



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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When was the last time you attended MAPA's annual meeting? Why don't more members attend? What would compel you to attend? The 84th annual meeting was held in Monticello on June 25th, 2024 and I was honored to be elected President, along with Chad Silbernack our new Vice President and Jacen Gondringer continuing as treasurer. I would like to thank Diane St. Sauver for her last two years serving as President of MAPA. Everyone is welcome to attend the annual meeting and we hope to see you there next year!

I started my career in public accounting in 2015 and earned my CPA credentials in 2016 after working in private accounting for around 20 years. I have realized that public accounting is a whole different world and I have embraced the challenges and changes while learning and growing in my career. I reside north of Brainerd with my husband, my golden retriever and my "princess" King Charles cavalier. I enjoy a friendly yet competitive board game, puzzles with my grandkids (12 of them), reading, hiking and relaxing at the lake.

While I never envisioned the role of president when I started my membership with MAPA in 2015, I look forward to embracing this role and working alongside our executive director, Erin Nebben, to develop strategies to recruit new members and new ideas to keep MAPA moving forward in the years to come by growing a strong and healthy membership base. This is where we need your help. If you haven't already done so, please take the time to complete and submit the membership survey that was sent by email last month. Your ideas and suggestions will help MAPA to keep moving forward and develop strategies to serve you, our valued members.

I hope you all enjoy the remainder of your summer, I know some have not been fond of all the rain we've been receiving but I do appreciate not having to water every other day and my plants are certainly loving it this year. I'm excited for the fall and the great learning opportunities MAPA seminars will provide, make sure to check out some of the new offerings including the 4 hour Practice Management course that was just added for October.

Wishing you all the best!

Alycia Gilb, CPA

President

Executive Director's Report • Erin Nebben, EA



Hello!

This summer has gone by so fast! I was hoping for a little slower summer, but now we are already less than 2 weeks away from moving my daughter to college. It's definitely going to be a big change for my family, but we are all very excited for her! We spent the summer trying to fit too many things in from grad parties, to vacations and more, the summer slipped away far too fast.

At the end of June, we held our Annual Meeting. A huge thank you to Diane St. Sauver who served as our MAPA President the past two years. And, another thank you goes to our Past President, Eric Goddard who has finished his terms as Past President on the MAPA Board. Thank you to you both for your time and service to MAPA. You are both greatly appreciated. Newly elected MAPA Board Members are: President, Alycia Gilb, Vice President, Chad Silbernack and re-elected to the Treasurer position is Jacen Gondringer. Congratulations to each of you and I look forward to working with you all. The MAPA Board does have an opening for someone interested in volunteering. We are currently looking for a member to serve as the MAPA Secretary. If this interests you, please let me know!

MAPA is about to ramp up to our busy fall/winter seminar schedule. We have multiple opportunities for continuing education hours. If you haven't registered, yet, please do so ASAP. Your early registration not only saves you money, but it also helps us with our planning processes for future events.

We do have a new event that was recently added to the calendar. Dave Krebs will be providing us with a 4 hour Practice Management seminar on October 17th. Dave has been a presenter for many other MAPA events throughout the years, and we are excited to welcome him back. Please take a look at the [Practice Management event page](#) on our website for more information.

We are always striving to do more to reach out to our members and create new opportunities and new member benefits. We sent out a survey at the end of June asking your feedback. If you haven't had the opportunity to fill the survey out yet, you can do so now by clicking [HERE](#). Your input is greatly appreciated. MAPA is YOUR Organization and we value your ideas and opinions. And, remember, if you would like to volunteer for the Board or a committee, please let us know!

Thank you!

Erin Nebben, MAPA Executive Director

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Email erin.nebben@mapa-mn.com with questions.

Legislative Update • Troy Olsen

State Board of Accountancy - Doreen Johnson Retires

There was laughter and touching moments at the August 1 board meeting as the SBOA bid farewell to outgoing executive director, Doreen Johnson. Doreen has been an exceptional leader and will be greatly missed by the board and industry.

