Volume 63, No. 2

April - June 2022

Minnesota Association of Public Accountants

# The MAPAN

*"MAPA assists members in achieving success in the profession of accounting and taxation through the advocacy of practice rights and the promotion of high standards in ethics, education, and professionalism."*

## Inside this issue:



# President's Message

Hope everyone had a great 2022 filing season. It was weird having a normal season for the first time in three years. It seems many clients had forgotten that the deadline was April and there was a mad dash at the end.

As the pandemic is coming to an end (hopefully), it is time to look to the future of the profession. At our firm, we are getting ready to move to a new office. I find myself looking more toward technology upgrades for remote access vs. making the building look fancy. This is something that I don't think I would have thought about 2 years ago. The last two years changed my viewpoint and the pandemic gave us a chance to reset the standards that were once in place.

Hopefully you all get a chance to enjoy an normal offseason and finally the rest and relaxation we need to get ready for the next filing season.

This is my last article as President of MAPA, as we will be electing new officers at the Annual Meeting in June. If you are interested in being a part of the decision making process in MAPA, please let us know.

Thank you,

Eric Goddard, CPA

## MAPA 82nd Annual Meeting

Monday June 27, 2022
9:30AM—1PM
Installation of newly elected officers will take place during lunch

More details at: www.mapa-mn.com



The MAPAN is the official publication of MAPA. The MAPAN is published four times annually. All articles must be submitted to the MAPA Office by the 5th of the month to be included in the following publication. Submit all articles and letters to the Editor.

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## Executive Director's Report • Erin Nebben, EA

Greetings! I hope this newsletter finds you all rested and well from the long tax season. I've had the opportunity to speak to a few of you post tax season and all signs point to it being a rough one for the majority of accounting and tax professionals. Thankfully, it is over now, and MAPA is here to help you in the off season.

I wanted to touch briefly on the idea of what the future looks like for professional organizations such as MAPA. As we enter into our 82nd year of being an organization for the tax and accounting professionals of Minnesota, we have to think about what we can be doing now to continue to provide resources for our members. It's now more important than ever that we stay on top of the ever changing world of tax and accountancy to be able to continue to give our members the best and most cost effective educational opportunities available.

The last couple of years have been tough on everyone. MAPA has not been able to run business as usual with in person events and we have had to improvise and be open to change formats for a majority of our events. In doing so, we have opened up a door to new possibilities. While, I do miss seeing you all, I understand that it's in your benefit to have the opportunity to attend an event virtually or in person. So, our virtual events are here to stay and we will continue to try to implement more specialized content for shorter webinars, while working to increase our in person events as well.

It's an exciting time for MAPA and I'm looking forward to our future. Do me a favor, and don't keep MAPA a secret any longer. Let your friends and colleagues in on the go to organization for the 'Mainstreet Accountants'….MAPA! Don't forget to head to the MAPA website to RSVP for the Annual Meeting on June 27th. We would love to see you there!

## MAPA Seminars—In Person or Webinar? It's Your Choice!

The 2022 MAPA seminar schedule was sent out with the dues renewals on April 15th. We have a schedule that we hope appeals to everyone. You have choices of in person CPE along with many webinars. We have added some specialized topics that can be covered in 2-4 hours, or a full 8 hour.

MAPA has 7 in person seminars offered in the schedule. The value of meeting in person with colleagues after the 2 years of not getting together should bring a good platform to the networking that many of us have missed.

For those who wish to do the 1040 Tax in Depth as a webinar but find it hard to watch for 2 days we have the option of the 8 Niights of 1040 Tax in Depth. The webinar will take place the last 2 weeks of December for 8 nights between 5PM and 7PM.

Our executive director, Erin Nebben, has done a tremendous job lining up the seminar/webinar schedule for this year. We are looking forward to seeing many of you this summer and fall.

