

June 15, 2009
Volume I, Issue 4

Harvey Pitt, Former SEC Chairman

Alumni Event Guest Speaker

Features

Featured Speaker
Biography.....1

Not-for-Profit
Internship.....3

Business Valuation:
Why Do It?5

Career Advice with
Becker Review.....7

To Do in Newark.....8

Sponsors.....12

Harvey L. Pitt is the Chief Executive Officer of the global business consulting firm, Kalorama Partners, LLC. Prior to founding Kalorama Partners, Mr. Pitt served as the twenty-sixth Chairman of the United States Securities and Exchange Commission. In that role, from 2001 until 2003, Mr. Pitt was responsible, among other things, for overseeing the SEC's response to the market disruptions resulting from the terrorist attacks of 9/11, for creating the SEC's "real time enforcement" program, and for leading the Commission's adoption of dozens of rules in response to the corporate and accounting crises generated by the excesses of the 1990s.

For nearly a quarter of a century before becoming the Commission's Chairman, Mr. Pitt was a senior corporate partner in the international law firm, Fried, Frank, Harris, Shriver & Jacobson. He also was a founding trustee and the first President of the SEC Historical Society, and participated in a wide variety of bar and continuing legal education activities to further public consideration of significant corporate and securities law issues. Mr. Pitt served as an Adjunct Professor of Law at Georgetown University Law Center (1975-84), George Washington University Law School (1974-82), University of Pennsylvania School of Law (1983-84), and The Yale Law School (2007).

Former Chairman Pitt served previously with the SEC, from 1968 until 1978, including three years as the Commission's General Counsel (1975-78). Mr. Pitt started at the SEC as a staff attorney in the Commission's Office of General Counsel (1968), and served in the following capacities over the next decade: Legal Assistant to SEC Commissioner Francis M. Wheat (1969); Special Counsel in the Office of the General Counsel of the SEC (1970-72); Editor of the SEC's



Institutional Investor Study Report (1972); Chief Counsel of the SEC's Division of Market Regulation (1972-73); and Executive Assistant to SEC Chairman Ray Garrett, Jr. (1973-75).

Former Chairman Pitt received a J.D. degree from St. John's University School of Law (1968), and his B.A. from the City University of New York (Brooklyn College) (1965). He was awarded an honorary LL.D. by St. John's University in June 2002, and was given the Brooklyn College President's Medal of Distinction in 2003.

Mr. Pitt serves as Vice-Chair of the National Cathedral School's Board of Trustees. He also Chairs the NCS Audit and Compensation Committees. Mr. Pitt previously served as a Director of Approva Corporation, and was a member of its Audit Committee. He is currently a Director of GWU Medical Faculty Associates, and serves on its Audit Committee.





© 2009 KPMG LLP, a U.S. limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. 2011 NSI
YouTube is a trademark of Google, Inc.



Want to know what it's like
to work at KPMG?
Check out:
kpmg-campus.com/kpmggo

Helping to build a future for others as you build your own.

At KPMG, giving back to our communities is a priority. Whether as an intern or a new associate, you get to grow as an individual as you team with others who share your enthusiasm and energy. Volunteer activities might include building affordable homes for needy families or helping to get flood victims back on track. The opportunity to help build a future for others can be an important building block in your own career path. To see how fun and work exist side by side at KPMG, go to youtube.com/KPMGGo.

kpmgcareers.com

KPMG.
A great place to build your career.

AUDIT ■ TAX ■ ADVISORY



Internship Not-For Profit

by Sohail Ahktar

In the winter of 2009 I had an opportunity to work as an intern at a Not for Profit organization called GlassRoots Inc. The world of non profit organizations was new for me. My first interaction with this world was when I met Mrs. Pat Kettenring.

