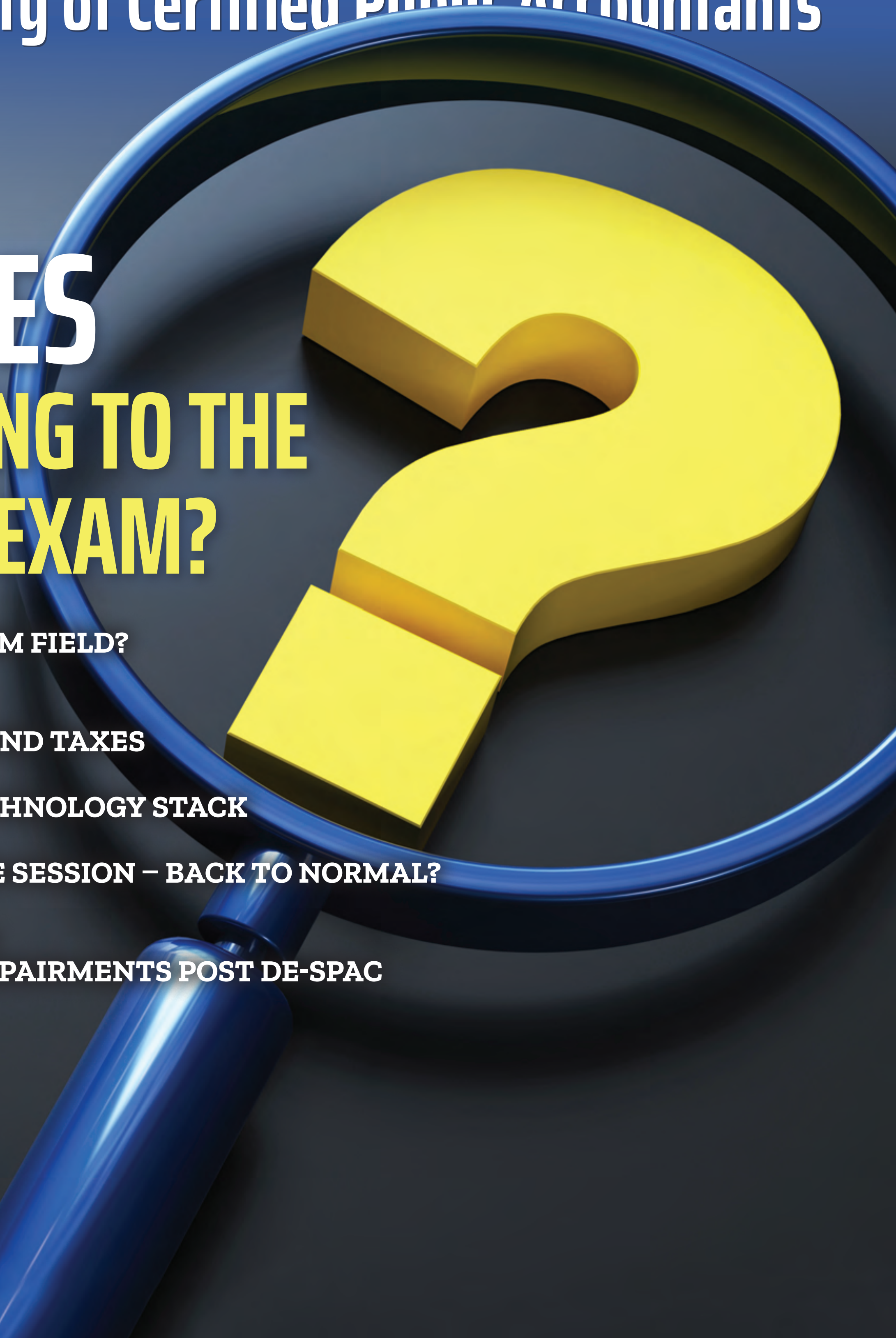
MAR
APR
2023

TODAY'S CPA

Texas Society of Certified Public Accountants



WHAT CHANGES ARE COMING TO THE 2024 CPA EXAM?

IS ACCOUNTING A STEM FIELD? WHY IT MATTERS

VIRTUAL CURRENCY AND TAXES

IMPROVING YOUR TECHNOLOGY STACK

THE 2023 LEGISLATIVE SESSION – BACK TO NORMAL?

SPAC TRANSACTIONS: RISK OF GOODWILL IMPAIRMENTS POST DE-SPAC

MAR APR 2023

CONTENTS

VOLUME 50, NUMBER 5 **MARCH / APRIL 2023**

COVER STORY

FEATURES

COLUMNS

DEPARTMENTS

Today's CPA (ISSN 00889-4337) is published bimonthly by the Texas Society of Certified Public Accountants; 14131 Midway Rd., Suite 850, Addison, TX 75001. Member subscription rate is $3 per year (included in membership dues). Single issue rate is $5. Periodical postage paid at Dallas, TX and additional mailing offices. POSTMASTER: Send address changes to: Today's CPA; 14131 Midway Rd., Suite 850, Addison, TX 75001. **To request article reprints, please email ddeakins@tx.cpa.**

IN THIS ISSUE

By TXCPA Chair Sheila Enriquez, JD, CPA-Houston, CFF, CVA

Let's Connect

I'd love to hear your feedback and answer your questions. Send me a note at chair@tx.cpa.

Your March/April issue of *Today's CPA* has arrived. Whether you're reading the print copy or clicking through the digital version at www.todays.cpa, we are grateful that you've turned to TXCPA and *Today's CPA* to stay informed and engaged.

Our cover story in this issue focuses on the changes coming to the CPA Exam next January. The new Exam and evolution of our profession impacts all of us as we seek new staff, encourage students to enter the CPA pipeline and ready ourselves for the imminent change in our profession.

Another feature you'll find here is our special supplement on women in leadership. This is a brand-new supplement focused on shining the spotlight on the women in our profession who are rising into leadership roles and bringing others with them. Special thanks to all of our great women leaders in TXCPA and our chapters who are serving and leading by example.

Finally, be sure you take a moment to read the Capitol Interest article in this issue and *Last Week in the Legislature* in your weekly *Viewpoint* e-newsletter from TXCPA. Advocating for Texas CPAs is a pillar in our Strategic Plan and a core benefit that we provide to our members. This is important work that we do as a professional community to ensure the CPA license remains protected and valuable.

We hope you enjoy reading this issue and more about the future of our profession!

TXCPA's Upcoming 2023 Conferences and Cluster

Mark your calendar now and plan to attend TXCPA's conferences and cluster this spring and summer!

Spring CPE Webcast Cluster

Webcasts on April 24-25
Perfect for CPAs in business and industry

April 24 | 8:30 a.m. - Noon

Annual FASB Update and Review

Controller/CFO Update: Hot Topics Facing Today's Financial Professional

April 24 | 1 p.m. - 4:30 p.m.

Gaining a Competitive Advantage: Critical Skills for CFOs and Controllers

Fraud Basics: Protecting the Company Till

April 25 | 8:30 a.m. - Noon

Integrated Planning, Forecasting and Budgeting for Organizational Success

Evaluating Fraud Risk in a Financial Statement Audit

April 25 | 1 p.m. - 4:30 p.m.

Internal Controls, COSO and COVID-19

Financial Statement Disclosures: A Guide for Small and Medium-Sized Businesses

TXCPA Conferences

Coming in May – TXCPA's Women's Leadership Conference!
Watch for more information in your TXCPA communications.

Technology Conference
May 4-5 | Webcast Only

Energy Conference
May 15-16 | Webcast Only

Nonprofit Organizations Conference
May 22-23 | Hilton Richardson Dallas
Webcast option available

Texas School Districts Accounting and Auditing Conference
June 5-6 | Embassy Suites by Hilton San Antonio Brooks Hotel and Spa
Webcast option available

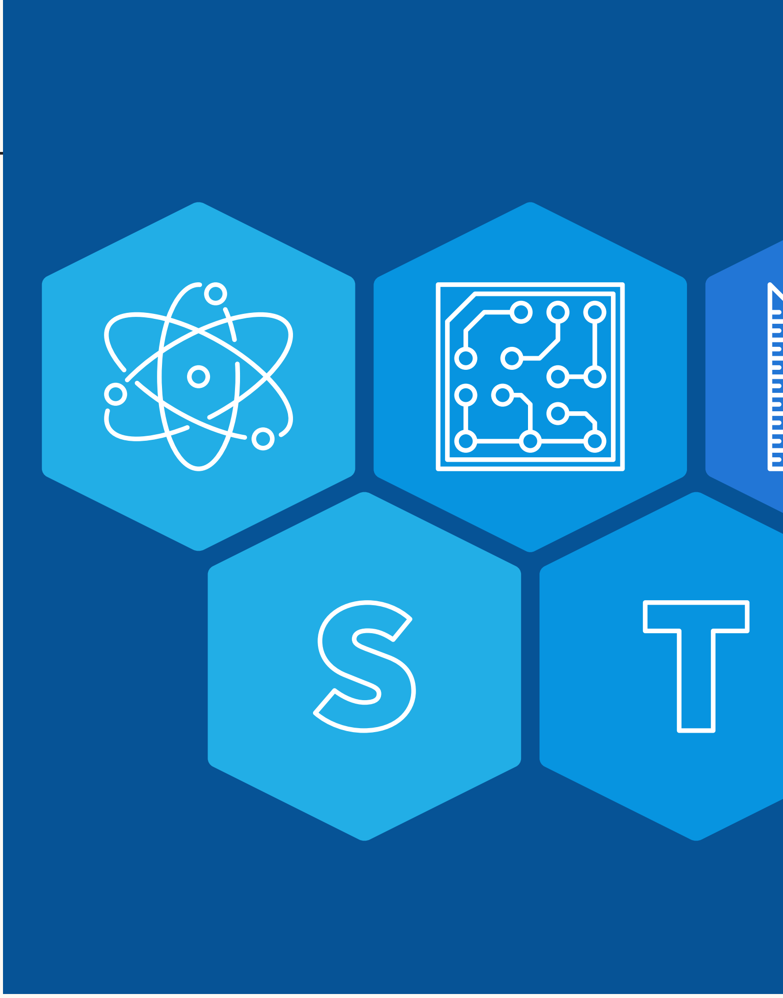
CPE By the Sea
June 14-16 | Galveston Island Convention Center
Webcast option available

View the complete schedule and register now in the Education area of our website at tx.cpa/education/cpe or call the TXCPA staff at 800-428-0272 (972-687-8500 in Dallas) for assistance.

TXCPA Passport

The Passport offers a one-year subscription with unlimited access to more than 100 CPE hours and a variety of topics.
Cost: Members $199 | Nonmembers: $329

TXCPA EDUCATION FOUNDATION



Is Accounting a STEM Field? Why It Matters

By Don Carpenter, MSAcc/CPA

Both the U.S. Senate and House have introduced legislation that would designate accounting as a STEM subject at the primary and secondary education levels. This follows a resolution in 2021 by the American Accounting Association that accounting be included with the designation of STEM programs.

In addition, universities across the country have successfully achieved STEM designation for their accounting degrees from the U.S. Department of Education. The idea that accounting should be considered STEM may initially be surprising but upon delving into the logic and the evolution of the field, there is solid justification for the classification.

Before considering the arguments for and against accounting as a STEM subject, let's consider why it matters. STEM is an acronym for "science, technology, engineering and mathematics." It originated during the cold war era when the arms race highlighted a shortage of expertise in these necessary fields. The acronym was formalized in 2001 by the U.S. National Science Foundation.

Although the emphasis has largely been on K-12 grades, there are implications to post-secondary education as well. As STEM programs have evolved, the focus has increasingly shifted to preparing students for careers in areas with opportunities in a world driven by technology and data.