~Virginia Bruns, Seminar Chair

## 2022-2023 Seminar and Event Schedule

***Additional seminars may be added to this schedule***

| | | | | |
|---|---|---|---|---|
| 6/15/2022 | Accounting & Auditing Update | 7am - 3pm | 8 | Webinar |
| 6/16/2022 | Preps, Comps, Review | 8am - 4pm | 8 | Plymouth, |
| 7/28/2022 | 1041's for Trust's & Estates | 8am - 4pm | 8 | Plymouth, |
| 6/27/2022 | MAPA's 82nd Annual Meeting | 9am—3pm | N/A | Monticello, |
| 8/10/2022 | Best of Tax Planning & Retirement Ideas | 8am - 4pm | 8 | Webinar |
| 8/11/2022 | S Corporations A-Z | 8am - 4pm | 8 | Webinar |
| 8/12/2022 | Security | 9am - 12pm | 3 | Webinar |
| 8/24/2022 | Crypto-Currency, Tech/Security & Emerging Economy Issues | 8am - 4pm | 8 | Webinar |
| 9/20-9/21/2022 | Business Tax In Depth | 8am - 4pm | 16 | Plymouth, |
| 10/26/2022 | 20% Flow Through QBI Deduction | 12pm - 2pm | 2 | Webinar |
| 11/3/2022 | Federal Tax Update - Individuals | 8am - 4pm | 8 | Plymouth, |
| 11/16/2022 | AICPA & Circular 230 Ethics | 8am - 12pm | 4 | Plymouth, |
| 11/17/2022 | MN Tax Update | 8am - 12pm | 4 | Webinar |
| 11/21-11/22/2022 | 1040 Tax In Depth | 8am - 4pm | 16 | Webinar |
| 12/8-12/9/2022 | 1040 Tax In Depth | 8am - 4pm | 16 | Plymouth, |
| 12/19-12/20/2022 | 1040 Tax In Depth | 7am - 3pm | 16 | Webinar |
| 12/19-22 & 12/27-30 | 8 Nights of 1040 Tax In Depth | 5pm - 7pm | 16 | Webinar |
| 1/11/2023 | Federal Tax Update - Business | 11am - 7pm | 8 | Webinar |
| 1/12-1/13/2023 | 1040 Tax In Depth | 8am - 4pm | 16 | Plymouth. |

# Peer Review • Mark Hemerick, CPA

It's that time of year when we need to review our firm peer review requirements. MAPA is contacting the firms that will need a peer review in 2022. A number of issues need to be reviewed for your firm to be ready for this process.

Most of our MAPA member firms requiring a peer review have the need for an engagement review. I will cover these standards here. Although, the standards for system reviews are similar.

- MAPA requires the firm to submit a completed Peer Review Billing Form and Firm Information Questionnaire before commencement of its peer review. Your peer reviewer will also need a copy of these forms.
- The Peer Review Billing Form informs MAPA of the name of the firm's peer reviewer. It also determines the firm's fee for MAPA's administrative services. The fees are due by June 30.
- The Firm Information Questionnaire requests the firm's licensing information, types of engagements the firm performs and industry specialization areas in which the firm is involved. It also requests the name of the peer reviewer and the timing of the peer review.
- The Peer Review Billing Form and the Firm Information Questionnaire are available on the MAPA website under the Peer Review tab.

Your firm's peer review should be completed within 6 months of the firm's peer review year end. You should request an extension of time from MAPA for your firm's peer review if it will be late. For calendar year end peer reviews, the deadline is June 30.

When selecting your peer reviewer, you will want to consider a peer reviewer whose practice is similar in size and background to your firm.

You will also need to complete an Engagement Summary Form for your peer reviewer at the beginning of the peer review process. The Engagement Summary Form should include all of the engagements that you have been engaged to perform for the peer review year.

The Engagement Summary Form will require your firm to organize the listing of your firm's clients in the following manner:

- By Industry of the Client,
- By Level of Service Provided, and
- By the Responsible Party for the Engagement.

Also, the form requests a copy of your individual and firm licenses.

Now is the time to start considering these issues in preparing for your upcoming peer review. MAPA can provide you with a list of its qualified peer reviewers to get started.

Keep in mind that there are a substantial number of recent changes in the Accounting and Auditing Standards that affect our firms and some of the areas where deficiencies were noted in recent peer reviews include:

- Updated Nonprofit financial statement presentation and disclosure revisions,
- Updated Revenue Recognition financial statement presentation and disclosure requirements,
- Engagement Acceptance,
- Audit Risk Assessment and Documentation,
- Analytical Procedures, and
- Updated Audit Reporting requirements.