She explained to me in detail the origin and objectives of GlassRoots. According to her GlassRoots was founded in January 2001 with the belief that communities can be transformed and elevated through the arts. The founder of GlassRoots knew that the youth of the community held enormous potential and that potential could be harnessed if those young people were allowed to express themselves through any means. The very idea of GlassRoots as an organization providing healthy and innovative pastimes to small children who were out of school while their parents were still working sounded very thoughtful to me. The organization is not only able to earn some revenue but also provides healthy entertainment to children.

That meeting with Mrs. Kettenring encouraged me to learn more about and explore the world of non profit organizations. While searching through some of the literature, what I found interesting was that Not for Profit organizations exist primarily to provide programs and services that are of benefit to others that might not be otherwise provided by local, state, or federal governments. Thus these entities try to fill in the void which the state, in spite of its best efforts, is unable to.

Another feature of these organizations that attracted me was that the reason for their existence includes the very noble causes such as relief of the poor, and the underprivileged; advancement of education and science; maintenance of public buildings, monuments, or works; decreasing the burdens of government by actively contributing for the uplift of the society; fighting prejudice and discrimination; working for human and civil rights; combating societal deterioration and juvenile delinquency; fostering national or international communities and preventing

cruelty to animals and abuse of children.

Some of the things which amazed me were that such organizations were relatively recent phenomena (about 100 – 200 years or so). But such organizations have accomplished wonders such as achieving women suffrage, abolishing slavery and working for humanitarian issues and sustainable development in some of the most under developed areas of the world.

All of these benefits, coupled with the zeal with which GlassRoots is being run by its management, impressed upon me the importance of such entities for the benefit of those areas of social life which one way or the other have not yet found their way into various legislatures. Instead of waiting for the lawmakers to assume their responsibilities, some considerate people have come forward and made it their mission to improve those sectors of social life and they try to make this world a better place to live, not only for ourselves but for generations to come.

Feed your future

See how many ways there are to create your own path at PwC.

Begin at www.pwc.tv

PRICEWATERHOUSECOOPERS 

© 2009 PricewaterhouseCoopers LLP. All rights reserved. "PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.



Grow with SMF

Evolution doesn't need to be a slow process. At SMF we offer a Principal In Training Program that gets your career moving forward on the fast track.

At Sax Macy Fromm & Co., PC we provide a culture that encourages ongoing opportunities for professional growth and personal fulfillment.

One of the differences that sets SMF apart from other firms is that your work will always be hands on and you will be challenged with many aspects of accounting, tax, and consulting.

Join the SMF Evolution

Send your resume today to hr@smf-cpa.com



855 Valley Road • Clifton, NJ 07013 • 973-472-6250

See our full range of services at:

www.smf-cpa.com



Business Valuation: Why Should You Do It?

by Tina Gulich, CPA, CFF

In today's difficult economy, it goes without saying that people are giving increased attention to the value of their investments. Unfortunately, the value of their largest asset is sometimes overlooked - their business. Perhaps because of the expected time and cost associated with the process, a lack of understanding of what's involved, or both, many business owners only have a business valuation performed when it is required; e.g., a purchase/sale, gift or estate tax purposes, shareholder buy out.

The problem with postponing a valuation until that time is that assumptions are made and opportunities are missed. For example, with family businesses, we may want to suggest a gifting plan to avoid estate taxes at death. Additionally, it is important to have enough insurance to buy out a deceased owner's interest without placing a strain on existing business operations. Without knowing the value of the business, the business owner(s) most likely will not have the financial information needed to make the necessary decisions. Further, beyond facilitating these standard planning procedures, a business valuation can often identify factors that will improve its profitability.

As a case in point, we were recently engaged to perform a valuation for buy-in purposes. The owner of the business wanted to offer an employee the opportunity to buy a twenty-five percent (25%) ownership interest in the business. Deals like these are often completed by allowing the employee to buy shares of the company with salary contributions and the deal is secured by a bank note taken out by

the employee. Based on this employee's length of service, the employer had anticipated structuring the deal over a five-year period.

