

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."*

## President's Message

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It's March already and I'm assuming that we are all buried by tax returns! I hope everyone has been having a successful tax season and staying healthy!

MAPA has finalized the calendar for the upcoming season. You can find that on page 3 of the MAPAN.

You can also expect to get your renewal packages via mail and email towards the end of April. Please take a look at our Executive Directors article with more information on that.

Keep in mind that MAPA is always looking for new volunteers to help on the board of directors. Please let us know if this is something you would be interested in. One of our most important committees is the Legislative Committee. We have been searching for someone to chair that committee and help us by attending the State Board of Accountancy meetings. It's important for MAPA to have a presence at that level. If you are interested in volunteering for specifically the Legislative Committee, please let us know.

Good luck with the rest of the busy season! Here's a little accounting humor I found to get you through your day:

- ◆ How do you know your child will be a CPA when they grow up? When you read them *Cinderella* and the pumpkin turns into a golden carriage, they ask, "Is that ordinary income or capital gain?"
- ◆ Q: Which superhero pays no tax? A: Spiderman, all his income is net.

Warm Regards,

Diane St. Sauver, CPA  
President

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



Hello! I hope this newsletter finds you all doing well and hanging in there during this long tax season! At least the weather has been better this year than in past years with snow and cold.

We have been putting off publishing this issue of the MAPAN because we wanted to have our calendar ready to share with you as well. On the next page, you will see your event schedule. TaxSpeaker is still able to come and do the 1040 Tax In Depth classes in person, but the one day and even Business Tax In Depth, it's getting to be too much to travel year round. What I am most excited about with this year's schedule, is that we are now able to offer a couple of classes that we only would offer once a year, are now being offered a couple times.

You will see that both 1041's for Trusts & Estates and Business Tax in Depth have a couple of options of dates available for MAPA. All MAPA events are open for registration on the website as of this week!

This time of year is also when member renewals are about to gear up again. Please remember that your membership will expire on April 30th. The new Glue Up website platform will be sending automatic messages to remind you of your upcoming renewal. There are some of you that opted for the 'auto-renewal', meaning that your card will be automatically charged in April for your 2024 membership. I'll be sending a separate message out to those of you that opted in for auto renewal this year, to confirm that is what you wish to do. You can always login to your MAPA profile and see if your membership is set up to auto renew. If you have any questions regarding the website or your member profile, please let me know.

This will be going on my 7th year of working for MAPA as the Executive Director. MAPA certainly has changed a lot in the past 7 years. We have gone from having all live in person events, annual meetings, regular in person board and committee meetings to not seeing much of each other at all. MAPA has always prided itself on the member benefit that is invaluable – networking. It's getting harder and harder to network and meet people with the lack of in person meetings. I urge you to think about what you want from MAPA and what we can do to meet your needs in this ever changing industry. I do feel like MAPA is a value to your business and your clients, and I hope to find ways to continue to be relevant to you and your colleagues.

I look forward to hearing from you and maybe seeing you at a 1040 class later this year. Please be on the lookout for your member renewal package that will arrive in late April!

Take Care!

Erin

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Email [erin.nebben@mapa-mn.com](mailto:erin.nebben@mapa-mn.com) with questions.