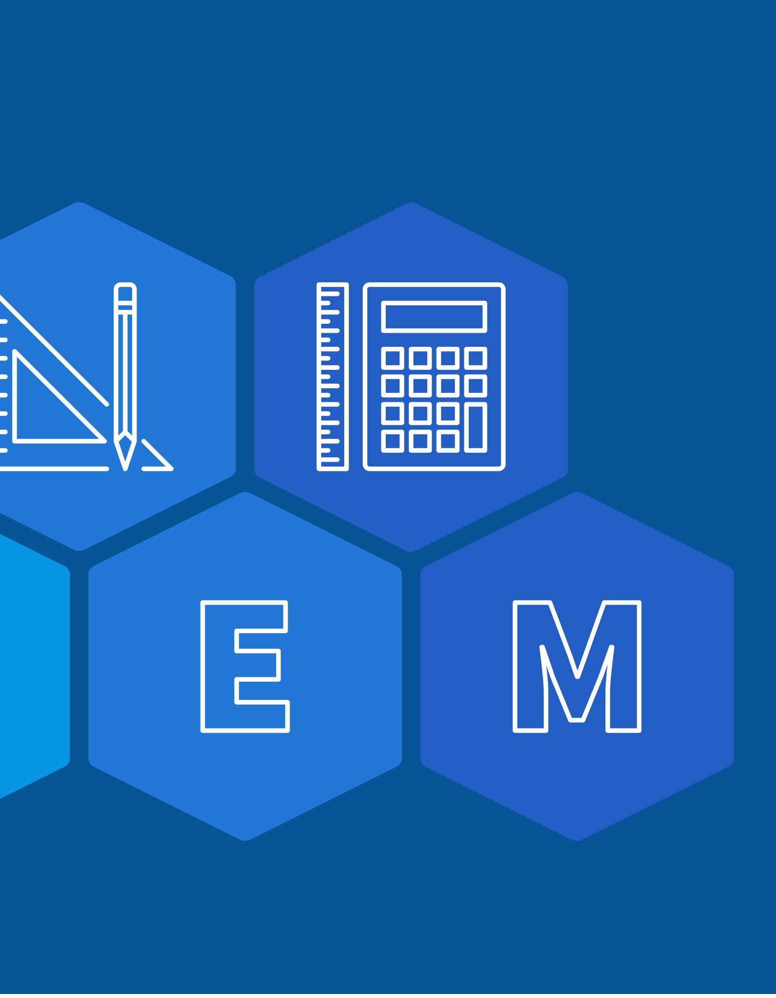
At the primary and secondary level, STEM designation can mean significant access to funding. Grants geared to STEM education are available from multiple sources, including state and national departments of education, technology and energy focused corporations, foundations and even NASA. In addition, salary stipends are often available for teachers in STEM subjects with the purpose of encouraging graduates to enter these fields.

STEM may also focus on student development, with programs that include everything from mentorships and shadowing to specialized educational tracks that develop skills such as coding or robotics.

At the post-secondary level, there are both tangible and intangible benefits to STEM designation for accounting programs. Although incremental funding may not be as available as it is for primary and secondary education, accounting majors could qualify for financial assistance or scholarships from STEM designated funds and endowments.

By far the most important benefit of STEM designation is the enhanced opportunities for international students. International students studying in the U.S. on an F-1 visa are eligible to apply for the Department of Homeland Security's OPT two-year F-1 visa extension upon graduation. This allows them to remain in the country and be employed during that two-year, post-degree period.

There are also less obvious intangible benefits to STEM designation. With exceptions, accounting programs across the country have been experiencing shrinking enrollments. One commonly cited factor is concern



from students that technology puts at risk careers in the profession. These concerns in no small part arise from stereotypes of accountants sitting behind a desk posting journal entries in a ledger book. STEM designation recognizes that the profession has evolved where technology, data security and analysis of data from multiple sources and systems are now integral parts of both training and work. The STEM designation might alleviate some of the concerns expressed by students as they evaluate degrees and employment opportunities.

There is solid justification for designating accounting as a STEM subject at the primary and secondary education levels.

The STEM qualification might also create more exchanges between high school and university educators and students in the field of accounting. It is quite common for universities to host summer camps that bring secondary students to campus. The camps have traditionally been focused on such areas as music, sports and STEM subjects. The campus can offer cost-effective development opportunities if funded through grants and may serve as gateways for underrepresented groups to both post-secondary education and targeted professions. Although some universities offer accounting or broader business-related camps, these are few and far between. STEM status could elevate the subject and possibly increase funding opportunities.

There are legitimate arguments both pro and con as to whether accounting should qualify as a STEM subject. One of the arguments against accounting as a STEM topic arises from the rule-based nature of the profession. Whether employing GAAP or income tax regulations, a significant portion of course material is devoted to learning "the rules," likening the subject to the field of law.

In addition, with a few exceptions, accounting is administered in the school of business. Other STEM subjects such as engineering or computer science are typically administered as distinct schools. Overcoming a university's own designation creates a hurdle to STEM qualification.

In response to the above arguments, accounting is a math-heavy subject driven by complex concepts arising from the regulations discussed above. More importantly, accounting has become increasingly driven by technology. The heavy reliance on information systems, the necessity of coding skills for data management/analysis and expertise in topics such as cybersecurity also swing the pendulum toward STEM designation.

As both K-12 and post-secondary education consider the potential benefits of STEM status, there are steps that can be taken to improve the argument. Recognizing the increased reliance on data analytics and information systems to inform decision making can drive course instruction and content. Rather than supplementing traditional classes with other business school offerings or electives, it may be advisable to integrate these proficiencies within existing course curricula. Integrating data analysis, utilization of advanced software systems and coding assignments as part of required courses builds the STEM credentials and credibility.

The proposed legislation to designate accounting as a STEM subject speaks to the dynamic nature of the profession and the evolution of the skills necessary to "speak the language of business."

About the Author: Don Carpenter is clinical professor of accounting at Baylor University. Contact him at Don_Carpenter@baylor.edu.

Virtual Currency and Taxes

By Roopa Srikanth, CPA

Virtual currency has tested the U.S. honor-based tax system. Though Congress and the IRS have tried to rein in and make taxpayers more accountable for trading in virtual currency, it is still an area where practitioners lack good guidance.

According to the IRS, virtual currency is a digital representation of value, other than a representation of the U.S. dollar or a foreign currency ("real currency"), that functions as a unit of account, a store of value and a medium of exchange.

In some cases, virtual currency is considered convertible currencies. In a sense, virtual currency has an equivalent value in real currency or acts as a substitute for real currency and is referred to as "convertible" virtual currency. Regardless, the IRS treats virtual currency as property and not the same a fiat currency.

The IRS first issued guidance on virtual currencies in Notice 2014-21. The importance of virtual currency is well noted when filing the individual tax returns on Forms **1040, 1040SR** and **1040NR**.

The first year in which the IRS requested that taxpayers provide some input on virtual currencies was 2019 and it appeared as a question on Schedule 1. Although it was a mandatory check the box, it was often overlooked if the taxpayer did not have Schedule 1 reportable income or adjustments.

Since then, the question has evolved and on the 2022 tax return, the virtual currency question on page 1 is more specific and captures the taxable transaction with "At any time during 2022, did you: (a) receive (as a reward, award or payment for property or services); or (b) sell, exchange, gift or otherwise dispose of a digital asset (or a financial interest in a digital asset)? All of the changes are meant to make taxpayers consider if there is a reportable transaction and possible taxable event.

It is to be noted that for 2022, the IRS expanded the scope of this question. This not only addresses virtual currency, but other digital assets such as stablecoins and nonfungible tokens (NFTs). These are beyond the scope of this article.

Taxability

As W-2 Income. If an employer pays an employee for services in virtual currency, it is treated as regular wages and is subject to federal, Social Security and Medicare withholding. The income will be the rate of virtual currency on the date of receipt. Example 1: Assume the coin on the date of receipt of January 2021 wages was trading at $500. The taxpayer was paid 10 coins, so the income would be $5,000. If the taxpayer received another 10 coins in February when it was trading at $400 apiece, the income for that month would be $4,000.

Self-employment Income for Services. Similar to W-2 income, if the payment for any services rendered is paid by virtual currency to a self-employed taxpayer, the income will be subject to self-employment tax. This will be reported as though the taxpayer had received real currency on Schedule C at the value on the date of receipt. These are subject to information reporting on Form 1099-NEC, which should be issued by the payer.

Capital Gains. Since virtual currency is property and not recognized like regular currency, it takes the form of an asset once received either for services or in exchange for goods.

Example 2: Continuing with Example 1, let's assume that a taxpayer used five of the 10 coins received in January to purchase goods in February. On the date of payment for the goods, the currency was trading at $600, so there is a $100 gain on each coin, resulting in a capital gain of $500. Short-term or long-term capital gains status depends on the holding period. In this example, the basis would be 2,500 and proceeds would be 3,000, and the gain would be considered a short-term gain.

Presently for tax year 2022 reported in 2023, the virtual currency trading platforms are not required to issue 1099-B, but according to the *Infrastructure Investment and Jobs Act*, this will be a requirement for tax year 2023 reported in 2024.

Note: The IRS is currently working on development of Form 1099-DA for reporting for the 2023 tax year. In the meantime, many of the trading platforms will provide a summary of transactions, even if not filed with the IRS, which is a great tool for reporting capital gains.

Related CPE:

- Emerging Topics in Blockchain and Cryptocurrency
- An Accountant's Guide to Blockchain and Cryptocurrency
- Emerging Technologies for Accountants, Including Blockchain and Cryptocurrencies

To learn more and register, go to the [Education area of TXCPA's website at txcpa.org] and search on cryptocurrencies in "Search Online Learning."

Ordinary gains. There will be either ordinary gain or loss if a business trades property other than a capital asset in exchange for virtual currency. This will be a difference between the Fair Market Value (FMV) of the property in an arm's length transaction and the FMV of virtual currency.

Example 3: If a business sells its product worth $1,000 and receives three virtual currency units that were trading at $500 apiece, it recognizes ordinary gain of $500. The basis in the virtual currency for future transactions would be $1,500.

Hard Fork/Soft Fork

Hard Fork. If a virtual currency goes through a hard fork, income is recognized only if there is an airdrop. According to the IRS, a hard fork occurs when a cryptocurrency undergoes a protocol change resulting in a permanent diversion from the legacy distributed ledger. This may result in the creation of a new cryptocurrency on a new distributed ledger in addition to the legacy cryptocurrency on the legacy distributed ledger.

In simple terms, a hard fork is when a single cryptocurrency splits in two. This results in an old and new version of cryptocurrency. The new and old version are incompatible, resulting in two different cryptocurrencies.

Cryptocurrencies refers to a part of virtual currency that uses a technology called cryptography to keep the transactions secure and authentic.

Receipt of new cryptocurrency or distribution of some other transfer is called an airdrop. The FMV on the date of receipt will be recognized as ordinary income. This will also be the basis of the new received currency. The receipt date, in the case of hard fork currency, will be the day the taxpayer exercises dominion and control to trade, sell or exchange the currency.

In cases where virtual cash is received in hard fork, the taxable event will be when the virtual cash is received. This is explained in [Chief Counsel Advice 202114020] with examples.

Soft Fork. According to the IRS, a soft fork occurs when a distributed ledger undergoes a protocol change that does not result in a diversion of the ledger and thus does not result in the creation of a new cryptocurrency.

In simple terms, soft fork is a split of a single cryptocurrency, where the old and new versions are compatible. The functionality of the currency is improved without creating a new cryptocurrency. Because soft forks do not result in receiving new cryptocurrency, one will be in the same position as they were prior to the soft fork; i.e., the soft fork will not result in any income. If the virtual currency goes through a soft fork, then no income is recognized.

Gift Tax

If the virtual currency is received as a gift, no income is recognized unless it is traded or exchanged. The basis to the donee depends on the gain or loss on sale. If the sale of virtual currency results in a gain, the basis is equal to the donor's basis plus any gift tax paid by the donor. If the sale of virtual currency results in a loss, the basis is the *lesser of* the donor's basis or FMV on the date of the gift. If the donor's basis is not substantiated, the basis will be zero.

Filing a gift tax return, Form 709, is advisable even if the gift of virtual currency is below the threshold limit of $15,000 (years 2020 and 2021) since it can function as basis documentation for the donee.

The holding period of virtual currency by the donee will include the donor's holding period. If there is no documentation of the donor's holding period, the donee's gift receipt date will start the holding period.

Foreign Reporting

The Financial Crime Enforcement Network (FinCEN) in [Notice 2020-2] said it intends to propose the reporting of virtual currency holdings in foreign accounts exceeding $10,000 on Foreign Bank and Financial Accounts (FBAR).

Form 8938, *Statement of Specified Foreign Financial Assets*, does not specifically address virtual currencies. Conservatively, it is probably a good practice to report virtual currencies held in foreign bank accounts. Following FinCEN's guidelines, the IRS might issue similar guidelines and regulations.

Charitable Donations

Virtual currency used for charitable donations will be treated as non-cash donations. If the virtual currency was held for more than a year, the donation value will be FMV on the date of payment. If it was held for less than a year, the donation value will be *the lesser of* the FMV on the date of payment or the receipt date.

