations of College SAVE, including recordkeeping and marketing. The Vanguard Group, Inc. (Vanguard) provides underlying investments for the Plan. College SAVE's Portfolios, although they invest in mutual funds, are not mutual funds. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Continued from page 1

in the firm's strategic decisions and actions, including financial and operational priorities, as well as firm leadership's ability to influence decisions about the firm's resources. Other matters such as the firm's culture, how it demonstrates a commitment to quality and how responsibilities with respect to the system of QM are assigned may also be addressed. Relevant ethical requirements align quality objectives with ethical standards, ensuring compliance with relevant ethical requirements, including independence.

Acceptance and continuance involve judgments based on client information, engagement nature and the firm's ability to meet professional standards. Engagement performance ensures understanding, supervision, professional judgment, consultations and proper documentation. The resources component emphasizes aligning human, technological and intellectual resources with professional standards.

The new information and communication component underscores the importance of an integrated information system supporting quality management. The monitoring and remediation process is an iterative, integrated system for continuous improvement, involving design and performance monitoring activities.

In summary, all these components operate in a highly integrated, non-linear manner. SQMS No. 1 signifies a proactive, tailored and scalable system that provides reasonable assurance of meeting objectives.

SQMS NO. 2

SQMS No. 2 addresses the appointment and eligibility of engagement quality reviewers (EQRs) and the performance of engagement quality reviews. Applicable to engagements requiring a review under SQMS No. 1, it emphasizes flexibility based on the level of significant judgments in engagements. SQMS No. 1 allows firms to decide when an EQR is necessary, while SQMS No. 2 outlines processes for appointing eligible EQRs, focusing on competence, capabilities and authority when an EQR is determined to be an appropriate risk response.

SAS 146 AND SSARS 26

Statement on Auditing Standards (SAS) 146 emphasizes the auditor's responsibilities for quality management, stressing professional skepticism, enhanced documentation and robust communication. The engagement partner (EP) assumes overall responsibility for managing and achieving quality, ensuring appropriate involvement, and considering audit nature, circumstances and firm policies before dating the report.

SSARS 26, the final standard in the suite, amends AR-C sections 60, 70, 80 and 90 to align with SQMS.

These new standards enhance firm leadership, accountability and governance through a risk-based approach. They address technology and external service providers, and they emphasize continuous information flow, proactive monitoring and effective communication. Additionally, they reinforce EQR requirements and enhance the EP's responsibility for audit leadership and quality.

Jaclyn Veno, CPA, is a learning and development specialist at Galasso Learning Solutions. She can be reached at jaclyn@galassolearningsolutions.com. Reprinted with permission from the New Jersey Society of CPAs.



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UPDATES FROM THE STATE TAX COMMISSIONER

Brian Kroshus



Filing for the 2023 tax season opened Jan. 29, 2024, and the Office of State Tax Commissioner is prepared for another substantial year.

Last year, our office processed more than 475,000 individual income tax returns. In 2023, over 92 percent of North Dakotans filed their individual income tax returns electronically. We continue to encourage taxpayers to e-file, as it is faster and can improve taxpayers' overall experience through security, accuracy, and timeliness.

The 2023 North Dakota Legislature replaced the traditional five-bracket system for individuals, estates, and trusts with a three-bracket system with overall lower rates, including a substantial first bracket with a zero rate.

More information is available at www.tax.nd.gov/newsletters. Filing continues until April 15th this year.

Tax Commissioner Extends Homestead Tax Credit Deadline

Tax Commissioner Brian Kroshus announced the extended application deadline of March 31, 2024, for the Homestead Property Tax Credit program.

Eligible North Dakotans may qualify for a property tax credit through the Homestead Property Tax Credit program which reduces the homeowner's taxable value depending on the homeowner's income.

This past legislative session the maximum allowed income level was increased from \$42,000 to \$70,000 and the maximum reduction of the homeowner's taxable value was modified from \$5,625 to \$9,000. These legislative changes expanded the program allowing more residents to qualify while increasing the credit amount. Commissioner Kroshus encourages North Dakota homeowners to view the specific eligibility requirements at www.tax.nd.gov/homestead.

The Homestead Property Tax Credit requirements include:

- 65 years of age or older in the year for which the application is made
- -OR- Permanent and total disability (proof of disability must be established)
- Own and occupy the property listed on the application
- Have an income less than \$70,000

For more information related to North Dakota tax-related programs, please visit the Office of the State Tax Commissioner's website at www.tax.nd.gov.

Tax Commissioner Encourages Primary Residence Credit Applications

North Dakota homeowners may receive up to a \$500 property tax credit via the Primary Residence Credit (PRC) program available through the North Dakota Office of State Tax Commissioner.

The PRC was established during the 2023 Legislative Session under House Bill 1158. The credit provides all North Dakota homeowners with the option to apply for a state property tax credit. To be eligible for the credit, you must own a home (house, mobile home, town home, duplex, or condo) in North Dakota, and reside in it as your primary residence.

Additionally, there are no age restrictions or income limitations for this credit, but only one Primary Residence Credit is available per household. For more information and to apply by the March 31st deadline, visit www.tax.nd.gov/prc.



ETHICS CORNER

The Case of Welle, Welle, & Well?



Fairleigh Welle, CPA practices in a two partner firm with his brother Nahtso Welle, CPA (guess who the grumpy one is). They have a one office firm. Fairleigh is a big me cat lover. He found out that Cats'N Jammies, a no kill shelter, was soliciting a bid for an audit of their 2023 financial state-

ments. Fairleigh jumped at the chance and submitted a proposal to the organization. What he didn't know was that Dryer Welle, Nahtso's wife was a Board member of Cats'N Jammies in 2023.