## 2024-2025 Seminar and Event Schedule

*Additional seminars may be added to this schedule*

Date	Topic	Time (Central)	CE Hours	Type
5/16/2024	Security	11am – 2pm	3	Webinar
5/23/2024	Step Up Basis Election - 754	11am – 1pm	2	Webinar
5/30/2024	Preparations Compilations & Review	10am -6pm	8	Webinar
5/31/2024	Accounting & Auditing Update	8am – 4pm	8	Webinar
6/3/2024	Best of Tax Planning	8am – 4pm	8	Webinar
8/26/24-8/27/24	Business Tax In Depth	8am -4pm	16	Webinar
8/28/2024	Social Security & Medicare	8am – 4pm	8	Webinar
8/29/2024	1041's for Trusts & Estates	8am – 4pm	8	Webinar
8/30/2024	Complete Retirement Guide	8am – 4pm	8	Webinar
10/23/2024	Federal Tax Update – Individual	9am – 5pm	8	Webinar
10/24/2024	Ethics	8am – 12pm	4	Webinar
10/25/2024	1041's for Trusts & Estates	9am – 5pm	8	Webinar
10/30/2024	Federal Tax Update – Business & Individual	8am – 4pm	8	Webinar
11/1/2024	Federal Tax Update – Business	8am – 4pm	8	Webinar
11/14/2024	Minnesota Tax Update	8am – 12pm	4	Webinar
11/18/24-11/19/24	Business Tax In Depth	8am – 4pm	16	Webinar
12/2/24 – 12/3/24	1040 Tax In Depth (In Person)	8am – 4pm	16	Plymouth
12/16/24 – 12/17/24	1040 Tax In Depth	8am – 4pm	16	Webinar
1/8/25 – 1/9/25	1040 Tax In Depth (In Person)	8am – 4pm	16	Plymouth
1/13/25 – 1/14/25	1040 Boot Camp	9am – 5pm	16	Webinar
1/16/25 – 1/17-25	1040 Tax In Depth	8am – 4pm	16	Webinar

## What's New at Revenue • Minnesota Revenue



It's going to be another busy year, and we continue to rely on your excellent work to help Minnesotans meet their filing obligations.

It's not too late to sign up for our weekly tax tips for

tax professionals, and don't forget to check out our promotional materials on state tax credits.

Other items to note:

- Minnesota direct tax rebate payments are taxable on the federal income tax return
- Several new local taxes and tax rate changes will take effect in April

As you prepare for the coming year, be sure to check our [Tax Law Changes page](#) and [subscribe to our Tax Law Changes email list](#) to get the latest information.

### Form 1099-MISC Issued to Direct Tax Rebate Payment Recipients

We issued federal Form 1099-MISC in January to all Minnesota Direct Tax Rebate recipients to use when filing their 2023 federal income tax returns. While these rebates are not taxable in Minnesota, the IRS has determined they are taxable on the federal return.

Report the Form 1099-MISC amount on line 8 of federal Schedule 1 (Form 1040). If the tax rebate payment is included in your client's federal adjusted gross income, subtract it from their Minnesota taxable income on line 33 of Schedule M1M, Income Additions and Subtractions.

For clients who file Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund, subtract the payment from their household income on line 10 of the form.

### Get Tax Professional Tips During Filing Season

Every week from January to May, we'll send tax tips we hope you'll find useful in your practice. To receive these tips, [subscribe to Updates for Tax](#)

[Professionals](#) on our website.

We'd also love to get your feedback to make sure our tips are timely and relevant. Email your ideas or suggestions to us at [taxpro.outreach@state.mn.us](mailto:taxpro.outreach@state.mn.us).

### Use and Share Promotional Materials on State Tax Credits

We encourage you to use and share our [promotional and educational materials about Minnesota tax credits](#) with your clients, partners, and community. It has informational videos, printable materials, sample social media messages, and more.

### New Local Sales, Use, and Excise Taxes

These new taxes and tax rate changes apply to sales and purchases on or after April 1, 2024.

**Bloomington will implement a new 0.5% sales and use tax.** This revenue will fund the construction and rehabilitation of the Bloomington Ice Garden, construction of a new Community Health and Wellness Center, and construction and restoration of the Nine Mile Creek Corridor Renewal.

**Golden Valley will implement a new 1.25% sales and use tax.** This revenue will fund the construction and purchase of land for a new public works facility and construction of a new public safety facility.

**Ortonville will implement a new 3% local lodging tax.** This revenue will fund a local tourism bureau to market and promote the city of Ortonville as a tourist center.

**Polk County will increase their transportation tax from 0.25% to 0.50%.** This revenue will fund transit projects within the county.