Consider a scenario where the taxpayer decides to donate two coins. On the date of donation, it was trading at $600. If held for more than a year, the value of the donation will be $1,200. If held for one year, continuing from Example 1, since on the date of receipt the value was

$500, the donation value will only be $1,000. In a recent [Chief Council Advice 202302012](), the IRS held that if a taxpayer makes a charitable contribution of cryptocurrency valued at more than $5,000, a qualified appraisal is required.

Penalties and Assessment

The IRS has been actively taking steps and sending Letters 6173, 6174 and 6174-A, each attempting to address the non-reporting or incorrect reporting of virtual currencies. For example:

- In Letter 6173, the IRS addresses non-reporting of virtual currency on the tax returns filed in the recent years by the taxpayer.
- Letter 6174 is an advisory letter providing taxability information on virtual currency.
- Letter 6174-A addresses the issue of not reporting the virtual currency transactions properly on the tax returns.

In all of these letters, the IRS makes it clear that it is aware of the virtual currency account held by the taxpayer. The three notices advise filing amended returns where needed to report or correct the reporting of the virtual currency transactions.

If there are no virtual currency transactions to be reported as a response to Letter 6173, the taxpayer has to sign the letter under penalty of perjury. In the case of Letters 6174 and 6174-A, the IRS warns taxpayers about potential civil and criminal enforcement for non-reporting or incorrect reporting of virtual currency transactions.

Since information reporting forms are to be filed with the IRS for transactions involving virtual currencies from third parties, it is imperative that taxpayers voluntarily and correctly report income to avoid such letters or penalty assessments from the IRS.

With the recent FTX scandal and with many other frauds involving cryptocurrency, there are multiple bills in Congress to regulate cryptocurrency. We can expect the federal government and the IRS to issue more regulations in the near future.

Resources

Blockchain magazine
Investopedia
IRS Pub 2014-21
www.irs.gov

About the Author:
Roopa Srikanth, CPA, is Tax Manager at Carr, Riggs, & Ingram, LLC. She may be contacted at rsrikanth@cricpa.com.

Improving Your Technology Stack

By Randolph P. Johnston, M.C.S

As technology evolves rapidly, are you wisely helping your business choose the best option? Are you able to stay up with the choices in the market? And how do you know you aren't falling for a professional sales pitch?

In this article, you will learn about approaches to discover new cost-effective solutions in the market.

What is a Stack?

To begin, let us define "stack." Your stack is the collective choice of technologies you have made to run your business or home. You might use the Microsoft Windows, Apple or Google ecosystems as your starting point. From there, you have probably chosen productivity applications; for example, Microsoft 365, Google Workspace or Zoho One.

After that, you have chosen line-of-business or accounting software to meet your needs. For example, if you decided on Sage Intacct for accounting, you may have added BILL for accounts payable, Workforce Go! HCM™ for payroll, and MISys for manufacturing. Sage Intacct, BILL, Workforce Go! and MISys would be your "stack" for accounting.

You can build stacks for various platforms, such as QuickBooks Online, Xero, Acumatica and other accounting systems. Likewise, CPA firms will almost certainly have to create stacks even if they choose the suite approach with Wolters Kluwer or Thomson Reuters for most line-of-business applications. Many organizations are running on outdated stacks, costing time efficiency, excess money and decreasing effectiveness. What is the optimal stack for your business?

Can You Name All the Tools in Your Stack?

You probably manage budgets for your technology expenses. You have recurring costs and discretionary spending for technology. What is suitable for your discretionary projects and what recurring fees can you optimize?

First, consider an inventory of all applications and look to reduce and eliminate unneeded subscriptions, which may have expanded through COVID-19 and remained. Why have subscriptions to Zoom, Teams and GoTo (the new brand of Meetings, Connect, Webinar and other tools) when one is sufficient? Why have full subscriptions to the productivity platforms if only email is needed for some employees?

Second, once you have your inventory of applications under control, consider the renewal cycle, terms and value provided. What products are candidates for replacement or unreasonably priced where a viable alternative exists?

Third, specify the improvements you would like to see in your stack. Fourth, you are ready for the big step, reviewing options in the market, completing demonstrations, contracting for new products, planning the implementations, converting the data, training your team and deploying the latest tools in your stack. If I had counted these separately, you would have had 10 steps instead of four. But you would wind up with a better and likely lower-cost stack.

How Do You Find the Best Stack Options?

This process will take some work, but your organization should see benefits from effectiveness, efficiency and the correct costs when you are done. So how do you discover these solutions?

While there are more options, consider these five approaches:

- Educational events, such as the K2 Technology Conference from the Texas Society of CPAs;
- Peer recommendations within your industry or association;
- Anonymous web search analyzing reviews;

- How much time do you spend answering emails or presenting financial information to others?
- Would time savings in these areas benefit you and others in your organization?

Optimizing Your Technology Stack

Technology options are expanding more rapidly than ever. Could you remove or add tools to your stack that would benefit everyone? What can you do to eliminate unnecessary work and optimize work for everyone?

If you follow the steps above, you can identify opportunities to improve your organization's operation and potentially benefit your home also. My mission for decades has been to help as many people as possible use technology in the way that benefits them the most. If you optimize your technology stack, you will get notable benefits quickly.

- Vendor conferences for your primary applications assuming that you'll find sponsors and other users to discuss solutions; and
- Consulting with partner recommendations.

You'll have an application-rich environment to spot new stack options at the Technology Conference on May 4-5, with sessions like Tech Update, CPA Firm Update, Now is the Time to Automate!, Collaboration – Portals, Payments and Signatures, Accounting Solutions and Add-Ons for Small Businesses, Accounting Solutions: Mid-Market, and Simplifying and Economizing Your Tech Stack.

Upgrading your technology stack involves more than maintaining the status quo and updating hardware, communication lines and versions of applications. The discovery process above will help you make both evolutionary and revolutionary changes to the technology your business uses.

Leveraging the Technology You Already Own

All organizations should invest in training on the technology they own and anything newly acquired. Initial acquisition and recurring fees are only a portion of the costs to your organization. Consider the fees of external contracting and consulting for training. Further, consider the costs of learning new techniques and change management.

Likewise, consider the cost of not knowing and lack of learning in your organization. The Pareto principle, also known as the 80/20 rule, doesn't apply well to technology.

The maximum benefit might occur from the 20% you didn't know or implement. If you have 80% of a system in use, you are still doing other work manually or supported with technology like Excel spreadsheets, which are error-prone and time-consuming.

You can eliminate repetitive and boring processes by getting more automated reporting and using the new no-code or low-code products. If you are interested in an ROI on your technology, you must invest the time and effort in training. These questions may help with assessing your organization:

- How much formal training have you had in word processing, email, spreadsheets and presentations?
- Do you have the preparation highly automated?

About the Author:

Randy Johnston is one of the shareholders of K2 Enterprises. At K2, he focuses on product reviews and developing technology strategies for K2 events. In addition, he is a consultant and advisor for technology companies and businesses, including CPA firms. You may reach him at randy@k2e.com. Learn more about K2 Enterprises at www.k2e.com.

The 2023 Legislative Session – Back to Normal?

By Kenneth Besserman, JD, Director of Government Affairs and Special Counsel

The opening days of the 2023 session of the Texas Legislature were in sharp contrast to the 2021 session. On January 10, 2023, the Capitol was filled with visitors, guests and legislators celebrating the opening day of session and the election of the Speaker of the House. Last session, the Capitol was mostly closed to visitors and celebrations were short and muted as the state and country were mired in the middle of the COVD-19 pandemic. What a difference two years makes. The Texas Legislature is back in full swing, debating the critical issues of the day and seemingly "back to normal."

Beyond the return to normalcy, what is making the 88th session so different than past sessions is the unprecedented budget surplus that the state is holding. Comptroller Glenn Hegar, in his January 8 Biennial Revenue Estimate, told the legislature that Texas will have a budget surplus over $30 billion, meaning that in crafting the next two-year budget, the legislature will have over $30 billion in excess revenue to use for increased spending if it chooses.

All indicators and state budget watchers are of the opinion that Texas will likely have significantly more than a $30 billion surplus as more federal funds flow to Texas and as sales tax and oil and gas taxes continue to increase. Beyond the budget surplus, the state has a very large Rainy Day Fund, which will be very close to hitting the constitutional cap of $25 billion.

As Hegar mentioned at the TXCPA Advocacy Day in late January, Texas has never seen this type of budget surplus and never will again in the future. Hegar also suggested that the legislature should make some wise long-term investments in infrastructure, water, power grid reform, broadband internet access and other projects, so that Texas can continue to be an economic growth engine and provide the needed services for a continuingly rapid growing population.

In addition to a large budget surplus, there are a number of issues that the legislature and state leadership will be debating this session. Top of mind to most elected officials is how to address skyrocketing property taxes and property appraisals. State leaders, the Governor, Lt. Governor and Speaker of the House all want to lower property taxes, although the amount of property tax reduction, how much of the surplus to use and what form the reduction will take are up for debate, negotiation, horse-trading and compromise. Property tax reform will be the paramount issue of the session and will affect all other legislation the House and Senate debates.

Beyond property tax reform, there are quite a number of issues the legislature will debate that will make this session look normal compared to the pandemic session of 2021. Some of the large and controversial issues include:

- Power grid reform;
- School finance funding (as a way to address property tax reform);
- Chapter 313 economic development agreements;
- Health care funding;
- Border security funding;
- Numerous social issues;
- Gubernatorial power in declared emergencies;
- Workforce development;
- Election integrity and voting rights;
- Teacher salaries;
- School safety measures; and
- Casino gambling.

That is just the beginning. Some of these issues require new or increased state funding, so there will be a lively debate in the budget committees and on the House and Senate floor as to what are the state's spending priorities. This is a "normal" debate during a legislative session – but with so much extra money to spend, it becomes much more difficult for legislators to say "no" when it comes to essential or needed funding and projects.

TXCPA is working very hard on our legislative priorities for 2023. Please see Exhibit 1. The CPA pipeline is our top priority this session. One way in which we can help the pipeline legislatively is to allow students and candidates to begin taking the CPA Exam after completion of 120 hours, rather than the current requirement of finishing 150 semester hours before testing.

Senate Bill 159 and House Bill 797 are bills TXCPA supports to allow CPA Exam testing after 120 semester hours.

By allowing students to take the Exam closer to their core accounting coursework and before students leave the accounting track for other opportunities, we hope that we can affect the pipeline and get more people licensed. Texas is a growing state and we need more CPAs to provide services to taxpayers and businesses.

With all of the pandemic-related restrictions in the Capitol lifted, dozens of major issues facing the legislature, and political and electoral posturing front and center, we are certainly "back to normal." How all of the issues are addressed and tackled will have long-term implications on the state.

About the Author: Kenneth Besserman, JD, is TXCPA's Director of Government Relations and Special Counsel. Contact him at kbesserman@tx.cpa.

2023 TXCPA Legislative Priorities

120 Hours to Sit for the CPA Exam
This legislation will amend the Public Accountancy Act to allow candidates/students to begin taking the CPA Exam after completing 120 hours of education. Texas is one of only seven states that mandate that a student complete 150 semester hours before taking the CPA Exam.

Allowing testing to begin at 120 hours will give students more flexibility on the path to 150 hours for certification. Certification/licensure will still require 150 semester hours.

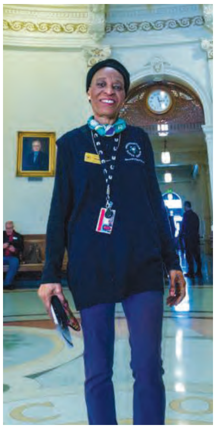
There are instances of Texas students taking the Exam in other states and not returning to Texas.

Requiring testing after 150 hours creates obstacles for students/candidates because life begins to intervene – students have debt, families get started, the need for a job increases, and the financial burdens increase between 120 and 150 hours. Many students decide not to pursue the CPA Exam and licensure if they have to wait an additional 30 hours before the Exam can be started.

Oppose Sales Tax on Professional Services
TXCPA opposes a sales tax on professional services. Professional service taxes are difficult to administer, do not raise a significant amount of money and create inequities in the tax system. TXCPA works closely with other regulated professions (doctors, lawyers, realtors and others) to prevent the imposition of a sales tax on professional services.