Q. Has Fairleigh done anything unethical?

A. Arguably, not yet. However, Natso's wife is considered an "immediate family" member (See 0.400.19) of a covered member, his partner Nahtso (See 0.400.12). The Firm could not be independent. He proposed to do something he can't do. Does it matter if Nahtso's wife resigns from the Board before Welle and Welle is appointed?

No. She was on the Board during the period to be audited.

Charles Selcer, CPA

Charles Selcer, CPA, has over 30 years of audit and business consulting experience. His areas of specialization include audits of distribution companies, SEC registrants, not-for-profit organizations & charities, including organizations subject to Circular A-133.



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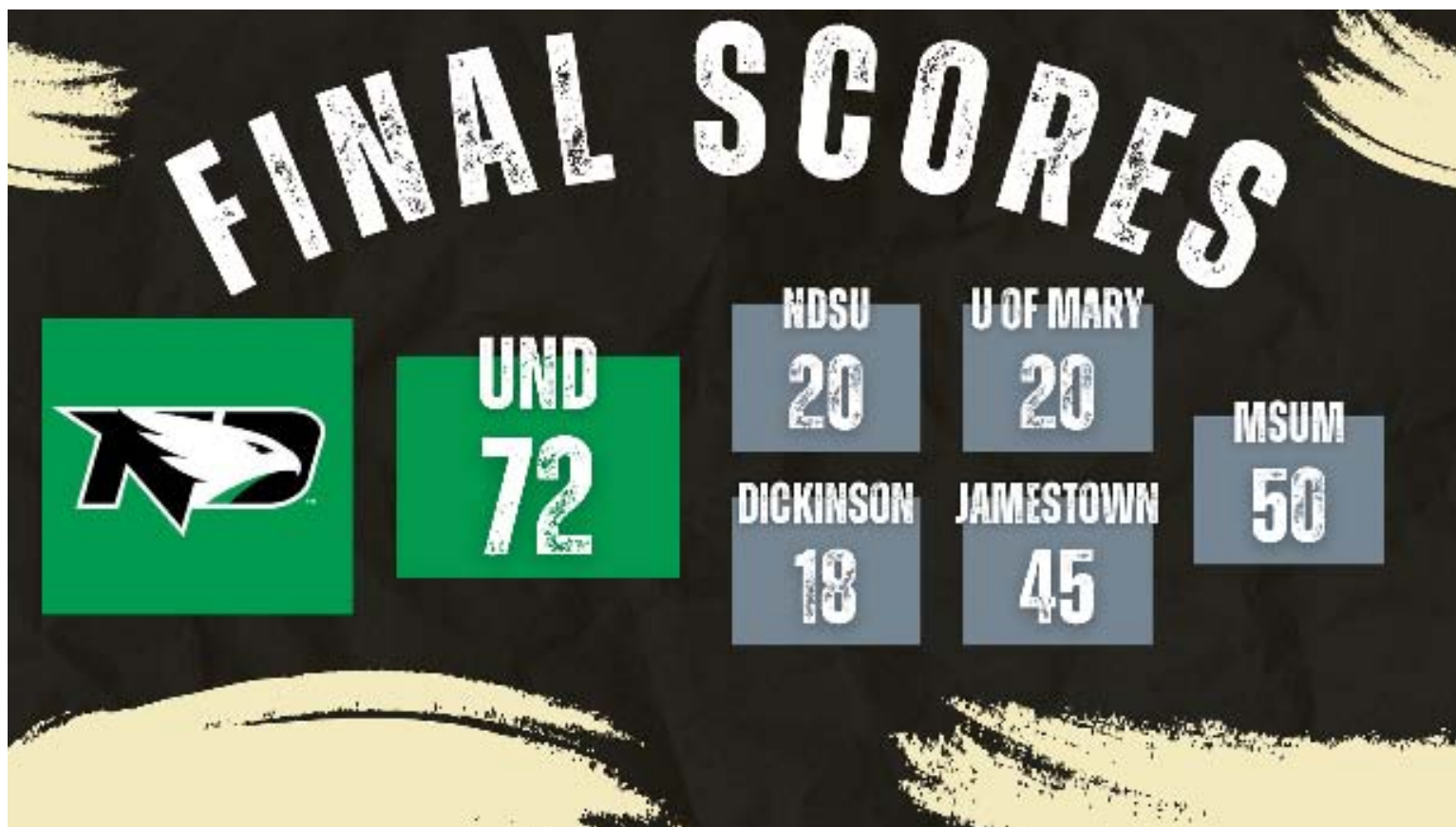
welcome the opportunity to talk to you about our risk-free and confidential services. For more information, call Trent Holmes at 800-397-0249 or email Trent@apsholmesgroup.com.

University of North Dakota has a resource called the [Freeman Professional Closet](#) through which they accept donations of new or gently used professional clothing items that they give to Nistler students to keep to build their work wardrobes. If any members have donations of suits, blouses, button-ups, etc., that they'd like to donate, they can either be sent to UND Nistler College or if local, UND will pick up locally.



GRIDIRON CHALLENGE

Thank you to everyone who donated to this year's GridIron Challenge. We had a great turnout with a total of \$2,250 raised for scholarships. The North Dakota CPA Society Foundation 2024 Gridiron Challenge went from December 15 to January 16. The Foundation awards scholarships for accounting students in area colleges. For each \$10 donated, a touch down was earned. University of North Dakota was the big winner this year with 72 touchdowns! The final scoreboard is pictured. Be on the lookout for the next opportunity to support our local accounting students.



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