**St. Paul will increase their sales tax from 0.50% to 1.50%.** This revenue will fund improvements to streets, bridges, and St. Paul parks and recreation facilities.

To stay up-to-date on new local sales, use, and excise taxes, see our [Local Sales Tax Information page](#)



## Peer Review • Mark Hemerick, CPA

There are four new quality management standards that have been approved by the AICPA's Auditing Standards Board and Accounting and Review Services Committee to improve a firm's risk assessment and engagement quality.

The four standards include:

1. Statement on Quality Management Standards (SQMS) No. 1, A Firm's System of Quality Management,
2. Statement on Quality Management Standards (SQMS) No. 2, Engagement Quality Reviews,
3. Statement on Auditing Standards (SAS) No. 146, Quality Management for an Engagement Conducted in Accordance with Generally Accepted Auditing Standards, and
4. Statement on Standards for Accounting and Review Services (SSARS) No. 26, Quality Management for an Engagement Conducted in Accordance with SSARS.

The quality management standards are designed to:

- Increase firm leadership responsibilities and accountability, and improve firm governance,
- Introduce a risk-based approach focused on achieving quality objections,

- Address technology, networks and the use of external service providers,
- Increase focus on the continual flow of information and appropriate communication internally and externally,
- Promote proactive monitoring of quality management systems, and timely and effective remediation of deficiencies,
- Clarify and strengthen requirements for a more robust engagement quality review (EQR), and
- Enhance the engagement partner's responsibility for engagement leadership and engagement quality.

These new standards replace the current Statements on Quality Control Standards. These new standards will impact all of our small audits, reviews and compilations.

The effective date for these new standards is for engagements performed for periods beginning on or after December 15, 2025.

We have a couple of years to understand the requirements of these standards and update our firm quality management manuals. Make sure your continuing education addresses these standards in the upcoming year.

## BREAKING NEWS FROM TAXSPEAKER

On Friday March 1, 2024, the U.S. District Court for the District of Alabama **declared the Corporate Transparency Act (CTA) unconstitutional**. In the case of National Small Business Association v. Yellen (Case No. 5:22-cv-01448) [1], initiated by the National Small Business United, the challenge was against the CTA's mandate for small businesses to disclose their beneficial owners to the Financial Crimes Enforcement Network (FinCEN).

The ruling has the effect of suspending all BOI filing requirements for now, all enforcement actions, and all compliance concerns including questions of "practicing

law without a license." Experts believe the ruling will be appealed, probably to the Supreme Court, so this is a temporary filing requirement suspension until a final appeal is exhausted. Voluntary filing appears to still be allowed if for some reason a client desires to file. For those that followed Taxspeaker's advice to "wait until late October" this should make you feel better!

Click [HERE](#) to subscribe to TaxSpeaker Newsletters and Updates!

## Navigating the Tax and Accounting Profession's Wave of Retirements

*As seasoned professionals get ready to retire, there are ways the industry can cultivate and empower the next generation of accountants.*

*By Lee Reams II ~ CPA Practice Advisor ~ Jan 31, 2024*

The tax and accounting profession is undergoing a significant transformation as a wave of boomer partners leaving their posts ushers in the largest retirement exodus of our lifetime.

The pandemic created a surge in demand for the profession due to new complexities in clients' tax situations, remote work, and a wave of entrepreneurial startups. The dual challenges of a talent shortage and increased demand have changed tax and accounting professionals' roles entirely. The vast majority of professionals no longer provide "one and done" tax preparation services during tax season; instead, they work with their clients year-round to ensure they are using proper tax planning strategies to reduce their liability year after year. Staying the course in this changing industry has left many grappling with an unmanageable workload.

Private equity is making notable inroads into the industry, presenting opportunities for firms that have positioned themselves well. Meanwhile, technologies like artificial intelligence are streamlining the path for firms to become comprehensive one-stop shops for financial services.

The choices made by the industry in navigating these changes will profoundly shape the future role of tax and accounting professionals. The evolving landscape calls for strategic foresight and adaptability.