Proper Regulatory Oversight of the CPA License
TXCPA will defend against any legislation that in any way limits, diminishes or affects the importance and rigor of the CPA license. The CPA license protects the general public and the accounting profession, and it is a key factor making sure the markets and the Texas economy have a solid foundation.

Monitoring State Tax Legislation
TXCPA will monitor, review and analyze all tax legislation (tax proposals, property tax, tax deadlines, new/repealed taxes) to ensure that all issues and concerns that are vital to the accounting profession are addressed.



TXCPA Advocacy Day and Midyear Board of Directors and Members Meeting

The 2023 Advocacy Day and Midyear Board of Directors and Members Meeting was held on Tuesday and Wednesday, January 24-25, 2023, in Austin. Over 200 people attended the daylong Advocacy Day event on Tuesday, including accounting students from Trinity University in San Antonio. The attendees heard legislative updates and then visited legislators and legislative staff at the Texas Capitol to discuss TXCPA's legislative agenda and issues important to the accounting profession.

Speakers at the Advocacy Day event included:

- Glenn Hegar, Texas Comptroller;
- Rachel Dresen, Senior Director of Congressional and Political Affairs at AICPA;
- Scott Braddock, editor of the *Quorum Report* and host of the *Texas Take* podcast;
- An advocacy/legislative panel made up of Kenneth Besserman, TXCPA Director of Government Affairs and Special Counsel, and TXCPA contract lobbyists Denise Davis and Lisa Kaufman.

TXCPA held a fantastic legislative reception at the Paramount Theatre in Austin and welcomed members of the Texas House of Representatives and Senate.

House Speaker Dade Phelan also stopped by for a short meeting. He was in the process of meeting with all 150 members of the House of Representatives in the tough task of making committee assignments.

On Wednesday during the Midyear Board of Directors Meeting, attendees heard updates on important TXCPA strategic plan initiatives. The 2023-24 Leadership Slate was also presented.

Make your plans now to attend the 2023 Annual Meeting of Members on June 23-24 at the Worthington Renaissance Fort Worth Hotel. All members are warmly invited to attend the meeting in Fort Worth.

Volunteer to Help Prepare Taxes for Military Families

The Texas Society of CPAs and TXCPA San Antonio are partnering with Filing for Freedom to offer virtual volunteer tax services for military personnel at Randolph Air Force Base near San Antonio. Those interested in volunteering are required to complete online training certifications with the IRS VITA filing system. All appointments and volunteering will take place on Thursdays, Fridays and Saturdays. This is a great opportunity to give back to the military community! To learn more and volunteer, please visit TXCPA's website at tx.cpa/membership/get-involved/misc/filing-for-freedom.

Professional Group Membership – Is Your Organization Included?

Our popular group billing program offers all the same great benefits, with a brand-new name! Professional Group Membership offers special benefits for TXCPA members who work together for the same organization. You can renew all the memberships within your organization at one time with a single dues invoice. If you're interested in learning more about Professional Group Membership, go to TXCPA's website at tx.cpa/membership/professional-group-membership or contact membership@tx.cpa.

Accountants Confidential Assistance Network

For over 30 years, the Accountants Confidential Assistance Network has provided support for CPAs struggling with alcohol, substance abuse and/or mental health issues. In that time, they've convened over 3,500 confidential support groups and provided a pathway for hundreds of candidates to enter the accounting profession. If you would like to participate in support meetings with other CPAs in recovery, or talk about your wellness concerns, call 866-766-2226 or visit tx.cpa/resources/acan.

Your CPA-PAC Contribution Makes a Difference

Your contribution to the TXCPA CPA-PAC can and does make a difference. Your past (and future) contributions helped TXCPA to set the stage and receive positive comments from legislators/candidates prior to the 2022 election and into the 2023 Texas legislative session. Without the PAC, your voice is quieter and your influence is smaller. For more information and to make your contribution to the PAC, go to TXCPA's website at tx.cpa/advocacy/cpa-pac.

UNITED STATES POSTAL SERVICE

Statement of Ownership, Management, and Circulation (All Periodicals Publications Except Requester Publications)

1. Publication Title	2. Publication Number	3. Filing Date
Today's CPA	0889 - 4337	10/25/2022
4. Issue Frequency	**5. Number of Issues Published Annually**	**6. Annual Subscription Price**
Bi-Monthly	3 (Three)	$28.00, Free to Members

7. Complete Mailing Address of Known Office of Publication (Not printer) (Street, city, county, state, and ZIP+4®)
14651 Dallas Parkway, Suite 700
Dallas, TX 75254-7408
Contact Person: DeLynn Deakins
Telephone (Include area code): (972) 687-8550

8. Complete Mailing Address of Headquarters or General Business Office of Publisher (Not printer)
14651 Dallas Parkway, Suite 700
Dallas, TX 75254-7408

9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor (Do not leave blank)

Publisher (Name and complete mailing address)
Texas Society of CPAs
14651 Dallas Parkway, Suite 700, Dallas, TX 75254-7408

Editor (Name and complete mailing address)
DeLynn Deakins, Texas Society of CPAs
14651 Dallas Parkway, Suite 700, Dallas, TX 75254-7408

Managing Editor (Name and complete mailing address)
DeLynn Deakins, Texas Society of CPAs
14651 Dallas Parkway, Suite 700, Dallas, TX 75254-7408

10. Owner (Do not leave blank. If the publication is owned by a corporation, give the name and address of the corporation immediately followed by the names and addresses of all stockholders owning or holding 1 percent or more of the total amount of stock. If not owned by a corporation, give the names and addresses of the individual owners. If owned by a partnership or other unincorporated firm, give its name and address as well as those of each individual owner. If the publication is published by a nonprofit organization, give its name and address.)

Full Name	Complete Mailing Address
Texas Society of CPAs	14651 Dallas Parkway, Suite 700 Dallas, TX 75254-7408

11. Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages, or Other Securities. If none, check box → ☑ None

Full Name	Complete Mailing Address

12. Tax Status (For completion by nonprofit organizations authorized to mail at nonprofit rates) (Check one)
The purpose, function, and nonprofit status of this organization and the exempt status for federal income tax purposes:
☑ Has Not Changed During Preceding 12 Months
☐ Has Changed During Preceding 12 Months (Publisher must submit explanation of change with this statement)

PS Form 3526, July 2014 [Page 1 of 4 (see instructions page 4)] PSN: 7530-01-000-9931 PRIVACY NOTICE: See our privacy policy on www.usps.com.

13. Publication Title	14. Issue Date for Circulation Data Below
Today's CPA	07/01/2022

15. Extent and Nature of Circulation		Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Total Number of Copies (Net press run)			
b. Paid Circulation (By Mail and Outside the Mail)	(1) Mailed Outside-County Paid Subscriptions Stated on PS Form 3541 (Include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)	22779	23988
	(2) Mailed In-County Paid Subscriptions Stated on PS Form 3541 (Include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)	0	0
	(3) Paid Distribution Outside the Mails Including Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Paid Distribution Outside USPS®	0	0
	(4) Paid Distribution by Other Classes of Mail Through the USPS (e.g., First-Class Mail®)	0	0
c. Total Paid Distribution (Sum of 15b (1), (2), (3), and (4)) ▶		22779	23988
d. Free or Nominal Rate Distribution (By Mail and Outside the Mail)	(1) Free or Nominal Rate Outside-County Copies included on PS Form 3541	0	0
	(2) Free or Nominal Rate In-County Copies Included on PS Form 3541	0	0
	(3) Free or Nominal Rate Copies Mailed at Other Classes Through the USPS (e.g., First-Class Mail)	91	87
	(4) Free or Nominal Rate Distribution Outside the Mail (Carriers or other means)	0	0
e. Total Free or Nominal Rate Distribution (Sum of 15d (1), (2), (3) and (4))		91	87
f. Total Distribution (Sum of 15c and 15e) ▶		22870	24075
g. Copies not Distributed (See Instructions to Publishers #4 (page #3)) ▶		0	
h. Total (Sum of 15f and g)		22870	24075
i. Percent Paid (15c divided by 15f times 100) ▶		99.60	99.64

* If you are claiming electronic copies, go to line 16 on page 3. If you are not claiming electronic copies, skip to line 17 on page 3.

UNITED STATES POSTAL SERVICE

Statement of Ownership, Management, and Circulation (All Periodicals Publications Except Requester Publications)

16. Electronic Copy Circulation	Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Paid Electronic Copies ▶		
b. Total Paid Print Copies (Line 15c) + Paid Electronic Copies (Line 16a) ▶	22779	23988
c. Total Print Distribution (Line 15f) + Paid Electronic Copies (Line 16a) ▶	22870	24075
d. Percent Paid (Both Print & Electronic Copies) (16b divided by 16c × 100) ▶		

☐ I certify that 50% of all my distributed copies (electronic and print) are paid above a nominal price.

17. Publication of Statement of Ownership
☑ If the publication is a general publication, publication of this statement is required. Will be printed in the 3/1/23 issue of this publication. ☐ Publication not required.

18. Signature and Title of Editor, Publisher, Business Manager, or Owner
DeLynn Deakins
DeLynn Deakins, Managing Editor
Date: 10/25/2022

I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).

AICPA Credentials Enhance Your Credibility and Open New Doors

Credentials from AICPA demonstrate your expertise and provide you with professional recognition to distinguish yourself. You can choose a credential that best aligns with your experience and area(s) of interest. They include:
- Certified in Financial Forensics (CFF®)
- Personal Financial Specialist (PFS™)
- Accredited in Business Valuation (ABV®)
- Certified Information Technology Professional (CITP®)
- Certified in Entity and Intangible Valuations (CEIVTM)

Go to the Credentials area of AICPA's website to learn how you can get an AICPA credential in just four steps.

For management accountants, the **Chartered Global Management Accountant (CGMA®)** is the most widely held management accounting designation in the world. It was established by AICPA and CIMA. The CGMA designation is built on extensive research to maintain the highest relevance with employers and develop the competencies most in demand. Go to www.cgma.org to learn more about the benefits and how you can take your career to the next level.

TXCPA Has Moved!

Effective February 21, 2023, TXCPA has moved! Our new address is:
14131 Midway Rd.
Suite 850
Addison, TX 75001

Submit an Article to *Today's CPA* Magazine

The editors of *Today's CPA* are seeking article submissions for the magazine. *Today's CPA* is a peer-reviewed publication with an Editorial Board consisting of highly respected CPA practitioners.

The publication features articles and columns that focus on issues, trends and developments affecting CPAs in all facets of business. If you would like to submit an article for consideration or to learn more, please contact Managing Editor DeLynn Deakins at ddeakins@tx.cpa or Technical Editor Brinn Serbanic, CPA, CFP™, at technicaleditor@tx.cpa.

What Changes Are Coming to the 2024 CPA Exam?

By Jane N. Baldwin, Ph.D., CPA; R. Kathy Hurtt, Ph.D., CPA (Inactive); and David Hurtt, Ph.D., CMA

Evolution of the CPA Exam

CPAs remember their qualifying Exam quite differently depending on when they sat for it. The content and administration of the CPA Exam has evolved over time to keep pace with the growing complexity of business structures and technology.

The first CPA Exam was administered in the state of New York in 1896 and by 1952, all states used the same uniform two- and one-half-day pencil-and-paper Exam (AICPA, 2020). Since then, four significant revisions in format and/or delivery have been implemented. Please see Figure 1.

In 2020, the National State Boards of Accountancy (NASBA) and the American Institute of CPAs (AICPA) voted to proceed with the CPA Evolution licensure model, resulting in another significant revision to the CPA Exam starting in January 2024. AICPA (AICPA and NASBA, 2021) sees these benefits to the new testing model. This model:

- Will enhance public protection by producing candidates who have the deep knowledge necessary to perform high-quality work, meeting the needs of organizations, firms and the public.
- Is responsive to feedback, as it builds accounting, auditing, tax and technology knowledge requirements into a robust common core.
- Reflects the realities of practice, requiring deeper proven knowledge in one of three disciplines that are pillars of the profession.
- Is adaptive and flexible, helping to future-proof the CPA as the profession continues to evolve.
- Results in one CPA license.

The purpose of this article is to describe the new Exam so that CPA candidates, practitioners and educators can prepare for the changes. We will also discuss the transition policy for those who have not completed the Exam before the January 2024 launch date. A more comprehensive explanation of the changes is available in the Exposure Draft, *Maintaining the Relevance of the Uniform CPA Examination® – Aligning the Exam with the CPA Evolution Licensure Model* (AICPA, 2022a).