Always leading, Doreen reminded the board that state statutes stipulate that the board has the authority to have a fully funded stand-alone executive director for SBOA and recommended the board exercise that authority when hiring her successor. SBOA currently shares their executive director's time with the Minnesota Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design and while she has effectively juggled two organizations the industry and board should advocate for the appointment of their own executive director. The Minnesota Department of Commerce will lead the hiring process.

If you are interested in applying, [contact SBOA](#) for the latest information on how to apply.

Happy retirement Doreen! You will be missed!

New Rules in Effect

New administrative rules went into effect on August 2. The new rules change the Uniform CPA Examination section validity from 18 months to 30 months, in keeping with recommendations in the Uniform Accountancy Act to substantially extend the validity of exam credits.

Moving to a 30-month window will significantly level the path to licensure for candidates whose financial and personal circumstances make passing the exam in the shorter timeframe a potential hardship as well as ensure that future Minnesota licensees/examinees are unlikely to encounter issues with gaining reciprocal licensure in another jurisdiction.

Changing the date that signals the start of the window from the date the exam was "sat" to the

date AICPA releases the score (a uniform, established date for all candidates nationwide who sat for the exam within a particular set of dates and able to be exactly defined), the window for Minnesota candidates will be substantially equivalent to that of any state adopting the UAA language.

New rules to continuing education requirements will cap late processing fees related to CPE to no more than the applicable accrued fee for the three-year CPE reporting cycle associated with the renewal that would reestablish an individual's license as "valid". SBOA believes this change will provide clarity as to fee assessments.

SBOA reminds us that as circumstances will vary so uniquely to each individual, wait for and review your scores in the NASBA Candidate Portal once the changes go live there on August 15, 2024.

Additional Pathways to CPA Licensure

As everyone in the industry knows, the declining number of accounting majors, CPA candidates and CPAs continues to be a disturbing trend with the 150-hour requirement routinely identified as an entry barrier to the industry.

When the Minnesota Legislature reconvenes in January 2025, legislation initiated by MNCPA that proposes to remove the 150-hour requirement as a barrier to entry by broadening the pathways and increasing accessibility to the accounting profession.

Legislation similar to [HF 1749](#) (Hutot) and [SF 1660](#) (Rasmusson) will have bipartisan legislative authorship and will hopefully receive attention during the 2025 Legislative Session.

The original bill proposed that to qualify for licensure, prospective CPAs must have either:

- 150 hours or 225 quarter hours of college plus 1 year of experience, or
- 120 hours or 180 quarter hours plus 2 years' experience, or
- 120 hours or 180 quarter hours plus 1 year experience plus 120 hours of continuing professional education

What's New at Revenue • Minnesota Revenue



Some tax law changes from the 2023 and 2024 legislative sessions are being implemented. We highlighted a few here: new Certificate of Rent Paid (CRP) requirements, changes to the Renter's Credit, advance

Minnesota Child Tax Credit payments, and the Retail Delivery Fee.

We'll have a new process for amended state individual income tax returns next year. Plus, a couple new local sales taxes took effect July 1.

Be sure to follow our [Tax Law Changes page](#) and [subscribe to our Tax Law Changes email list](#) to get the latest information.

CRP Requirement and Renter's Credit Changes

Renters will claim the Renter's Credit on their Minnesota Individual Income Tax Return, starting in tax year 2024.

New CRP Requirement

All property owners and managing agents will be required to use e-Services to create and submit all Minnesota CRPs. This will allow us to verify rent paid information as part of the income tax return. e-Services will automatically assign an Electronic Certificate Number (ECN) to each CRP that renters will use when filing their income tax return.

Changes to Renter's Credit

We'll remove the Renter's Property Tax Refund from Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund. Renters will claim the Renter's Credit on their income tax return. We're developing a new schedule for renters to file with their income tax return to receive the Renter's Credit.

This means that renters will no longer file a Property Tax Return in August and will not receive a separate refund later in the year. The Renter's Credit will be part of the refund amount, be applied to the amount owed on their income tax return, or be recaptured if other agency debt is owed.

Legislative Continued....

MN Revenue continued on Page 5

Candidates would still be required to pass the CPA exam, but providing alternative pathways to licensure will be a mechanism to attract more people to pursue careers in accounting while maintaining the high bar of excellence that is expected from CPAs.