### Overview of the retirement wave among accountants

More tax and accounting professionals are retiring than being replaced. According to a January [Going Concern update](#), the AICPA experienced a decline in membership from 430,000 in 2017 to 415,000 last year. Notably, the organization fell short of its membership targets in four of the past five years, indicating a shifting landscape within the accounting profession. This follows the "peak 65" phenomenon as a record number of baby boomers gracefully step into retirement.

In 2024, an unprecedented average of [11,000 Americans are set to commemorate their 65th birthday daily](#) until the year's end. The sheer magnitude of this retirement surge marks a historic demographic shift. It serves as a harbinger of change, prompting reflection on the evolving retirement landscape in the United States.

According to the [CPA Journal](#), the average age of a U.S.-based CPA hovers around 52 to 53 years old. In a

profession where many accounting firms enforce a retirement age of 65 or 66, a significant cohort of CPAs is poised to retire within the next decade or two. An escalating demand for skilled accounting and finance professionals further accentuates this demographic reality. The impending retirement wave among CPAs underscores the evolving dynamics within the profession and amplifies the urgency for strategic solutions to address the imminent gap in expertise. As seasoned professionals prepare for their well-deserved retirements, the industry grapples with the imperative to cultivate and empower the next generation of accounting professionals to meet the surging demand.

### The need for the tax and accounting industry to evolve

Change is no longer on the horizon—it has already arrived. CPAs, accountants, and tax professionals must either reclaim their cool factor or redefine their approach to ownership requirements, service offerings, and technology utilization.

Contrary to the mainstream media narrative, the demand for professional services is surging, evident in the strategic moves of private equity firms acquiring accounting practices. Survey after survey consistently affirms that the profession is regarded as the most trusted advisor. It's time to break free from conventional molds and envision a new reality for what a modern practice should embody.

**Good growth vs. bad growth:** Most tax and accounting practices were built by word of mouth. For years, you've probably taken on individual clients from all walks of life and business owners from various industries. This means you've probably ended up with businesses in unrelated categories where you have to learn the nuisances of each industry or with 1040 jobs that span income levels and demographics. In a word-of-mouth business, you also rely on your client base's goodwill to send the referrals your way.

The challenges this brings are the quality of the client base and the amount of time spent solving each client's unique set of issues. You also fall into the bill-by-the-hour trap, which limits your compensation and makes it harder to scale.

Is it better to grow by targeting a service or niche? Generally speaking, tax and accounting professionals who niche down see more success. By asserting authority in a specific niche, prospects will be more likely to pay you extra for your expertise. This means you can reduce the

number of clients you take on but still earn more money.

Examples could include targeting high-net-worth individuals with a virtual family office setup, working exclusively with restaurants, or moving tax preparation clients to tax planning memberships.

Furthermore, bad growth with many clients paying you lower fees leads to burnout. Good growth—working with fewer clients with similar backgrounds, expectations, and pocketbooks—leads to higher margins and the ability to take control of your time. Welcome to accounting in the 21st century.

**Captain of your ship:** Taking control of your practice entails risks, yet the current challenges of burnout, health issues, and work-life balance are serious concerns for the profession. Strategic shifts aim to optimize ROI on both time and income. You can gain pricing power with sustained demand and focus, allowing you to say no to lower-tier clients. Trends like remote work, technology tools, and automation redefine your role as a client relationship leader, not just a production worker. Successful firms leverage senior partners for relationship-building, empowering an army of production staff through offshoring, nearshoring, or technological efficiencies—a new horizon in practice management. Your personal time clock no longer limits you.

**The role of AI in your transformation:** Artificial intelligence is improving how you work, and it's time to dispel the notion that robots are here to replace you. Your unique blend of human intelligence, intuition, and analytical skills makes you irreplaceable. The demand for your services will far exceed any notion of captivity in the foreseeable future.