Structure of 2024 Exam

Under the new model, all candidates will be required to demonstrate a meaningful understanding of accounting by passing each of three Core Exam sections:

- Auditing and Attestation (AUD),
- Financial Accounting and Reporting (FAR), and
- Taxation and Regulation (REG).

In addition to the three Core sections that all candidates will take, each candidate will choose one of three Discipline Exam sections in which to demonstrate deeper skills and knowledge. The three Discipline Exam sections are:

- Business Analysis and Reporting (BAR),
- Information Systems and Controls (ISC), and
- Tax Compliance and Planning (TCP).

No longer will all candidates take an identical four-part Exam as has been the case throughout the Exam's history. No differentiation will appear on an individual's CPA license as to the type of Discipline section passed, and each candidate may complete only one

Figure 1.	Major Revisions of the CPA Exam Through 2017 Adapted from Brasel, Flasher, Huang (2016)
Date	**Description/Revision of the CPA Exam**
Pre-1994	19.5 hours, pencil/paper, four parts are: Auditing, Law, Accounting Theory, Accounting Practice (2 parts, 4.5 hours each); given twice per year in May and November.
1994	15.5 hours, use of calculator, pencil/paper, four parts are: 1. Business Law and Professional Responsibilities (LPR). 2. Auditing (AUDIT). 3. Accounting and Reporting (Tax, Managerial, Gov't, Not-for-profit) (ARE). 4. Financial Accounting and Reporting – Business Enterprises (FARE).
2004	14 hours, computerized Exam; given in testing windows of January/February, April/May, July/August, October/November; revised four parts are: 1. Auditing and Attestation (AUD). 2. Business Environment and Concepts (BEC) – Covers business structures, economic concepts, financial management, information technology, and planning and measurement. 3. Financial Accounting and Reporting (FAR). 4. Regulation (REG) – Covers ethics and professional responsibility, business law and federal taxation.
2011	14 hours, enhanced computer-based testing, testing International Financial Reporting Standards, research codification and international auditing standards.
2017	16 hours, increasing assessment of higher-order cognitive skills and increasing use of task-based simulations with corresponding reduction in multiple-choice questions to 50% of the Exam.

Discipline Exam. (If a candidate takes a Discipline Exam section and does not pass, or loses credit for a passed Exam section, they can choose to take any of the Discipline Exam sections.)

Discipline sections are meant to allow future CPAs to choose a path that interests them but does not require a commitment to work in a specific area.

Realignment of 2024 Exam Content

The implementation of three Core sections and three Discipline sections requires realigning the existing CPA Exam content and identifying new content to be assessed. The BEC section has been eliminated and its content moved to either the AUD or FAR Core sections, or BAR or ISC Discipline sections. Data and technology are tested at some level in all of the Core and Discipline sections, not only the ISC Discipline. Please see Figure 2 for a diagram illustrating the realignment of content.

Figure 3 and Figure 4 summarize the content of the Core section and the Discipline sections.

Design of 2024 Exam

Each Core and Discipline Exam will be composed of a combination of multiple-choice questions and task-based simulations. Figure 5 presents the design of the 2024 CPA Exam by Core and Discipline section.

Infrastructure Changes

AICPA plans the following infrastructure changes for the 2024 Exam (AICPA, 2022b):

- Assessing research and related critical thinking skills differently;
- Replacing the Excel spreadsheet with a JavaScript based one;
- Removing the Written Communication Task (essay question); and
- Eliminating multistage adaptive testing (where the difficulty of the Exam is dynamically personalized) in the multiple-choice question testlets.

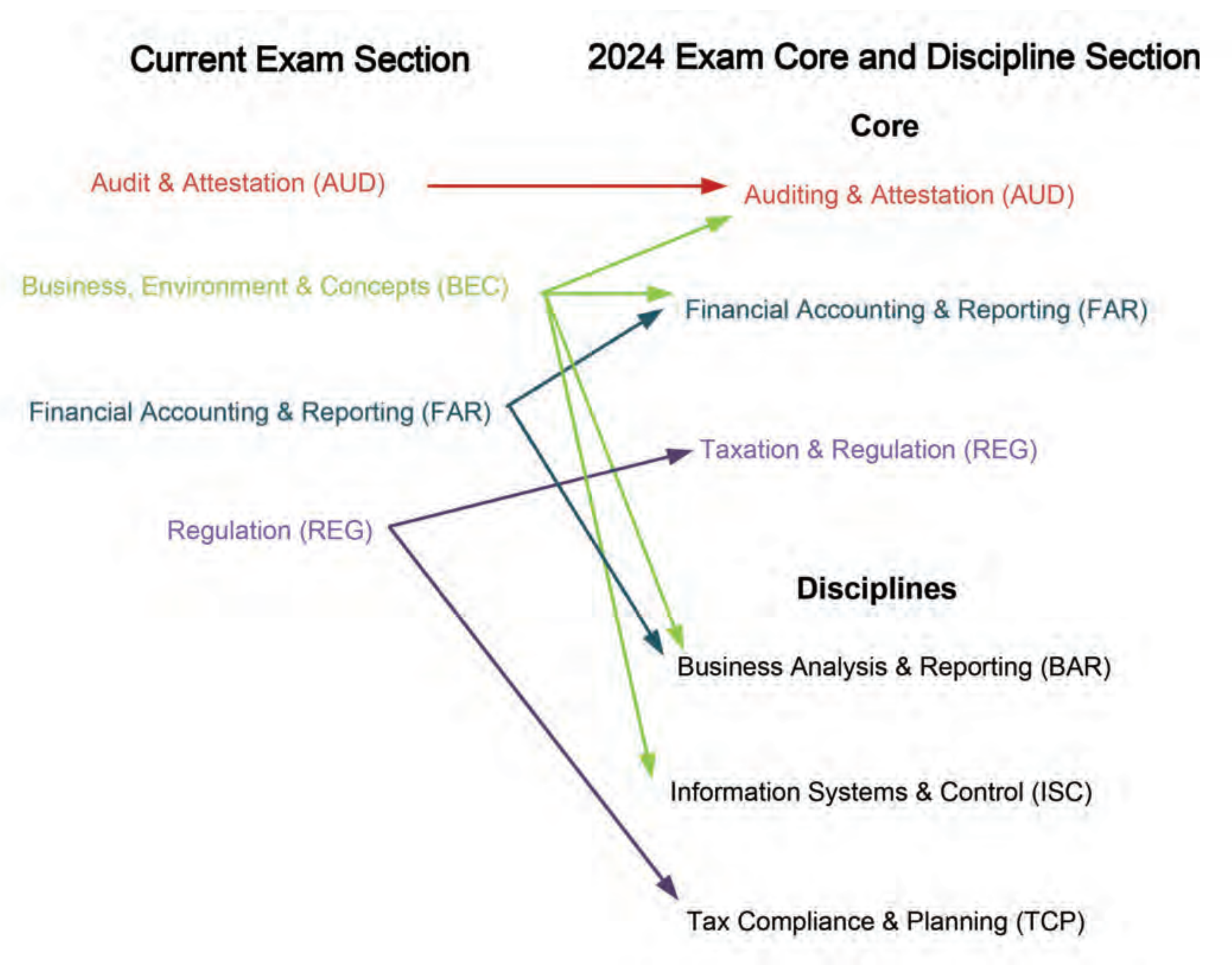
Transition Policy

None of the sections of the current CPA Exam will be available for testing after December 2023, but a transition policy exists for candidates who have started but not finished the current Exam by then.

Candidates who have credit for AUD, FAR or REG on the current Exam will not need to take the corresponding new Core section of AUD, FAR or REG. The candidate will retain credit for the corresponding Core sections for the remainder of their rolling 18-month window from the date they passed each part.

Candidates who have passed BEC before January 2024 will not have to take any Discipline section but those who have not passed BEC prior to January 2024 must select one of the three Discipline sections. A candidate who loses credit for any of these sections must take the corresponding Core section or one of the three Discipline sections that are on the new Exam.

Figure 2.
Illustration of CPA Exam Content Realignment



Preparing for the New Format

As the environment in which CPAs practice changes, so must the Exam that assesses the entry-level skills of those practicing in that environment. Awareness of the changes to the 2024 Exam will help CPA candidates, educators and practitioners be prepared to adapt to the new format. This article provides only a brief overview of the significant changes. For a more exhaustive look, visit AICPA's website at aicpa.org (AICPA, 2023b).

About the Authors: Jane N. Baldwin, Ph.D., CPA (inactive), is an accounting professor at Baylor University. She may be contacted at Jane_Baldwin@baylor.edu.

R. Kathy Hurtt, Ph.D., CPA (inactive), is an associate accounting professor at Baylor University. She may be contacted at Kathy_Hurtt@baylor.edu.

David Hurtt, Ph.D., CMA, is an accounting professor at Baylor University. He may be contacted at David_Hurtt@baylor.edu.

Bibliography

Association of International CPAs (AICPA), (2020) "What is the American Institute of CPAs (AICPA)?" https://corporatefinanceinstitute.com/resources/careers/jobs/american-

Figure 3.
New Exam Core: Titles and Content Descriptions (All candidates are required to take and pass all three Core Exam sections.)

Business Environment and Concepts (BEC) *from the old Exam format does not exist in the new format. Its content is redistributed to other core sections (AUD, FAR) and disciplines (BAR, ISC).*

Auditing and Attestation (AUD)
The AUD Core Exam section tests the knowledge and skills that all new CPAs must demonstrate when performing audit engagements, attestation engagements, and accounting and review service engagements. AUD is largely unchanged except for the addition of redistributed BEC content (basic economic concepts, business processes and internal controls). No existing AUD content was moved to other sections.

Financial Accounting and Reporting (FAR)
The FAR Core Exam section tests the knowledge and skills that all new CPAs must demonstrate with respect to financial accounting and reporting frameworks used by for-profit (public and nonpublic) and not-for-profit entities and the foundational concepts related to state and local governments as issued by GASB. Existing FAR content will be allocated between the FAR Core section and the BAR Discipline section, with the more routine and recurring tasks appearing in the Core Exam.

For example, revenue recognition in the FAR Core Exam section will assess recalling basic concepts of accounting for revenue and applying the five-step model to determine the amount and timing of revenue recognition. Lease accounting in the FAR Core section will assess lessee (not lessor) accounting, including determining the carrying amounts of lease-related assets and liabilities.

International financial reporting is no longer tested. The Core FAR Exam section will also include content redistributed from BEC related to understanding and applying financial statement ratios and performance metrics.

Taxation and Regulation (REG)
The REG Core Exam section tests the knowledge and skills that all new CPAs must demonstrate with respect to U.S. ethics and professional responsibilities related to tax practice, U.S. business law, and U.S. federal tax compliance for individuals and entities. Existing REG content will be allocated between the REG Core section and the TCP Discipline section.

The REG Core Exam section will focus on federal tax compliance related to routine and recurring transactions for individuals and entities. For example, the REG Core Exam will test individual gross income concepts like wages, interest and dividends, guaranteed payments received from a partnership, and income from a qualified retirement plan.

institute-of-cpas-aicpa/ (Retrieved 8/20/2022).

AICPA and NASBA. (2021) "CPA Evolution: New CPA Licensure Model." https://evolutionofcpa.org/Documents/CPA%20Evolution%20Brochure%20-%20May%202021.pdf (Retrieved 8/20/2022).

AICPA, (2022a). "Exposure Draft: Maintaining the Relevance of the Uniform CPA Examination – Aligning the Exam with the CPA." https://www.aicpa.org/resources/download/exposure-draft-proposed-2024-cpa-exam-changes (Retrieved 8/20/2022).

Figure 4.
New Exam Disciplines: Titles and Content Descriptions
(Each candidate must take and pass a single **Discipline** Exam section to demonstrate skills in that area.)

Business Analysis and Reporting (BAR)
The BAR Discipline Exam would be an appropriate Discipline choice for candidates interested in assurance or advisory services, financial statement analysis and reporting, technical accounting, and financial and operations management. The BAR Discipline Exam will test more complex technical accounting and reporting topics at higher skill levels, including assessment of revenue recognition, lease accounting for lessors, business combinations, derivative and hedge accounting, and financial statements of pension plans.

The BAR Discipline Exam section includes content from BEC on non-financial measures of performance, managerial and cost accounting concepts, and the use of variance analysis techniques.