# What's New at Revenue • Minnesota Revenue

Though the tax filing deadline did not change this year like it has the past two years, many of us are still dealing with changes to our work and lives that stem from the pandemic. Thank you for all you do to help Minnesotans accurately prepare and file their taxes.

With the tax filing deadline behind us, we're busy processing returns and issuing refunds. To date, we've processed over 2.4 million individual income tax returns and issued over 1.4 million refunds.

## Legislative Session

2022 is not a budgeting year, but with a strong projected surplus – $9.25 billion in the February state budget forecast – there's an opportunity to provide tax relief for Minnesotans. We're tracking many potential tax law changes proposed by Gov. Tim Walz and state lawmakers and will provide updates on any changes that affect your customers after session ends.

Subscribe to our Tax Law Changes email list and Tax Professionals email list for the latest updates.

## June Accelerated Payments

Due to the large budget surplus announced in November 2021 and a law change, the June accelerated payment for Sales and Use Tax has ended. We have already reached out to impacted customers and will adjust June sales tax returns to a regular monthly return.

## New Local Sales, Use, and Excise Taxes

Koochiching County implemented a new 0.5% transportation tax on sales and purchases on or after April 1, 2022. Revenues will fund transportation projects within the county.
To stay up-to-date on new local sales, use, and excise taxes, see our Local Sales Tax Information page.

About the MAPAN: *The MAPAN is published 4 times per year for the members of MAPA by the Minnesota Association of Public Accountants, **111 Lake Street North, PO Box 301, Big Lake, MN 55309. Phone: 612-366-1983 Fax: 763-263-8020 Email: enebben@vividmanagementllc.com Website: www.mapa-mn.com** Unless stated, comments in this publication do not necessarily reflect the endorsement or opinion of MAPA. The publisher is not responsible for statements made by the authors, contributors or advertisers. The publisher reserves the right to final approval of editorial and advertising copy in this publication.*
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# CPA Practice Advisor • Be Different, Not Better • Jeannie Ruesch

The internet is saturated with inspirational quotes and sayings about achieving success. Type in "success meme," and you have hundreds of thousands to choose from. But there's one saying that's been around for decades (at least) that still carries a strong relevance today:

> *Good, better, best – never let it rest.*
> *Until your good is better and your better is best.*

As individuals, this certainly rings true—we're taught from an early age that we should always strive to be the best versions of ourselves. However, with apologies to the unknown author of this rhyme, this same advice may not be the best (pun intended) to take when it comes to our businesses.

"Better" is a constantly moving target, especially in today's rapidly changing market, and may not be the right north star to aim your growth goals toward. **Instead of being better, find a way to be different.**

<u>Wait … what?</u>

It may go against your instincts to hear that aiming for "better" may not be the right goal. We all want to be better than our competitors, don't we? But "better" is subjective. What I might see as better, you might disagree with. It's harder to prove, and when everything about how you do business changes so much, being better is more a goal line that keeps shifting rather than a stake in the ground. Your customers' goals may vary, and what they consider to be better about your firm compared to another will also vary.

So how do you differentiate? There's an old adage in the realm of product marketing called the "iron triangle" (no, this is not *Game-of-Thrones*-related). If your firm could be known for two of the following three qualities, which would you pick?

- Cost of services
- Speed of delivering your work (time)
- Quality of your final product

The instinct is to pick the two that would make you better than your competitors — but how do you do that, exactly, when being *better* is a moving target? One customer may prioritize cost over quality today, and another may feel that nothing is more important than turnaround time.

Longevity is also a key consideration. Even if you could currently be the better option based on cost, time or quality, what stops another accounting firm from eventually besting you by finding a way to offer the same services faster or cheaper? Being in a constant competition for lowest cost is a race to the bottom and devalues the work you do as a whole.

<u>Prioritizing What You're Known For</u>

I used to work for an event center and restaurant located in the middle of a business park. There were plenty of lunch goers in the neighborhood, but the restaurant struggled to bring in consistent traffic. Why? Because as those lunch-goers considered what mattered most to them (getting their food quickly, cheaply or the best quality), the restaurant couldn't win two of those arguments and was therefore never the top-of-mind choice.

