



THE WEST VIRGINIA CPA

Spring is in the Air



A&A UPDATE

COMMITTEE DAY NEWS

WINNING WITH CHARITABLE GIVING!



WVSCPA Annual Meeting Registration Form

June 14-17, 2023

Registration deadline is May 31, 2023



Name: _____ Email: _____
 Firm/Employer: _____
 Address: _____
 City: _____ State: _____ Zip: _____ Phone: _____

REGISTRATION INSTRUCTIONS – PLEASE READ FIRST

For our most accurate count, please check mark **ALL** individual events you plan to attend during the Annual Meeting, **even if you are purchasing a Full Registration**. This includes guest registration as well. We will not process incomplete registration forms without checked events. For special dietary needs/meals, **you must** contact the Society office in advance at 304-342-5461.

\$480.00 Full Registration: (Must check all you will attend)

<input type="checkbox"/> Wednesday CPE (3.5 hours)	<input type="checkbox"/> Thursday Sponsor Reception
<input type="checkbox"/> Wednesday Welcome Reception	<input type="checkbox"/> Friday CPE (4.5 hours)
<input type="checkbox"/> Thursday CPE (4.5 hours)	<input type="checkbox"/> Friday Golf Scramble ♣ - Start Time – 12:30 pm
<input type="checkbox"/> Thursday Golf Tournament ♣ Start Time – 12:30 pm	<input type="checkbox"/> Friday Installation Reception & Dinner
<input type="checkbox"/> Thursday Croquet Tournament – Must sign up below	<input type="checkbox"/> Saturday CPE (2 hours)

A la Carte CPE Registration: (Must check all you will attend)

<input type="checkbox"/> Wed. (3.5 hr): \$90.00	<input type="checkbox"/> Fri. (4.5 hr): \$120.00
<input type="checkbox"/> Thur. (4.5 hr): \$120.00	<input type="checkbox"/> Sat. (2 hr): \$70.00

ADDITIONAL ACTIVITIES & GUEST(S)

For our most accurate count, please check mark **ALL** individual events your guest(s) will attend during the Annual Meeting

Spouse/Guests (Must be non-WVSCPA member):

Initial Guest Name: (Receives events below for \$175 with full member registration above)	Adult	Youth
_____	<input type="checkbox"/>	<input type="checkbox"/>

A. Wednesday Welcome Reception | **\$45/adult** or **\$25/youth** (5-12 yrs)

B. Thursday Sponsor Reception | **\$25**

C. Thursday Golf Tournament ♣ Paid to Greenbrier – Start 1:00 pm

D. Thursday Croquet Tournament | **FREE!** Must Check Box to Sign Up

E. Friday Golf Scramble ♣ Paid to Greenbrier – Start 12:30 pm

F. Friday Installation Reception/Dinner | **\$165/adult** or **\$50/youth** (5-12 yrs)
Professional photos will be taken during the reception.

Additional guests:

Individual Guest Names:	Adult	Youth	A	B	C	D	E	F
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

All fees include tax.

❖ Guest room, greens fees, cart/club rentals, additional activities/dining fees are the responsibility of each registrant and are paid directly to The Greenbrier Resort. Late golf cancellation fees may be charged to the credit card provided.

TOTAL REGISTRATION PAYMENT:	\$ _____	(NO refunds issued after June 1, 2023)
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Paid Online Check payable to WVSCPA Credit Card (Amex, Visa, MasterCard, Discover)

Name on Card: _____
 Billing Address: _____
 Card #: _____ Exp. Date: _____ Security Code: _____

Visit <https://secure.wvscpa.org/cpe/courses> to pay via secure online payment.

Mail to WVSCPA, 216 Brooks St., Suite 201, Charleston, WV 25301 - Payment **must** accompany registration.