One of the standard procedures associated with a business valuation is to determine reasonable compensation for the company's officers and key employees. In the process of performing this valuation, it became evident that the compensation package given to this employee was high relative to this employee's position and responsibilities. Additionally, the owner had not given adequate thought to the added value to his business of some of the intangible assets; e.g., the customer list and the in-place workforce. We presented these findings with the owner. The owner, in turn, presented it to the employee. Ultimately, the deal was still completed - but not as originally planned. It would have been to this business owner's advantage to have this information prior to initiating conversations with the employee.

Problems like these occur when the business owner(s) makes assumptions about the value of his business. For example, a business owner may learn through an industry resource or a business broker that their business is worth four times their gross revenue. While that may be a standard rule of thumb for that type of business or in that industry, the company being considered may be worth much more or less than others in the industry. A specific company's worth depends on its operating results and its cash flow.

Relative to the income generating ability of a business, assumptions

are sometimes made based on internally generated financial statements. Often the income reflected on these financial statements is different from the cash flow available to the owner. The owner(s) salary is a legitimate business expense for tax purposes - but it reduces the bottom line income. If the business has long-term debt, the interest expense on the debt is a business deduction; the re-payment of principal is not. In this instance, the cash flow available to the business owner is less than the bottom line reflected on the financial statement.

These types of issues make a strong argument for valuing a business and then updating the valuation, long before

...Continued on Page 6



Tina Gulich, CPA, CFF

Business Valuation: *Continued*

the valuation becomes required. After all, if the business is going to be sold at some future date, action needs to be taken to ensure that it is sold for the highest price. A properly timed business valuation can bring critical issues to light and permit their resolution prior to the planned time of sale.

Let's look at the corporate debt issue mentioned in an earlier paragraph. Because interest rates have been historically low for years, many companies have been funding growth with low interest rate loans - and stretching out the loan payment for as long a period of time as the

bank will allow. Depending on facts and circumstances, this may or may not be a good business decision. If at the time of sale, this debt exceeds the value of the asset(s) for which it was borrowed, a buyer may argue this debt increases the risk associated with the business. This would lead to further negotiations relative to:

- Price;
- Terms of sale (down payment, earn out, etc); and
- Sale type (asset vs. stock)

In this instance, the decision to stretch out the loan had nothing to

do with available cash flow. It was driven by a decision to take advantage of low interest rates. Ultimately, any benefits derived from these low rates may be more than offset by the resulting decreased sales price of the business.

Having a business valuation performed on a timely basis can prevent these and other issues from eroding the value of your most valued asset - your business.



Trusted Advisors for Over 50 Years
SAX MACY FROMM & CO., PC
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

Gain well-rounded experience

Deloitte's wide range of business functions – from audit to consulting – are unparalleled by any other professional services organization. So no matter which area you're interested in, you'll have the opportunity to expand your professional horizons and work with teams from other disciplines. Learn more about how this sets us apart.

Watch the video to see the complete picture at www.deloitte.com/careers



As used in this document, "Deloitte" means Deloitte LLP and its subsidiaries. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

Copyright © 2009 Deloitte Development LLC. All rights reserved.
Member of Deloitte Touche Tohmatsu

Deloitte.

Student Outlook

Don't wait to start building a great career in Accounting

By Karen Tarbet, CPA, Esq.

Director of Faculty & Instruction, Becker CPA Review

As an accounting student, you are busy with classes, studying and working, and hopefully having a little fun. But there are some other things you should consider adding to your “to-do” list.

In working with aspiring accounting students as they launch their careers, I have learned that extra-curricular activities can be very important to optimize your career after graduation. And Professor David Ravetch, who teaches at UCLA — one of Becker’s partner schools — also lent some great tips for what you can be doing right now to set the foundation for a great career in accounting.

Get involved and be memorable.

Now is the time to start building the relationships that can help you get that first dream job, and that will benefit you throughout your career. Sharing the great advice he received as a student, Professor Ravetch counsels that “great opportunities come out of those who know you.”

Many campuses offer business or accounting clubs, and host events that give you exposure to professional leaders

and employers. Find out if your campus has a Beta Alpha Psi (BAP) chapter. BAP is an honorary organization for accounting, finance and information systems students and professionals. BAP provides abundant opportunities for learning and networking.