NASBA and AICPA continue to show support for the 150-hour requirement and express concern that "lowering" licensure requirements to 120-hours could call into question the "substantially equivalent" requirement and jeopardize mobility and reciprocal practice privileges currently utilized by licensed CPAs, support for broadening pathways to licensure continues to grow.

MAPA looks forward to engaging in this debate during the 2025 legislative session. If you would like to express your views on this topic, you can find your legislators' contact information [here](#). MAPA

will also provide additional information and advocacy opportunity for its members as the start of the legislative session gets closer.

In the meantime, please take an opportunity to connect with your legislators to introduce yourself and/or your firm and let them know that you are willing to be a source of information regarding proposed legislation affecting the industry. Legislators rely on individuals to help make important decisions.

As always, please do not hesitate to contact me with questions and/or comments.

Troy Olsen

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MN Revenue Continued...

This change does not affect homeowners. Homeowners will continue to use Form M1PR to file a property tax return to receive the Homeowner's Homestead Credit Refund.

We ask you to please share the new process with your clients. We thank you and appreciate any assistance you can provide.

Advance Minnesota Child Tax Credit Payments

Starting in 2025, filers who qualify for a 2024 Minnesota Child Tax Credit may be able to opt-in to receive an advance payment of their 2025 credit. You must file a 2024 Minnesota Individual Income Tax return to determine the amount of the credit.

While we have not determined the specific amount, it's likely to be an amount no more than 50% of your 2024 credit. As for the time frame, the advance payments will be sent in the second half of 2025, with the first one in July 2025.

We'll share more details as we get closer to the next filing season.

Retail Delivery Fee Started July 1

A Retail Delivery Fee of 50 cents went into effect on July 1. It applies to certain transactions involving retail delivery in Minnesota.

The fee applies to each transaction where charges for these items equal or exceed \$100:

- Tangible personal property subject to sales tax
- Clothing

Sellers must report the total amount collected or amount due from the fee on the Retail Delivery Fee tax line of their Sales and Use Tax return. Learn more about the [Retail Delivery Fee](#) on our website, including retailer exclusions, exemptions, and more.

Changes to Amended Individual Income Tax Returns

Beginning with tax year 2024, we'll accept electronically submitted amended Minnesota Individual Income Tax returns from software vendors.

Form M1, Minnesota Individual Income Tax, will have a checkbox to indicate when you're submitting an amended return. Form M1X, Amended Minnesota Income Tax, will be considered a schedule that must be filed with the corrected Form M1.

As in previous years, you must also include any corrected schedules. If an amended federal return was filed, include a complete copy of the amended federal return.

You do not need to file amended returns electronically, and we're not requiring companies to offer electronic filing for it. We have not started the software certification process for 2024, so we cannot provide a list of companies who plan to offer this option to their customers. We'll still accept amended returns on paper.

Register for In-Person Employment Tax Seminars

We partnered with the Minnesota Unemployment Insurance Program to offer in-person seminars on state employment taxes. Seminars will be held throughout 2024 in various cities.

Topics include:

- Worker status
- Withholding tax basics
- Unemployment insurance
- Workers' compensation requirements

Half- and full-day seminars are offered. To view the schedule and register, visit the [Minnesota Unemployment Insurance website](#).

New Local Sales, Use, and Excise Taxes

These new taxes apply to sales and purchases on or after July 1, 2024.

Beltrami County implemented a new 0.625% sales and use tax. Revenues will fund the financing and construction of a new county jail.

Plymouth implemented a new 3% local lodging tax. Revenues will fund a local tourism bureau for the purpose of marketing and promoting the city of Plymouth as a tourist center.

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

Peer Review • Steve Pattison, CPA

Risk-Assessment Process for Accounting Firms under New Quality Management Standards

Overview

The new Statement on Quality Management Standards No. 1 (SQMS No. 1) by the AICPA prescribes a risk-based approach for CPA firms to design, implement, and operate a System of Quality Management (SOQM). The risk-assessment process is crucial to identifying and addressing quality risks that can impact engagement quality within a firm. Below are the summarized steps in the risk-assessment process as outlined in the SQMS No. 1.