Information Systems and Control (ISC)
The ISC Discipline Exam would be an appropriate Discipline choice for candidates interested in assurance or advisory services related to business processes, information systems, information security and governance, and IT audits. This Discipline Exam will have content focused on IT and data governance, internal control testing and information system security.

Information security includes network security, software security, access and endpoint security. The performance and use of System and Organization Controls (SOC) engagements is also likely to be covered in this section.

Tax Compliance & Planning (TCP)
The TCP Discipline Exam would be an appropriate Discipline choice for candidates interested in taxation topics involving more advanced individual and entity tax compliance, plus additional content focused on personal financial planning and entity planning. Individual tax compliance and planning topics could cover areas such as inclusions and exclusions to gross income and gift taxation compliance and planning. Advanced entity tax compliance coverage potentially includes consolidated tax returns and multijurisdictional tax issues, and transactions between an entity and its owners.

Entity planning could include the tax treatments of the formation and liquidation of business entities. For example, TCP Discipline Exam will test gross income concepts like the exercise of incentive stock options, imputed interest on below market interest rate loans and compensation from income outside the U.S.

AICPA, (2022b) "Infrastructure Changes to the CPA Exam in 2024" https://www.aicpa.org/resources/download/infrastructure-changes-to-the-cpa-exam-in-2024 (Retrieved 8/20/2022).

AICPA, (2023a) "AICPA Releases Blueprints for 2024 CPA Exam, Aligned With New Licensure Model." https://www.nysscpa.org/article-content/aicpa-releases-blueprints-for-2024-cpa-exam-aligned-with-new-licensure-model-010523#sthash.w5Linpsm.dpbs (Retrieved 1/19/2023).

AICPA, (2023b) "Uniform CPA Examination Blueprints." https://www.aicpa.org/resources/article/learn-what-is-tested-on-the-cpa-exam (Retrieved 1/19/2023).

Brasel, K., Flasher, R. Huang, S. "The Only Constant is Change: Upcoming Changes to the Uniform CPA Exam." *Today's CPA*, Sept/Oct 2016.

Figure 5.
Proposed Design of the 2024 CPA Exam by Core and Discipline Section (AICPA, 2023b)

Section	Section Time	# of Multiple-Choice Questions (Score Weighting)	# of Task-Based Simulations (Score Weighting)
AUD – Core	4 Hours	78 (50%)	7 (50%)
FAR – Core	4 Hours	50 (50%)	7 (50%)
REG – Core	4 Hours	72 (50%)	8 (50%)
BAR – Discipline	4 Hours	50 (50%)	7 (50%)
ISC – Discipline	4 Hours	82 (60%)	6 (40%)
TCP – Discipline	4 Hours	68 (50%)	7 (50%)

TXCPA Resources

TXCPA is here to help students and candidates on their journey to become a Texas CPA. Visit the Become a CPA area of our website at tx.cpa under the Resources section for more information on the steps to becoming a CPA, taking the CPA Exam, TXCPA student membership, scholarships, discounts from CPA Exam review providers, serving as a Student or Faculty Ambassador on Texas campuses, and more.

SPAC Transactions: Risk of Goodwill Impairments Post de-SPAC

By Tiffany J. Westfall and Atul Singh

Curriculum: Accounting and Auditing

Level: Intermediate

Designed For: CPAs in industry and public practice; management

Objectives: Discuss and provide information about an unintended consequence that post de-SPAC companies may encounter with goodwill. The current regulatory environment leaves material gaps in offering regulation that increases risks for investors in SPAC mergers compared to IPOs.

Key Topics: SPAC formation and funding; accounting acquirer consideration; financial reporting considerations, including post reverse recapitalization and post forward merger; goodwill impairment testing and triggering events consideration; goodwill control premiums; and examples of financial statement disclosures

Prerequisites: None

Advanced Preparation: Read in conjunction with the article titled "Accounting for De-SPAC Transactions," published in the September/October 2021 issue of *Today's CPA*

Access to equity capital markets is critical for companies in the high-growth phase. Special Purpose Acquisition Companies (SPACs) are publicly traded shell companies that provide a way for private companies to become public. SPACs accomplish this by finding a private target company and merging with it; this is opposed to the traditional method of a private company pursuing an initial public offering (IPO) or direct listing to access public markets.

SPACs have surged in popularity over the past five years. Waves of SPACs have risen and fallen since their inception in 1993, but the recent wave is by far the largest. In 2021, 613 SPAC IPOs raised more than $162.5 billion, which was more capital raised than all previous years combined.

As of October 2022, there have been 1,112 SPAC IPOs raising more than $300 billion in proceeds[i]. One benefit for private companies to utilize the SPAC vehicle as opposed to an IPO is providing access to capital even when market volatility and other conditions limit liquidity.

This article focuses on an unintended consequence that post de-SPAC companies may encounter with goodwill. Opponents of SPACs argue that the current regulatory environment leaves material gaps in offering regulation that increases risks for investors in SPAC mergers compared to IPOs. The public shareholders of SPACs have very little involvement in choosing the private target company to be acquired or its valuation. This may leave them exposed to the risk of acquiring overvalued targets, which in turn can lead to future goodwill impairments.

The article titled "Accounting for De-SPAC Transactions" was published in the September/October 2021 issue of *Today's CPA*. This article should be read in conjunction with the aforementioned published article and expounds accounting implications of goodwill impairment testing in the post de-SPAC period, based on ASC 350, *Intangibles – Goodwill and Other*.

SPAC Formation and Funding

Generally, a SPAC is formed by an experienced management team or a sponsor with nominal invested capital, typically translating into a ~20% interest in the SPAC (commonly known as founder shares). The remaining ~80% interest is held by public shareholders through "units" offered in an IPO of the SPAC's shares. Each unit consists of a share of common stock and a fraction of a warrant (e.g., 1/2 or 1/3 of a warrant).

Founder shares and public shares typically have similar voting rights, with the exception that founder shares usually have the sole right to elect SPAC directors. Warrant holders generally do not have voting rights and only whole warrants are exercisable.

Each SPAC starts its life by selling its shares to initial investors in its own IPO. The IPO proceeds, typically $10 per share, are escrowed in a trust account while the SPAC has 18 to 24 months to search for a private target company to take public by acquiring it in a merger, often referred to as de-SPACing. If the SPAC does not complete a merger within that 18-24 month timeframe, the SPAC liquidates and the IPO proceeds are returned to the public shareholders.

Once formed, the SPAC will typically need to solicit shareholder approval for a merger and will prepare and file a proxy statement (or a joint registration and proxy statement on Form S-4 if it intends to register new securities as part of the merger). This document will contain several matters seeking shareholder approval, including a description of the proposed merger and governance matters.

The Form S-4 also includes financial information about the target company, such as historical financial statements, management's discussion and analysis (MD&A), and pro forma financial statements showing the effect of the merger. Once shareholders approve the SPAC merger and all regulatory matters have been cleared, the merger will close and the target company becomes a public company.

A Form 8-K, with information equivalent to what would be required in a Form 10-K filing of the target company (often referred to as the Super 8-K), must be filed with the U.S. Securities and Exchange Commission (SEC) within four business days of closing. After the closing of the SPAC merger, the combined entity is a publicly traded company and is responsible for complying with ongoing Exchange Act filing requirements.

Accounting Acquirer Consideration

The accounting acquirer is the entity that has obtained control of the other entity (i.e., the acquire) and may be different from the legal acquirer in a SPAC merger. If the target company is determined to be the accounting acquirer, the transaction will be accounted for similarly to a capital raising event (i.e., a reverse capitalization).

If the SPAC is determined to be the accounting acquirer, the transaction is accounted for as a business combination in accordance with the guidance in ASC 805, *Business Combinations* (i.e., a forward merger). The pro forma financial information included in the Form S-4 will reflect purchase accounting applied to the target company's assets and liabilities and will require a stepped-up to fair value valuation.

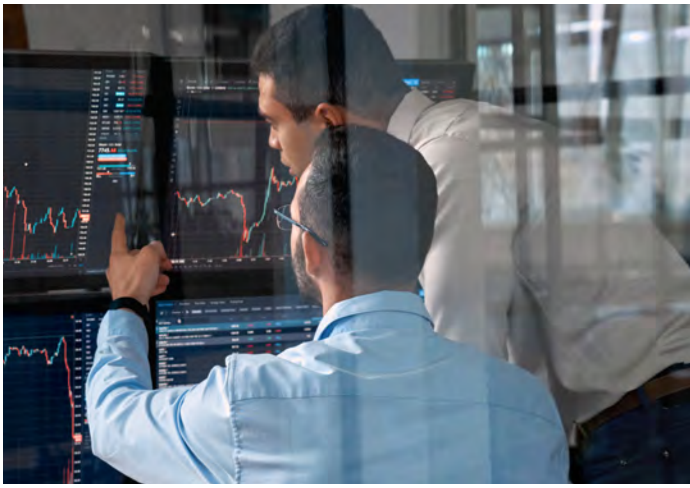
Financial Reporting Considerations – Post Reverse Recapitalization

Reverse recapitalizations do not result in a new basis of accounting and the financial statements of the combined entity represent a continuation of the financial statements of the target in many respects. However, the reverse recapitalization triggers unique accounting with respect to the entity's equity accounts, EPS and transaction costs.

Financial Reporting Considerations – Post Forward Merger

After the SPAC merger, the historical financial statements of the predecessor become the financial statements of the combined company. The SEC staff's guidance on the presentation of predecessor financial information is included in Section 1170.2 of the SEC's Division of Corporation Finance's Financial Reporting Manual.

In a forward merger (i.e., a business combination), because a SPAC generally has nominal operations before the combination, the target operating company is usually designated as the



predecessor of the combined company. The application of purchase accounting to the financial statements of the target in a forward merger results in a new basis of accounting to be reflected in the successor's financial statements after the transaction. To emphasize the change in reporting entity, the successor and predecessor periods would be separated by a black line in the standalone financial statements, similar to the presentation in the standalone financial statements of an acquiree after a business combination when pushdown accounting is applied.

The financial statement disclosures should also include traditional business combination related items, including purchase price allocation and pro forma disclosures. Typically, the combined company in forward merger transactions has goodwill balances as a result of the purchase price allocation. The goodwill balances can be significant because some de-SPAC entities have 60-80% of the purchase price recorded as goodwill.

When de-SPAC entities have a significant portion of the purchase price allocated to goodwill, one question is within a year or two years will the economic results be at a level to substantiate that amount of goodwill? The remainder of this article focuses on de-SPAC companies accounted for as forward mergers and their annual goodwill impairment testing considerations.

Goodwill Impairment Testing – Post Forward Merger

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. In accordance with ASC 350, *Intangibles – Goodwill and Other*, post de-SPAC companies do not amortize goodwill. Instead, post de-SPAC companies are required to test goodwill and any other intangible assets with an indefinite life for possible impairment on an annual basis and on an interim basis if there are indicators of possible impairment (i.e., triggering events).

Goodwill is considered to be impaired when the carrying amount of the reporting unit that includes the goodwill exceeds its implied fair value. In this situation, an impairment loss is recognized for the amount that the carrying amount exceeds its fair value, up to the goodwill amount for the reporting unit.

Accounting Standards Update (ASU) No. 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* (ASU 2017-04), outlines the test procedures for subsequent measurement of goodwill. The goodwill impairment test is performed by comparing the fair value of the reporting units to the carrying value of the reporting units.

Public companies are required to review the stock price and overall market capitalization as part of the impairment test. An impairment charge is recorded for the amount the carrying value of the reporting unit exceeds its fair value, not to exceed the total goodwill allocated to that reporting unit.

Goodwill Control Premiums

While not required under U.S. GAAP, a publicly traded company should reconcile the fair value of its reporting units to its stock price and market capitalization to corroborate its fair value estimates used in both interim and annual impairment testing.

When the estimated fair value of a company is greater than its market capitalization, this generally implies that a control premium has been considered in determining the fair value of the company's reporting units[ii]. The SEC staff, in fact, has requested in SEC comment letters that registrants provide evidence of this analysis to justify an implied control premium.

A company's market capitalization is considered a level 1 input (readily observable market value) under ASC 820, *Fair Value Measurements*.

Companies are expected to document and explain, in sufficient detail, the reasons for any significant difference between the sum of the fair values of their individual reporting units and the company's total market capitalization. The extent of the documentation and analysis will vary based on facts and circumstances. Regardless of whether the analysis is quantitative, qualitative or some combination of those approaches, the SEC staff has said it would expect a company to have objective evidence to support the reasonableness of its implied control premium.