Stay informed.

To make the most of your contacts with potential employers and leading professionals, be sure to stay up to date on the issues and events that impact the accounting field. To making a good, lasting impression you’ll need to be able to speak intelligently and enthusiastically about the issues and the profession.

Join in and be active.

Now is the time to join professional associations. There are many national organizations, like the American Institute of Certified Public Accountants, the American Society of Women Accountants or the National Association of Black Accountants. Pick an organization that really interests you, and find the time to participate in some way.

Professor Ravetch also recommends discovering the Volunteer Income Tax Assistance (V.I.T.A.) program, which will help you learn about taxation while you get the rewarding experience of helping underprivileged people manage their finances.

Research CPA requirements.

Find out early what classes and work experience you’ll need in the state in which you’ll want to be licensed as a CPA. And have a plan to take the exam early in your career. Professor Ravetch agrees, and adds “It’s a tragedy when students complete their undergraduate degree and want to take the CPA Exam, only to find out they lack certain classes required by their state.” You can visit www.beckercpa.com/state to view your state requirements. And consider joining your state CPA society now for even more networking opportunities.

David Ravetch is a Senior Lecturer teaching Principles of Accounting and Intermediate Accounting at the University of California Los Angeles.

As Director of Faculty & Instruction at Becker CPA Review, **Karen Tarbet** focuses on bringing the highest quality instruction to Becker students.

For more information about Becker CPA Review visit beckerCPA.com or call **877-PASS-CPA (877-727-7272)**.

As printed in New Accountant Magazine, August/September 2007.

B:07-908:15M:01:07/07



To Do in Newark

by Adrienne Broderick

When I first came to Newark to attend school, I drove straight to campus and straight home (with the occasional pause to buy flowers from the man on the corner of Nesbit Street). I wanted to get in and out of the city as quick as possible. But, in the year that I have been attending classes in the "Brick City" I have come to realize there is so much this sprawling city has to offer that not partaking in it would be a travesty. From amazing restaurants to exciting sporting events, anyone can find something of interest in Newark.

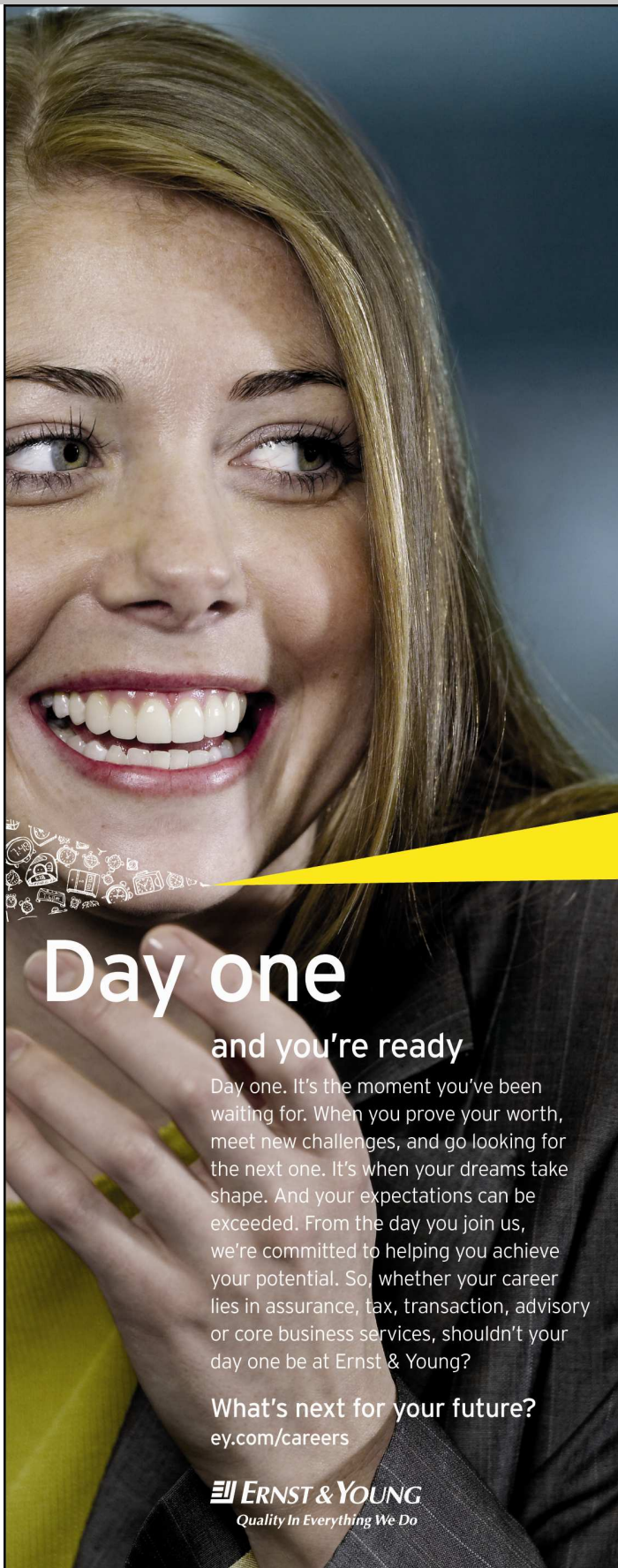
1. Eat!