Steps in the Risk-Assessment Process

1. Establish Quality Objectives

- Definition: Desired outcomes relating to the components of the SOQM.
- Requirement: Specific quality objectives must be established for each component, except risk assessment and monitoring and remediation.
- Purpose: Ensure that the SOQM achieves its objectives by focusing on essential areas like governance, ethics, and engagement performance.

2. Identify and Assess Quality Risks

- Understanding Factors: Conditions, events, circumstances, actions, or inactions that could adversely affect the achievement of quality objectives.
- Assessment Considerations:
 - ◊ Likelihood of risks occurring.
 - ◊ Degree to which these factors may impact the achievement of quality objectives.
- Quality Risks: Risks that have a reasonable possibility of occurring and adversely affecting the achievement of one or more quality objectives.

3. Design and Implement Responses

- Nature, Timing, and Extent: Responses should be tailored to address identified quality risks based on their assessed likelihood and impact.
- Specified Responses: Some responses are mandated by the standard, but additional firm-specific responses are often necessary.
- Continual Adaptation: Regular updates and monitoring to ensure that responses remain effective as conditions change.

Sample Risks to Consider

Governance and Leadership

- Risk: Inconsistent culture throughout the firm due to

geographical dispersion.

- Risk: Financial and operational priorities overriding quality considerations in decision-making.

Relevant Ethical Requirements

- Risk: Non-compliance with independence requirements due to familiarity threats.
- Risk: Failure to communicate ethical breaches or threats to compliance.

Acceptance and Continuance of Client Relationships

- Risk: Inadequate evaluation of the integrity and ethical values of potential clients.
- Risk: Insufficient resources to perform the engagement in accordance with professional standards.

Engagement Performance

- Risk: Inadequate supervision and review of engagement work, especially for less experienced team members.
- Risk: Failure to consult on difficult or contentious matters.

Resources

- Risk: Lack of sufficient and competent personnel to perform engagements.
- Risk: Insufficient training and professional development opportunities for staff.

Information and Communication

- Risk: Failure to communicate changes in accounting standards or professional requirements to relevant personnel.
- Risk: Inadequate information system to capture and maintain relevant and reliable information.

Practical Tips for Performing the Risk Assessment Process

1. Assign ultimate responsibility for the SOQM.
2. Organize risk assessment sessions to identify and assess risks systematically.
3. Maintain thorough documentation of the process and outcomes, and perform gap analyses to ensure all quality risks are appropriately addressed.

Conclusion

By following these steps and considering the sample risks, small accounting firms can ensure that their systems of quality management are robust and capable of addressing potential quality risks. This risk-based approach not only aligns with the new standards but also enhances the overall quality and reliability of the firm's engagements so you will be in compliance by December 15, 2025.

2024-2025 Seminar and Event Schedule

Additional seminars may be added to this schedule

Date	Topic	Time (Central)	CE Hours	Type
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
10/17/2024	Practice Management with Dave Krebs	8am – 12pm	4	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
1/20/25 – 1/21/25	1040 Tax In Depth	8am – 4pm	16	Webinar

Register online at: www.mapa-mn.com

MAPA Member Advertisements

LET'S WORK TOGETHER!

Are you tired of juggling tax and payroll? Are you a seasoned CPA looking to retire? Let's join forces! We specialize in seamless payroll services, allowing you to focus on what you do best – TAX! Let's build a winning partnership.

Contact for details: Kathy Rollinger, Payroll Vault of Winona MN

Phone: 507-335-2625 or email: Kathy.rollinger@payrollvault.com

CONSIDERING AN EXIT?

Owners of accounting and tax practices! If you prefer cash at closing rather than future earnouts in the sale of your business, then we should talk. Sunbelt Business Advisors has successfully closed 28 Minnesota practices since 2021 and is working with many active, qualified buyers. Multiple buyers put you, the Seller, in a position of strength leading to a higher asking price and better terms. Sunbelt's confidential and competitive process ensures a timely closing to meet your exit goals. 10 buyer leads guaranteed in the first 90 days or cancel at no cost.

Contact Matt Sobieski, CPA at msobieski@sunbeltmidwest.com or 612-964-8884 for a confidential discussion.

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



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

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. We will gather the requested certificates and email them to you as PDF attachments.

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Strategic Planning

Volunteers Needed

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