Although no bright lines exist in U.S. GAAP, as a general rule of thumb, control premiums less than 35-40% are typically viewed as "reasonable." Anything above this range is at risk for SEC scrutiny.

Goodwill Impairment Triggering Events Consideration – Post Forward Merger

Once a SPAC opens on the market, the share price is usually set at $10 and can fluctuate from there. It was a volatile year for equities, with the Nasdaq down roughly 33% year to date (as of October 2022). Throughout 2022, the IPO and SPAC markets have not seen much activity.

One unintended consequence for de-SPAC companies is a rapid decline in their stock price from the typical $10 opening price in the equity markets. The $10 opening price in equity markets for de-SPAC companies is unique because the underwriters have less of an influence on the opening price than traditional IPOs.

The decline in stock prices for de-SPAC companies has caused some de-SPAC companies to analyze goodwill impairment triggering events as a result. This is most prevalent in de-SPAC companies formed through forward mergers because those de-SPAC companies often have higher goodwill balances than de-SPAC companies formed through reverse recapitalization.

Exhibit 1 – Financial Statement Disclosures: Goodwill Impairment		
Company	**Filing Reference**	**Disclosure**
Finance of America	3/15/2022 Form 10-K – Footnote 14 - Goodwill	The Company performs the annual goodwill impairment test as of October 1 and monitors for interim triggering events on an ongoing basis as events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. Goodwill is reviewed for impairment utilizing either a qualitative assessment or a quantitative goodwill impairment test. Because of a significant and sustained decline in stock price and market capitalization, the Company determined it was necessary to perform a quantitative goodwill impairment test. The Company estimated the fair value of all reporting units utilizing a market approach and the significant assumptions used to measure fair value include discount rate, terminal factors, market multiples and control premiums. As a result of its annual impairment test, the Company recognized an impairment to goodwill of $958.7 million. During the fourth quarter, the Company's stock price experienced an additional sustained decline, triggering an interim impairment analysis as of December 31, 2021, which resulted in recognition of additional impairment of the remaining goodwill of $335.5 million. This impairment charge was recognized in impairment of goodwill and intangible assets in the Consolidated Statements of Operations, but does not negatively impact tangible book value. The Company did not identify any impairment for the Predecessor periods from January 1, 2021 to March 31, 2021 or the Predecessor years ended December 31, 2020 and 2019.
Great Western Bancorp, Inc.	3/31/20 Form 10-Q – Footnote 10 - Goodwill	In accordance with ASC 350-20, the Company conducts a goodwill impairment test at least annually, or more frequently as events occur or circumstances change that would more-likely-than-not reduce the fair value below its carrying amount. In the second quarter of fiscal year 2020, the onset of the COVID-19 pandemic prompted the Company to assess qualitative and quantitative factors to determine whether it was more-likely-than-not the fair value of the Company was less than the carrying amount. The Company assessed relevant events and circumstances, including macroeconomic conditions, industry and market considerations, overall financial performance, changes in the composition or carrying amount of assets and liabilities, the market price of the Company's common stock and other relevant facts. The Company performed both a market capitalization approach and a discounted cash flow approach to determine the fair value of the Company. As a result of the analysis, the Company recognized a goodwill impairment charge of $740.6 million for both the three and six months ended March 31, 2020. No goodwill impairment charge was recognized for the three and six months ended March 31, 2019.
Edgewell Personal Care Company	6/30/19 Form 10-Q – Footnote 7 – Goodwill and Intangible Assets	The Company performed an interim impairment analysis using financial information through June 30, 2019 and forecasts for cash flows developed using the Company's three-year strategic plan. The Company's annual impairment test is performed on July 1. The interim impairment analysis was performed due to the decline in the price of the Company's common stock in the third quarter of fiscal 2019. The analysis was completed in a manner consistent with the annual impairment test using both the market and income approaches and weighting them based on their application to the reporting units. The interim impairment review was performed across all reporting units and indefinite-lived intangible assets. The analysis indicated that the carrying amount of the goodwill for the Wet Shave and Infant Care reporting units was greater than its fair value. The impairment of the Wet Shave and Infant Care reporting units was calculated as the difference between the fair value, determined in the interim impairment review, and the carrying value. The results of the impairment analysis indicated that the goodwill of the Wet Shave and Infant Care reporting units was impaired $358.0 and $29.0, respectively, as of June 30, 2019. Additionally, the impairment analysis indicated that the indefinite-lived trade names for Wet Ones and Diaper Genie had carrying values that exceeded their fair values. As a result, the Wet Ones and Diaper Genie trade names were impaired $87.0 and $75.0, respectively, as of June 30, 2019.

Exhibit 1 continues on page 28

Exhibit 1 (Con't) – Financial Statement Disclosures: Goodwill Impairment		
United Natural Foods	11/2/2019 Form 10-Q – Footnote 6 – Goodwill and Intangible Assets	During the first quarter of fiscal 2020, the Company changed its management structure and internal financial reporting to combine the Supervalu Wholesale reporting unit and the legacy Company Wholesale reporting unit into one U.S. Wholesale reporting unit and experienced a further sustained decline in market capitalization and enterprise value. As a result of the change in reporting units and the sustained decline in market capitalization and enterprise value, the Company performed an interim quantitative impairment review of goodwill for the Wholesale reporting unit, which included a determination of the fair value of all reporting units. The Company estimated the fair values of all reporting units using both the market approach, applying a multiple of earnings based on observable multiples for guideline publicly traded companies, and the income approach, discounting projected future cash flows based on management's expectations of the current and future operating environment for each reporting unit. The calculation of the impairment charge includes substantial fact-based determinations and estimates, including weighted average cost of capital, future revenue, profitability, cash flows and fair values of assets and liabilities. The rates used to discount projected future cash flows under the income approach reflect a weighted average cost of capital of 8.5%, which considered observable data about guideline publicly traded companies, an estimated market participant's expectations about capital structure and risk premiums, including those reflected in the Company's market capitalization. The Company corroborated the reasonableness of the estimated reporting unit fair values by reconciling to its enterprise value and market capitalization. Based on this analysis, the Company determined that the carrying value of its U.S. Wholesale reporting unit exceeded its fair value by an amount that exceeded its assigned goodwill. As a result, the Company recorded a goodwill impairment charge of $421.5 million in the first quarter of fiscal 2020. The goodwill impairment charge is reflected in Goodwill and asset impairment charges in the Condensed Consolidated Statements of Operations. The goodwill impairment charge reflects the impairment of all of the U.S. Wholesale's reporting unit goodwill.

Refer to Exhibit 1 for some examples of companies' impairment charge disclosures resulting from market capitalization and implied control premium as part of the goodwill impairment analysis. These goodwill impairment charges are significant and can equal hundreds of millions of dollars.

Companies must also consider other business implications, other than reporting it in their financial statements filed with the SEC, that result from recording impairment losses. Companies must report goodwill impairment losses in their Form 8-K earnings release for the corresponding period that the goodwill impairment charge is recorded.

The SEC permits companies to elect to disclose a material impairment earlier than the earnings release date through the filing of a Form 8-K and disclosing an Item 2.06. Goodwill impairment losses are treated as non-cash add backs to common non-GAAP measures (i.e., adjusted net income and adjusted EBITDA). Non-cash impairment losses may also impact certain debt covenants.

Finally, companies need to assess any tax impacts associated with goodwill write downs (i.e., decrease deferred tax liabilities).

There continues to be a large investment of capital in existing SPACs seeking targets and a growing number of private equity firms, venture funds and other sponsors forming SPACs.

As of October 2022, there were 100 SPACs in the IPO pipeline and 667 that had completed their IPO and were either searching for a target or have announced an acquisition.[iii] The newly formed de-SPAC companies may need to consider the additional time needed to prepare for the rigorous financial reporting demands of public firms. Given the recent surge in SPAC mergers and SPAC IPOs, these goodwill impairment write downs could result in broader economic consequences in the future.

About the Authors: Tiffany J. Westfall, is an assistant professor of accounting in the Miller College of Business at Ball State University. Contact her at tjwestfall@bsu.edu.

Atul Singh is assistant professor of accounting in the Miller College of Business at Ball State University. Contact him at aksingh@bsu.edu.

Footnotes

[i]"US SPAC IPO Issuance" *SPAC Research*, https://www.spacresearch.com/
[ii]A control premium is typically defined as the amount or percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a noncontrolling interest in a business enterprise to reflect the value of control.
[iii]"Active SPAC Summary" *SPAC Research*, https://www.spacresearch.com/

When registration is complete, a confirmation email will be sent and provide a hyperlink to access the quiz.

CPE ARTICLE: SPAC TRANSACTIONS: RISK OF GOODWILL IMPAIRMENTS POST DE-SPAC

By Tiffany J. Westfall and Atul Singh

Today's CPA offers the self-study exam for readers to earn one hour of continuing professional education credit. The questions are based on technical information from the preceding article. If you score 70 or better, you will receive a certificate verifying you have earned one hour of CPE credit – granted as of the date the test arrived in the TXCPA office – in accordance with the rules of the Texas State Board of Public Accountancy (TSBPA). If you score below 70, you will receive a letter with your grade.

1. SPAC activity in the capital markets has ____________ over the past five years.

a) Fallen
c) Remained the same
b) Risen
d) Not existed

2. What percentage of invested capital in a SPAC is typically classified as founder shares?

a) 100%
c) 20%
b) 80%
d) 0%

3. A SPAC unit offered in an IPO consists of ___________________.

a) Common stock
b) Warrants
c) Both a and b
d) Neither a nor b

4. What is the accounting treatment when the SPAC is determined to be the accounting acquirer of the target company?

a) Forward merger
b) Reverse capitalization
c) Initial public offering
d) Goodwill impairment

5. In a forward merger, the SEC staff's guidance on the presentation of predecessor financial information is included in ________ of the SEC's Division of Corporation Finance's Financial Reporting Manual.

a) Section 1170.2
c) 10-K
b) 10-Q
d) S-4

6. How frequently are public companies required to test goodwill for impairment?

a) Annually
c) Monthly
b) Quarterly
d) Semi-annually

7. What is the amount or percentage by which the value of a controlling interest exceeds the value of a noncontrolling interest in a business enterprise to reflect the value of control?

a) Amortization
b) Impairment charge
c) Control premium
d) Intangible asset

8. A company's market capitalization is considered a ________ input regarding ASC 820, *Fair Value Measurements.*

a) Level 1
b) Level 2
c) Level 3
d) None of the above

9. Which Accounting Standards Update (ASU) outlines the test procedures for subsequent measurement of goodwill?

a) ASU 820
b) ASU 2017-04
c) ASU 2020-01
d) ASU 2015-20

10. What form(s) does the SEC allow companies to elect to disclose material goodwill impairment charges?

a) 8-K
c) 10-K
b) 10-Q
d) All of the above

To receive your CPE certificate by email, please provide a valid email address.

Please mail the test (photocopies accepted) along with your check to:

Today's CPA; Self-Study Exam: TXCPA Accounting Education Foundation; 14131 Midway Rd., Suite 850, Addison, TX 75001. TSBPA Registered Sponsor #260

Name: ______________________________

Company/Firm: ______________________________

Address (Where certificate should be mailed):

City/State/ZIP: ______________________________

Email Address: ______________________________

Make checks payable to The Texas Society of CPAs

❑ $15 (TXCPA Member) ❑ $20 (Non-Member)

Signature: ______________________________

TXCPA Membership No: ______________________________

PRACTICES FOR SALE

Quickly add to your book of business. Partial sale of Wichita Falls tax clients as owner of CPA firm nears retirement. $35K revenue – mostly individuals and some bookkeeping. Owner will facilitate a smooth transition for maximum client retention. Please contact wichitafallscpa@gmail.com.

BUYING SELLING PRACTICES throughout Texas for over 40 years. Offering 90% financing to buyers, so our sellers can cash out at closing! We only get paid for producing results! Confidential, prompt, professional. Practices available throughout Texas ... Contact **Leon Faris, CPA ... PROFESSIONAL ACCOUNTING SALES ... 972-292-7172** and visit our website: **www.cpasales.com** for the latest listings and information.