President

Mike Costanzo
Costanzo & Associates PLLC
1341 National Road
Wheeling, WV 26003

President-Elect

Susan Barber
Community Bank of Parkersburg
631 Juliana St.
Parkersburg, WV 26101

Secretary

Akia Rice
Hayflich CPAs
300 8th St.
Huntington, WV 25701

Treasurer

Mendy Aluise
Somerville & Co., PLLC
501 5th Ave.
Huntington, WV 25721

Immediate Past President

Brian Wadsworth
AB Contracting, Inc.
84 Silver Maple Ridge
Charleston, WV 25306

Directors-at-Large

Justin Pastorius 2023
Michael Bumgarner 2023
Jennifer Benn 2024
Wallace Suttle 2024
Scott Fleming 2025
Emily Signorelli 2025
Nancy Lankton 2025
Melissa Boggs 2025
Benjamin Poling 2025

AICPA Council Members

Chris Deweese 2022-2025
Mike Costanzo 2022-2023
Kathy G. Eddy Past AICPA Chair

Chief Executive Officer

Judy A. Proctor, CPA, CGMA

Layout & Design

Inside Out Creative

West Virginia Society of CPAs

216 Brooks St., Suite 201
Charleston, WV 25301
304-342-5461
wvscpa@wvscpa.org
www.wvscpa.org

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The West Virginia CPA is owned by the West Virginia Society of Certified Public Accountants and is published to provide information, news and trends in the profession of accounting. It is distributed quarterly as a regular service to the members of the WVSCPA. Opinions expressed by correspondents and contributors are not necessarily those of the Society.

2023-2024 BOARD NOMINEES NAMED



Susan Barber

PRESIDENT



Akia Rice

PRESIDENT ELECT



Mendy Aluise

SECRETARY



Emily Signorelli

TREASURER

Under the chairmanship of Immediate Past President Brian Wadsworth, the 2022-2023 Nominating Committee of the WVSCPA met in January to nominate officers and directors-at-large for the 2023-2024 year. In addition to Brian Wadsworth, the current Nominating Committee members are vice-chair, WVSCPA President Mike Costanzo, Robin Baylous, Barry Burgess, and Gayle Mason. The following are the Committee's recommendations:



Michael Bumgarner



Justin Pastorius



Cassandra Baylous

Directors-At-Large: Michael Bumgarner has been nominated to serve a second three-year term on the Board of Directors. This term would end in 2026. Justin Pastorius has been nominated to serve a three-year term (second term) on the Board of Directors. This term would end in 2026. Justin will be completing his term on the Board of Directors in the position specifically designated to be held by a WVSCPA member aged 35 or younger for one three-year term as of May 31, 2023. Cassandra Baylous has been nominated to serve in the Board of Directors position specifically designated to be held by a WVSCPA member aged 35 or younger for one three-year term. This term would end in 2026.

The WVSCPA's bylaws state that nominees for officers and directors-at-large shall be submitted to the Secretary of the Society at least 60 days prior to the Annual Meeting. Additional nominations may be made in writing, signed by at least ten members of the Society, and submitted to the Secretary of the Society at least 30 days prior to the Annual Meeting, which will be held on June 16, 2023 at The Greenbrier.

Directors-at-Large of the 2023-2024 Board of Directors, pending the election during the 2023 Annual Membership Meeting, will be as follows:

Mike Costanzo, Cassi Baylous, Jennifer Benn, Melissa Boggs, Michael Bumgarner, Scott Fleming, Nancy Lankton, Ben Poling, Justin Pastorius, Wally Suttle, and Chris Deweese (current three-year elected member of AICPA Council).

ACCOUNTING & AUDITING *Update*

By: Kristin Moody
A&A Committee Vice Chair



Committee Objectives

The Accounting & Auditing Committee consists of individuals with diverse backgrounds and experience areas. If you encounter a situation requiring consultation on a general accounting or auditing matter, we may be able to guide you in the right direction. In addition, we regularly communicate with state and local government leaders regarding audit and financial reporting issues, so please let us know if there are concerns you feel we need to address in these communications. Please contact Kristin Moody, Chair of the Accounting & Auditing Committee at kmoody@suttlecpas.com.

FINANCIAL ACCOUNTING STANDARDS BOARD ACCOUNTING STANDARD UPDATES (ASU)

Accounting Standards Update (ASU) No. 2022-05: Financial Services-Insurance (Topic 944): Transition for Sold Contracts

The objective of this ASU is to reduce the costs and complexity of implementation of ASU No. 2018-12, *Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts (LDTI)*. The amendments in this ASU impact insurance entities that have derecognized contracts before the LDTI effective dates in ASU No. 2020-11, *Financial Services – Insurance (Topic 944): Effective Date and Early Application*. Previous guidance provided that LDTI provisions be applied retrospectively to the earliest period presented, or as of the beginning of the prior fiscal year if early application was elected. In cases where LDTI guidance was applied to contracts that had been derecognized before the LDTI effective date, the previous guidance required preparers to communicate why previously recognized gains or losses changed with the adoption of a new accounting standard.