Newark has a plethora of delicious restaurants, many specializing in Spanish and Portuguese style food. The "Iron Bound" section plays host to some of the most famous, including Don Pepe's and Iberia Tavern & Restaurant. You can find homemade Sangria at both establishments as well as an abundance of delicious Portuguese/Spanish style food. My recommendation would be to order a pitcher of Sangria and an array of appetizers. This way you can truly get a taste for each restaurant's superb cooking styles!

2. The Rock

The Prudential Center has become a star in Newark. Within walking distance from Newark Penn Station, you can find an event suiting any age. In the winter months, among other things, you can catch the NJ Devils play hockey or watch the Seton Hall Pirates and NJ Nets shoot some hoops. If sports are not your thing, Cirque Du Soleil: Alegria will be running shows throughout July. For those with children, there are usually different age appropriate events. This June, you can take your kids to see Thomas & Friends Live!. If any of these still are not your taste, check out a concert, like the American Idol Tour or Demi Lovato! When inside "The Rock" there is an array of food vendors, and even a bar that overlooks the arena! How cool is that? www.prucenter.com

...Continued on Page 9



Day one

and you're ready

Day one. It's the moment you've been waiting for. When you prove your worth, meet new challenges, and go looking for the next one. It's when your dreams take shape. And your expectations can be exceeded. From the day you join us, we're committed to helping you achieve your potential. So, whether your career lies in assurance, tax, transaction, advisory or core business services, shouldn't your day one be at Ernst & Young?

What's next for your future?
ey.com/careers

ERNST & YOUNG
Quality In Everything We Do

Newark: *Continued*

3. Play Ball!

Only a few blocks from the Rutgers campus are the Bears & Eagles Riverfront Stadium, which was revived in 1998 by former Yankees catcher Rick Cerone. Once baseball season is underway, watch the Newark Bears against many other minor league teams. Not only are the tickets inexpensive, but the view of Manhattan is wonderful! You can also root on the Scarlet Knights who use the field for their home games. www.newarkbears.com

4. A Piece of History

Who knew Newark was so rich with history and culture? Visit the Newark museum and tour the Ballantine Family's home. This brick and limestone mansion was home to the Ballantine family, famous beer-brewers of the late 1800's. In the Ballantine home you can get a feel for what it was like to live in style at that time. Attached is also an art gallery where you can tour their latest exhibits and events. This summer, the museum will be running the 35th Anniversary Newark Black Film Festival. So, stop by this hidden gem and enrich your soul!
www.newarkmuseum.org