Think about your own process for making a major purchase. What factors into your decision? How do you weigh the three options—cost, time and quality—against each other? Amazon has taught us well the benefits of fast with "Prime" delivery. You may have a price you can't go above (or below), or a certain quality level you won't budge on. Quality can narrow down your top options, but then it likely comes down to price—unless there is a WOW factor that makes you open to not letting your final decision be dictated by cost. Ultimately, you're weighing those three options and choosing based on which two matter most to you.

Why can't you be all three? Because the options of cost, quality and time work against each other in many ways. Quality can suffer the faster something is delivered unless you increase costs and resources to meet the level and speed desired.

So, as you consider what makes your firm stand out, what can you deliver against?

<u>How to Be Different</u>

As you think about what you want to be known for, put yourself in the shoes of your ideal customer (the type you'd love to work with over and over again). What will drive your customer to choose you? What options do you want to deliver against? Do you have the resources to meet what you're offering? For example, if you choose speed as a cornerstone, can you meet that for every customer, every time? Is that the customer you want to work with every time? Are you willing and able to ramp up resources whenever needed in order to keep that promise?

Maybe you'll focus on a niche or quality of services you can deliver at a lower cost because you've standardized and automated with technology that saves time for both you and your clients. If that is the case, weigh the options of what your firm currently offers (or doesn't offer) compared to your competitors, and what changes could you make to stand out. Some options to consider:

**Subject matter expertise (quality and time).** Developing expertise in a certain sector allows you to differentiate your practice from your competitors by showing industry-specific customers that you understand their specific needs and the landscape they operate in, as opposed to a more-generalized practice.

**Enhanced services and offerings (quality and cost).** The more you can be seen as a one-stop shop, the more valuable you are when compared to another firm that only offers certain services and necessitates additional resources (and probable delays) to achieve the same results.

**Innovations in client management (cost and time).** You may offer the same services as your competitors, but is the way your clients will utilize those services streamlined and/or more efficient? Are you leveraging the right tools and technology that give your clients time back? To some customers, saving time with a more efficient process is just as valuable as saving on cost.

Making "Be Different" a Reality

Now that you've identified ways to make your firm stand out, what changes can you make to successfully implement these ideas?

**Get insight from current customers**. The best way to make sure you are innovating for your clients (and potential clients) is to have a firm understanding of what their needs are. If you aren't already doing so, add regular touchpoints with the customers you love working with via surveys and one-on-one interviews to better understand their needs and determine how you can innovate to meet them. Customers also may not realize they have a pain point that you can alleviate, so this is a great way to identify those pain points and show that you can advise them in broader ways. Make sure you are letting customers know about new services, technologies, and offerings as they are rolled out.

**Develop your employees.** Offer education and training to help your employees become specialists in areas they are enthusiastic about. Not only does this build subject matter expertise into your firm, it also allows your employees to expand their roles and act as true business advisors.

**Constantly review your processes**. Things change rapidly in our world, so introspection cannot be a one-and-done thing. Make sure you are regularly reviewing your operations to see where you can make improvements to enhance the customer experience. These reviews are also a good touchpoint for determining if there are mundane tasks that can be streamlined or made more efficient—freeing up time for your employees to focus on other high-value services.

Embrace Your Firm's Differences

Standing out against your competition is always going to be a moving target. But knowing how your ideal customers will make their decisions and what matters to them most can help you determine the right goals and ideas—oriented around what makes you the right choice for the client, not just what makes you better than someone else.

Rather than ending with a *better* rhyme than good/better/best, I'm going to offer you a *different* poetic takeaway (partly because there are no easy words that rhyme with "different"). So, I leave you with this haiku:

*A crowded market.*
*Want your business to stand out?*
*Find your differences.*

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Jeannie Ruesch is the director of marketing at Bill.com and has been in the accounting industry for more than seven years. She previously worked at Xero and The Sleeter Group. She has more than 20 years' experience in brand creation and strategy, design, social media development, demand gen, and customer marketing. She's a tech geek at heart, an author, an award-winning graphic designer, and loves finding ways to help customers solve problems.

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