The amendments in this ASU update transition guidance to allow insurance entities to make an accounting policy election on a transaction-by-transaction basis, allowing the insurance entities to exclude certain contracts from applying the amendments in the previous guidance in ASU No. 2018-12. The effective dates of the amendments in this ASU are consistent with the amendments in ASU No. 2020-11. *Summary provided by Sarah Crouse, CPA*

Accounting Standards Update (ASU) No. 2022-06: Reference Rate Reform (Topic 848) - Deferral of the Sunset Date of Topic 848

The FASB previously issued Accounting Standards Update (ASU) No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This previous guidance provided optional transition guidance for financial reporting, with a sunset provision based on the expected time frame the London Interbank Offered Rate (LIBOR) would cease being published. That expected time frame has since been extended from December 31, 2021 to June 30, 2023.

The amendments in this ASU defer the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be allowed to apply the optional relief in Topic 848. The amendments in this ASU are effective for all entities immediately upon issuance. *Summary provided by Sarah Crouse, CPA*

PROPOSED ASU AND EXPOSURE DRAFTS

Proposed Accounting Standards Update (ASU) No. 2022-ED500: Leases (Topic 842): Common Control Arrangements

The Financial Accounting Standard Board (FASB) have issued an Exposure Draft – Proposed Accounting Standard Update for Leases (Topic 842). Since the issuance of Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, monitoring and assisting stakeholders with the implementation of Topic 842 has been prioritized through the FASB Post-Implementation Review (PIR) process. PIR activities include responding to technical accounting inquiries and proactively seeking feedback on issues arising from applying Topic 842. The amendments in this proposed Update are intended to respond to the concerns expressed by private company stakeholders about applying Topic 842 to related party arrangements between entities under common control. Private company stakeholders observed that the Topic 842 requirements can be difficult to apply to common control arrangements, and determining the legally enforceable terms and conditions of those arrangements could necessitate obtaining a formal legal opinion in

certain cases, which could be challenging because of the common control nature of the arrangement. The objective of this project is to address the following issues related to arrangements between entities under common control:

1. What terms and conditions an entity should consider for – (1) Determining whether a lease exists and, if so, (2) The classification and accounting for that lease
2. Accounting for leasehold improvements associated with leases between entities under common control.

The FASB decided that the proposed amendments for both issues would be effective for all entities during interim periods within the fiscal year of adoption of a final Update. If those entities have not yet applied Topic 842 in interim periods within the fiscal year of adoption of Topic 842, the amendments in a final Update would not be applicable during those interim periods. The comment period ended January 16, 2023 and comments can be viewed on the FASB website. *Summary provided by Ericka Vance.*

Proposed Accounting Standards Update (ASU) No. 2022-ED400: Proposed Statement of Financial Accounting Concepts No. 8-Conceptual Framework for Financial Reporting-Chapter 5: Recognition and Derecognition.

The FASB has issued Exposure Draft (ED) No. 2022-ED400, *Proposed Statement of Financial Accounting Concepts No. 8: Conceptual Framework for Financial Reporting—Chapter 5: Recognition and Derecognition*, proposing a new chapter related to the recognition and derecognition of an item in financial statements.

The proposed chapter would set forth recognition (i.e., process of incorporating an item in financial statements of a reporting entity as an asset, liability, equity, revenue, gain, expense, loss, or investment by or distribution to owners) and derecognition criteria (i.e., when an item no longer meets any one of the recognition criteria), together with guidance on when an item should be incorporated into and removed from financial statements.

The FASB is asking for feedback on the following three proposed recognition criteria that an item should meet to be recognized in financial statements, subject to the pervasive cost constraint and materiality considerations:

- *Definitions:* The item meets the definition of an element of financial statements;
- *Measurability:* The item is measurable and has a relevant measurement attribute;
- *Faithful Representation:* The item can be depicted and measured with faithful representation.

In connection with the above-mentioned, the ED sets forth four questions for stakeholders to consider.