5. Pack a Picnic

I had passed by Branch Brook Park for months before truly looking at it and realizing how beautiful it is. Well maintained and clean, this is a great place to picnic or just read a book. In the Spring the blooming cherry blossoms create a surprising tranquil oasis in the middle of a bustling city. There are also many events held in the park, from the Cherry Blossom Festival in April to "Movies Under the Stars" in July. Just remember to bring your blanket!
www.branchbrook.org

I have only given a taste of what there is to do in Newark. There are dozens of things I did not cover, including the NJ Performing Arts Center and the Newark Symphony Hall. My suggestion is to get out and start exploring. Help continue to revive a city that has so much to offer!

Perfect 10!



All 10 of the most recent Watt Sells Award winners prepared with Becker!

We congratulate these Becker students who are winners of the 2007 Elijah Watt Sells Awards. These students received the highest scores on the CPA Exam out of 76,000 examinees.

- Steven J. Alden - KPMG
- John G. Berger, Jr. - Law school student
- Jason J. Brancazio - Bruce L. Ross and Company
- Bryan E. Dean - Clark Nuber PS
- John Briscoe Escosa III - Deloitte & Touche, LLP
- Rapheal Joseph Hamilton - United States Army
- Wenxin Li - Energy Future Holdings
- Barri Alexandra Litt - Score at the Top Learning Centers
- Walker Fleming Saik - Ernst & Young
- Bryce A. Schonberger - PricewaterhouseCoopers

 **BECKER**
CPA REVIEW

Prepare to Succeed
beckerCPA.com • 877.CPA.EXAM



ACCOUNTANTS ADVISORY GROUP, LLC
PRACTICE MANAGEMENT • MARKETING • HUMAN CAPITAL

Taking CPA Firms to the Next Level of Success

Accountants Advisory Group, LLC, is a strategic consulting firm that incorporates state-of-the-art practice management, marketing, and human capital strategies to assist CPA firms in achieving long term success and profitability. Some of the services that we provide to CPA firms are:

- Facilitating Partner Retreats
- Strategic Planning
- Comprehensive Marketing Plans
- Personal Practice Development Coaching
- Recruiting at All Levels for Professional and Management Staff
- Mergers and Acquisitions of Accounting Practices
- Career Development for Staff Through Our "Future Trak" programs
- Partner Succession Planning
- Structuring Partner Compensation Programs

Joseph A. Tarasco, CPA

845-265-9046

Joe@AccountantsAdvisory.com

www.AccountantsAdvisory.com

Be Heard.

Effective Immediately.

If you are looking to share your ideas, contribute daily, and define your own future, you'll find a voice at Crowe Horwath LLP.

Crowe is a top 10 public accounting and consulting firm, with an average double-digit growth rate for more than 40 years. We want you to have an exciting and exceptional career, with challenging projects, continuous learning, and leadership opportunities. At Crowe, you'll be challenged to exceed expectations!



GoCrowe.com

Crowe Horwath LLP is a member of Horwath International Association, a Swiss association (Horwath). Each member firm of Horwath is a separate and independent legal entity. Crowe Horwath LLP and its affiliates are not responsible or liable for any acts or omissions of Horwath or any other member of Horwath and specifically disclaim any and all responsibility or liability for acts or omissions of Horwath or any other Horwath member. Accountancy services in several states are rendered by Crowe Chizek and Company LLC, which is a member of Horwath. © 2008 Crowe Horwath LLP

ES8311

Thank you to our Sponsors/Advertisers!

Diamond Level Sponsors



Platinum Level Sponsors



"The Professional Accountant" is a student run periodical with a circulation to current MBA PA students and alumni of the program, as well as faculty and staff of the University, and select partners and accounting professionals. Questions, comments, suggestions, or any other correspondence can be sent to alumni.MBAPA@gmail.com. We are always interested in what our alumni, partners, and friends of the program are up to. Please feel free to contact us as well to update us about anything interesting going on. We may even feature your story in the "Alumni Spotlight" recurring feature.