AI opens avenues for scaling your practice efficiently. Let's start with daily tasks—imagine AI seamlessly handling document retrieval, email responses, client issue research, tax strategy formulation, and even crafting engagement letters. The right AI can significantly reduce your daily workload, freeing up precious hours.

In terms of software enhancement, AI is a game-changer. From automating data entry to analyzing financial statements, monitoring KPIs, and streamlining the audit process, developers are crafting solutions tailored for the tax and accounting industry. This translates to accomplishing more in less time. Consider value pricing over the traditional hourly rate to transform your practice into a scalable enterprise with immense growth potential. At the very least, you can drastically cut down your workload, affording you more time to enjoy life without compromising the essence of your practice.

Additionally, by outsourcing tedious day-to-day tasks to an

AI assistant like TaxBuzz AI, you can spend more time focusing on providing great service to your clients.

## How do we attract more people to the profession?

Attracting fresh talent to the tax and accounting field begins with rebranding the traditional accountant, moving away from the stereotype of a pocket protector-wearing number-cruncher. While I'm not suggesting a transformation into a character from Ben Affleck's portrayal in *The Accountant*, we can undoubtedly infuse a new cachet into the superpowers we possess. Who else can drive superior financial outcomes for our clients without falling into the stereotypical image of being sleazy or unethical?

It's high time for the AICPA to reconsider ownership and educational requirements. Technological advancements have reshaped the skill sets crucial for modern business and individual success. Traditional accounting services alone cannot provide a holistic view of clients' financial well-being. Accountants serve as the gatekeepers of trust, and by allowing non-CPAs to have substantial ownership, we can pave the way for modern accounting firms to meet the growing demands of clients. Whether this involves adjusting the 150-hour requirement or redefining the ownership structure of practices, tremendous opportunities are waiting to be seized with an expanded role.

## The future of the tax and accounting profession

The accounting industry doesn't want to follow the example of the National Association of Realtors. So set in its old ways, it misses out on how technology has changed the way services are consumed and the expectations that accompany them. They are now facing a [wave of lawsuits](#) and new designations that might upend the old model.

If you want to lead the profession, start this great reset. You will attract younger talent, improve the financial outcomes for your client base, and improve your lifestyle. Working as hard as you do for such long periods is flat-out unhealthy. Technology is here to save the day from this great retirement wave. If we make accounting sexy again, more of the younger generation will seize the opportunities. The same way as last year doesn't work anymore. But the opportunities ahead are boundless.

ABOUT THE AUTHOR:

*Lee Reams II, CEO of [TaxBuzz](#), has 20 years of experience in the tax and accounting profession.*



**MAPA NOTICE:**  
 STARTING IN 2024, *THE MAPAN* WILL ONLY BE AVAILABLE ELECTRONICALLY. THANK YOU!

**Continuing Education Certificates**  
 With the update to the new membership platform, we were unfortunately unable to transfer prior year certificates that were saved in your previous profile. Do not worry though, we do have them all in our system. If you need copies of them for any reason, please reach out to MAPA at [erin.nebben@mapa-mn.com](mailto:erin.nebben@mapa-mn.com). We will gather the requested certificates and email them to you as PDF attachments.

Have you set up your MAPA Member Profile on our new Membership platform with Glue Up? If not, please do so ASAP so you don't miss out on valuable member benefits! We will be resending all "Member Invitation" emails from Glue Up to invite you to create your profile and enhance your member experience. If you have any questions, don't hesitate to reach out to MAPA at [erin.nebben@mapa-mn.com](mailto:erin.nebben@mapa-mn.com)

**WANTED: ACCOUNTING PRACTICE**

Established expanding CPA firm specializing in small business looking to acquire accounting and tax practices in the Minneapolis/St. Paul metro area. If you have a write-up practice for small businesses, I am very interested. Please call Gary at 952-484-4343 or email: [ghaworth@haworthco.com](mailto:ghaworth@haworthco.com)

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**Strategic Planning**

Volunteers Needed

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Minnesota Association of Public Accountants