Comments on the Proposed ASU were due February 21, 2023. *Summary provided by Beth Farley, CPA*

GOVERNMENTAL ACCOUNTING STANDARDS BOARD EXPOSURE DRAFT

Exposure Draft (ED) No. 24-16g: Implementation Guidance Update 2023

The GASB issued Exposure Draft (ED) No. 24-16g on October 31, 2022, adding several questions and answers to Implementation Guides issued in 2019 and 2021 addressing leases, subscription-based information arrangements, and accounting changes. The leases questions and answers topics include short-term lease categorization as well as lessee and lessor recognition and measurement for leases that are not short-term leases. The accounting changes guidance addresses the closing of a major fund and a subsequent transfer of the remaining balance to a general fund. Written comments were due by January 20, 2023.

The updates to questions on leases, subscription-based information arrangements, and accounting changes is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Changes, if any, adopted at transition to conform to the new provisions should be reported as a change in accounting principle in accordance with GASB Statement No. 100. If changes related to the new guidance for leases and subscription-based information arrangements are implemented prior to GASB Statement No. 100, changes, if any, adopted at transition should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If it is not practical to restate prior periods, the cumulative effect, if any, should be reported as a restatement of beginning net position. *Summary provided by Ed Magee, CPA*

Exposure Draft (ED) No. 24-16g: Implementation Guidance Update 2023

Issued in January 2023 by GASB, the additional proposal for updates to the 2023 implementation guidance is designed to address an additional issue during the implementation of GASB Statement No. 96 related to cloud computing arrangements. This supplemental exposure draft was issued to provide timely guidance. *Summary provided by Kristin Moody, CPA*

AICPA

AUDITING STANDARDS BOARD (ASB)

AU-C Section 9402-Audit Considerations Relating to an Entity Using a Service Organization: Auditing Interpretations of Section 402

Interpretive guidance related to AU-C Section 9402-Audit Considerations Relating to an Entity Using a Service Organization: Auditing Interpretations of Section 402 was updated in December 2022 to include Considerations Related to the Use of a SOC 2® Report in an Audit of a User Entity's Financial Statements. The added language highlights some considerations for, and limitations to, using a SOC 2 report in the audit of a user entity's financial statements when a SOC 1® report is not available. Some of these considerations and limitations include:

- The potential overlap with financial reporting;
- The fact that access to the SOC 2 report is not provided to downstream users; and the differing scope of the two kinds of reports

Summary provided by Natalie Luppold, CPA, CISA

EXPOSURE DRAFT

Proposed Peer Review Standards Update No.1, Omnibus Enhancements and Technical Corrections

This memorandum summarizes the proposed Peer Review Standards Update (PRSU) No. 1, Omnibus Technical Corrections, to be applied to the AICPA Standards for Performing and Reporting on Peer Reviews issued by the AICPA Peer Review Board and solicits input from all interested parties regarding this exposure draft and proposed revisions to the standards (due January 31, 2023). Corrections have been made to various paragraph references for accurate cross-referencing, and additional revisions were made for clarification and technical accuracy. For example, PR-C Section 100, Concepts Common to All Peer Reviews was revised to further clarify the scope

of engagements under PCAOB standards that require a system review. It was also revised to further clarify RAB member voting responsibilities for consent agenda items. Please refer to the memorandum for additional changes. If approved by the board, the proposed enhancements and technical corrections are effective upon final approval and will be included as part of the Peer Review Program Manual (PRPM) update in May 2023. *Summary provided by Nancy Lankton, CPA*

ACCOUNTING AND AUDIT GUIDES

In November 2022 the AICPA issued the newest editions of the Brokers and Dealers in Securities Audit Guide and Investment Companies Audit Guide. Then, in February 2023 the AICPA issued the newest editions of the Guide on Attestation Engagements on Sustainability Information (Including Greenhouse Gas Emissions Information and Climate-Related Financial Disclosures) and Guide on Risk Assessment in a Financial Statement Audit. The Guides are updated to reflect new authoritative guidance and give practical tips and illustrative examples. *Summary provided by Kristin Moody, CPA*

TECHNICAL QUESTIONS AND ANSWERS

In late 2022 the AICPA responded to multiple questions in various sections. In Section 10: Definitions the questions related to Compliance Audits generally as well as the use of the conceptual framework and evaluation of independence. In Section 50: Objectivity and Section 100 Independence the questions were regarding the objectivity and independence of an Engagement Quality Reviewer (EQR).