ACCOUNTING BIZ BROKERS offers the following listings for sale:
North San Antonio gross $520k (New)
Ark-La-Tex area gross $1.2M (New)
NE Dallas suburb gross $775k
Uvalde County gross $729k (Sold)
Texas County, OK gross $399k

Contact Kathy Brents, CPA, CBI
Office 866-260-2793 - Cell 501-514-4928
Kathy@AccountingBizBrokers.com
Visit us at www.AccountingBizBrokers.com
Member of the Texas Society of CPAs
Member of the Texas Association of Business Brokers

Texas Practices Currently Available Through Accounting Practice Sales: North America's Leader in Practice Sales | Toll Free 1-800-397-0249 See full listing details and inquire/register for free at www.APS.net.

$1,130,000 gross. Houston Beltway CPA firm. Motivated seller willing to assist in transition. Revenues 43% tax, 32% accounting, 25% other for year-round income. Knowledgeable staff in place ready to support. TXS1307

$120,000 gross. Tarrant County CPA practice. Semi-virtual, home operated with occasional in-person meetings. Well established firm with many quality business clients. Revenues derived predominately of tax work and over 70% cash flow to owner. TXN1622

$600,000 gross. North Dallas CPA practice. Solid fee structure boasts about 70% gross income from services for businesses. Loyal clientele consisting of affluent individuals and solid businesses in a variety of industries. Experienced and knowledgeable staff available to transition. TXN1623

$202,000 gross. Plano CPA practice. Located in a desirable community. Nice mix of revenues for year-round cash flow. 80% tax prep, 10% accounting services, 10% consulting/payroll/other services. Seller-assisted transition. TXN1624

$287,000 gross. Revenues nice mix of services 66% tax, 23% bookkeeping, 9% payroll, 2% consulting. High quality, loyal client base with large number of businesses. Strong fee structure and high referral rate. TXN1625

$162,000 gross. Allen EA practice. Strong cash flow to owner of around 80%. Loyal client base with 93% tax work. No lease and minimal overhead make an exceptional opportunity for growth with referrals and expanding services. TXN1621

$90,000 gross. Olney, Texas CPA practice. Perfect start-up size that boasts a cash flow of almost 80%. Focus mostly on tax preparation services, but has large number of business clients for expansion. TXN1619

$186,000 gross. North Texas business appraisal firm. Full-service business valuation and consulting firm. Strong fee structure and minimal overhead yield almost 90% cash flow to owner. Reliable referral sources and great reputation. TXN1618

$148,000 gross. Addison, TX CPA practice. Revenues are 76% tax work and 24% accounting to provide year-round income. Nearly 60% income is from business clients and a cash flow of almost 60%. TXN1616

$585,000 gross. Dallas CPA practice. Sophisticated client base grown from primarily referrals and is primarily made of tax work (95%). Clients are high-net-worth individuals and businesses. Perfect size for an experienced CPA. TXN1603

$135,000 gross. Greater Killeen area CPA practice. Loyal client base made up of 82% tax preparation and 18% bookkeeping for year-round income. Over 67% cash flow. Owner-assisted transition available. TXC1083

$109,400 gross. Addison, TX CPA practice. Desirably located with a nice mix of quality clients. Solid fee structure and strong fee structure yield 60% cash flow. TXN1604

$68,000 gross. North Texas (near Wichita Falls). Strong fee structure and high realization rate. Over 50% revenues are from audits and 45% from tax work. TXN1609

$506,000 gross. Northern San Antonio metro CPA. 59% tax preparation (30% individual, 59% business, 11% other), 29% bookkeeping, 8% consulting, 4% Texas franchise returns. TXC1083

$190,000 gross. Virtual NE Houston CPA firm. Year-round revenue and excellent cash flow. Services composed of tax (57%), accounting (12%) and other (31%). TXS1304

$292,000 gross. Brazoria County CPA firm. Reputable practice with growth opportunities due to referrals from loyal clients. Owner transition available. Service mix tax (62%), accounting (29%) and other (9%). TXS1293

$323,000 gross. Virtually based DFW medical practice. Strong fee structure and low overhead that yields cash flow of over 80%. Ample growth opportunity for this niche firm. TXN1613

$1,285,000 gross. Allen CPA practice. Rapidly growing revenues and loyal client base. Services composed of tax (75%), accounting (17%) and tax planning services (8%). Strong staff in place ready for a smooth transition. TXN1614

$1,076,000 gross. Northeast Dallas CPA practice. Respected, established practice for over 40 years. Over 65% is business clients. Revenues nice mix of tax (65%) and accounting (35%). Long-term staff, excellent fee structure. TXN1615

$140,000 gross. Addison, TX CPA firm. High quality, loyal clients. Centrally based location in DFW. Revenues tax (76%) and accounting (24%) for year-round income. Cash flow near 60%. TXN1616

$620,000 gross. Brownwood, TX area CPA firm. Nicely balanced revenues between 75% tax work, 15% accounting services, 10% payroll/compliance. Great cash flow to owner. TXN1534

$1,119,000 gross. Heart of Texas CPA practice. Tax prep is 85-90% of revenue yearly. 2/3 individuals. Business and trust make up remainder. Bookkeeping 10-15%. Tenured staff. TXC1077

$447,000 gross. Heart of Texas CPA firm. 80% tax (78% inv., 13% bus., 9% other), 11% bkkpng, 9% audits/reviews, cash flow around 43%, staff in place, owner available to stay on as employee after sale if needed. TXC1078

$510,000 gross. NW of Dallas CPA firm. Tax 72%, accounting 28%, strong fees, solid cash flow, experienced staff in place, turn-key location in desirable DFW community. TXN1526

$307,000 gross. North Texas CPA practice. Tax 65%, accounting 35%, solid fee structure, experienced staff, and the perfect size starter or add-on practice. TXN1558

$730,000 gross. Northeast Texas CPA firm. Tax 55% and 45% accounting, solid fee structure, experienced staff and exceptional client base. Lots of room for growth. 80% total revenues from businesses. TXN1587

$480,000 gross. Ft. Worth tax practice. Strong cash flow to owner 55%, quality clientele, year-round income, and amazing expansion ability with individual and business referrals. TXN1588

$1,125,000 gross. W. Houston CPA firm. 66% tax, 22% audit/review, 12% bookkeeping. Excellent cash flow to owner, premium clientele and experienced staff in place. TXN1246

$283,000 gross. Southeast Texas CPA firm. 60% tax and 40% bookkeeping. Building available for lease or purchase. Friendly and loyal clients, growth opportunities and owner-assisted transition available. TXS1232

$1,700,000 gross. N. Houston CPA practice. Great service mix to provide year-round revenue with heavier workload during Sep/Oct deadlines. Strong, experienced staff in place. TXS1264

$116,000 gross. The Woodlands area CPA firm. Operates remotely from anywhere in Houston. Excellent cash flow, high-income clients. TXS1291

$567,000 gross. NE of Houston CPA firm. Owner looking to semi-retire and will assist buyer as agreed. Great service mix of tax, bookkeeping and payroll/consulting. Turn-key opportunity with experienced staff in place and office available for lease. TXS1283

$905,000 gross. Semi-virtual, Texas-based CPA firm. Multiple location firm with possibility to be completely virtual over time. 66% tax work, 27% accounting and 7% payroll. Year-round income with about 55% income derived from businesses. TXN1606

$255,000 gross. North Dallas CPA tax clients. Loyal clients from a variety of businesses and industries. About 80% of business done by portal, making it an easy acquisition for an existing firm. Option to maintain space for seamless transition. TXN1605

$533,000 gross. East Texas CPA firm. Highly regarded firm offers bilingual services to businesses and business owners. Revenues 50/50 tax work and accounting services. Strong cash flow over 50% gross income. TXN1601

$3,560,000 gross. North Texas CPA practice. Well established and growing firm that is exceptionally profitable for a firm its size due to fee structure and high realization rate. 50% auditing services and 45% tax work. Long-term staff and partners to aid in transition. TXN1597

$477,000 gross. NW Houston CPA firm. Revenues made up of accounting 74%, tax 24% and other 2%. Year-round cash flow and knowledgeable staff. Owner willing to assist smooth transition. TXS1300

$1,040,000 gross. South Texas CPA firm. Nicely mixed revenues 43% accounting, 38% tax and 19% other services. Year-round cash flow and knowledgeable staff. TXS1298

$650,000 gross. West Houston accounting firm. Service mix 93% accounting and bookkeeping and 7% tax. Nice location for buyer with extra room to bring in additional staff. TXS1297

$1,013,900 gross. SW Houston CPA firm. Desirable location and cash flow. Well-trained support staff already in place. Services desirably mixed 67% tax, 12% accounting, 15% reviews and 5% audits. Seller-assisted transition. TXN1295

$354,000 gross. NW Houston CPA firm. Predominately made up of complex tax returns. Nice cash flow and high-income quality clients. Excellent staff ready and able to assist. TXS1296

$316,000 gross. Galveston County CPA firm. Service mix includes 67% tax, 14% audit/review and 6% other. Year-round work provides excellent cash flow. Prime location with loyal clients. TXS1287

$2,201,000 gross. West Texas firm. Highly motivated multi-owner CPA firm. Revenue mix is 14% accounting services, 29% tax preparation (49% individual, 41% business, 10% other and 57% attest services). Large tenured staff and long-assisted transition by owner. TXW1030

$95,000 gross. Conroe CPA firm. Owner transition available. Service mix 75% tax and 25% other for year-round income. TXS1311

$296,000 gross. West Houston tax firm. Services mixed 93% tax and 7% other services. Year-round cash flow and knowledgeable bilingual staff in place to support transition. TXS1306

$115,000 gross. Matagorda County tax and accounting. 60% tax work and 40% accounting. Many referrals for growth. TXS1308

$172,000 gross. Houston Galleria area tax firm. Owner transition available. 83% tax and 17% accounting. Great reputation and constant referrals. TXS1310

$150,000 gross. Katy, TX CPA firm. Service mix tax (96%) and other (4%). Loyal, long-term clients with many referrals for growth. Owner transition available. TXS1305

ACCOUNTING PRACTICE SALES
For more information, call toll free 1-800-397-0249
See full listing details and inquire/register for free at www.APS.net.

PRACTICES SOUGHT

BUYING OR SELLING? First talk with Texas CPAs who have the experience and knowledge to help with this big step. We know your concerns and what you are looking for. We can help with negotiations, details, financing, etc. Know your options. Visit www.APS.net for more information and current listings. Or call toll-free 800-397-0249. Confidential, no-obligation. We aren't just a listing service. We work hard for you to obtain a professional and fair deal.

ACCOUNTING PRACTICE SALES, INC.
North America's Leader in Practice Sales

SEEKING CPA FIRM SELLERS

Selling your firm in 2023? Accounting Biz Brokers has GREAT NEWS for you! **Accounting Biz Brokers** has been selling CPA firms for over 18 years and we know your market. Selling your firm is complex. We can simplify the process and help you receive your best results! Our **"Six Steps to Success"** process for selling your firm includes a personalized, confidential approach to bringing you the "win-win" deal you are looking for. Our brokers are the only Certified Business Intermediaries (CBI) specializing in the sale of CPA firms in the nation! When you are ready to sell, we have the buyers, financing contacts and the experience to assist you with the successful sale of your firm! Contact us TODAY to take the first step!

Kathy Brents, CPA, CBI
Office 866-260-2793 - Cell 501-514-4928
Kathy@AccountingBizBrokers.com
Visit us at www.AccountingBizBrokers.com
Member of the Texas Society of CPAs

MISCELLANEOUS

Clarus Partners - National Sales Tax Compliance and Advisory firm
Do you have questions about sales tax? Need help with multistate compliance after Wayfair? Taxability issues? Audit defense? Refunds? Business registration and licensing compliance? Voluntary disclosure? Let us be a resource for your firm and your clients. Clarus Partners is a national sales tax compliance and advisory firm. With offices across the U.S., our four partners have a combined 100+ years of experience in this arena. Let us know any way we can help.
Steve Hanebutt, CPA
Clarus Partners | This firm is not a CPA firm
972-422-4530 | claruspartners.com | stevehanebutt@claruspartners.com

---

Michael J. Robertson, CPA
Texas Sales and Mixed Beverage Tax Solutions
Client audited, liability, needs a review, we have found errors and changed the liability. Does your client have a compliance issue or general question about sales tax? Call our team of sales tax experts. Our team provides over 100 years of experience with the Comptroller of Public Accounts as former auditors and supervisors. We work to ensure a fair audit. Should your client need a payment plan, we'll negotiate with the Comptroller of Public Accounts.
Call 817-478-5788 or 214-415-4333
Texas Sales and Mixed Beverage Tax Solutions