Further, there were several questions answered in Section 250: Nonattest Services—Information System Services about data-gathering systems and their relationship to financial information systems, nonattest services related to financial information systems in conjunction with independence considerations, and ethics and cybersecurity services.

Lastly, additional responses were added to Section 90: Responding to Noncompliance with Laws & Regulations addressing a variety of practical and technical issues. *Summary provided by Kristin Moody, CPA*

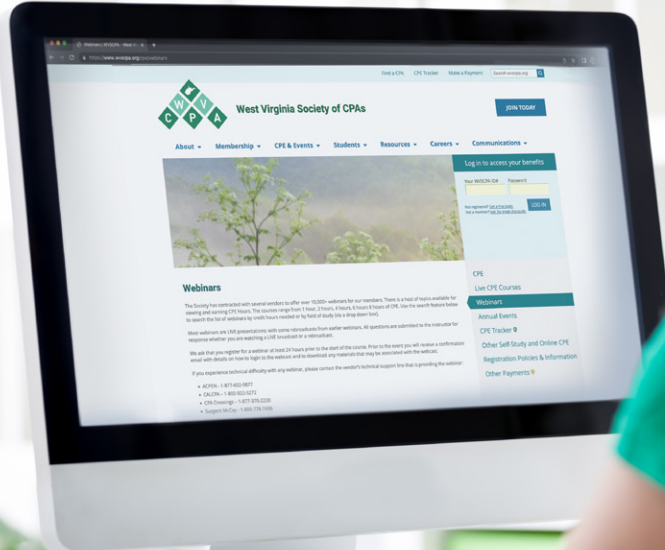
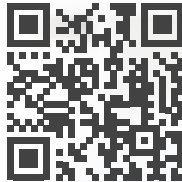
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Webinars are available for you to take at your own convenience and can be taken in 2-hour, 4-hour, 6 hours and 8-hour options.

Visit the website at wvscpa.org/cpe/webinars or scan the **QR Code** below to view the listing. You can search the listing by topics to narrow down exactly what you need.



Form **4868**

Application for Automatic Extension of Time To Sell My Accounting Practice

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service (99)

For calendar year 2022, or other tax year beginning _____, 2022, and ending _____, 20__

2022

Part I

1 Your name Jessie
Address 26742
City, town, or village Missio
State CA ZIP code 92692

2 Your social security number 354-79
Taxpayer's social security number

*Don't put my EXIT PLAN on extension!
Call APS Today!!*

Part II Individual Income Tax

4 Estimate of total tax liability for 2022 . . . \$ _____

5 Total 2022 payments _____

6 **Balance due.** Subtract line 5 from line 4 (see instructions) _____

7 Amount you're paying (see instructions) . . . ▶ _____

8 Check here if you're "out of the country" and a U.S. citizen or resident (see instructions)

9 Check here if you file Form 1040NR or 1040NR-EZ and didn't receive wages as an employee subject to U.S. income tax withholding.

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ATTENTION!

TAKE ADVANTAGE OF THIS SPECIAL OPPORTUNITY!

Newly Licensed CPAs who obtained their WV License between February 1, 2022 and January 31, 2023, will receive an invitation via email from the WV Society of CPAs to attend Committee Day and a portion of the Annual Meeting at no cost!

Please watch for this invitation and reply to our office by the specified deadline!

Outstanding Accounting Student Awards

APPLY BY MARCH 15, 2023

Each year, the Recruiting and Career Opportunities Committee of the WVSCPA recognizes students majoring in accounting from colleges and universities across the state of West Virginia with the OAS Award and a CASH Prize. You **MUST** be a Student Member of the Society and be attending a college or university in the state of West Virginia to win. All applications are due no later than March 15, 2023 – no exceptions!

For eligibility and submittal form, visit wvscpa.org/oas.

PLEASE NOTE: To win this award, you must not have been a prior winner.

WVSCPA POLITICAL ACTION COMMITTEE UPDATE

The number of members of the WV Society of CPAs who participated in the WVSCPA Political Action Committee (PAC) has steadily declined over the past fifteen years. In 2022-2023, a total of 14 Society members contributed \$375 to the PAC. In September of 2022, the decision was made by the WVSCPA PAC Trustees to dissolve the WVSCPA PAC. The necessary paperwork was filed with the WV Secretary of State's office and the balance in the PAC account was donated to the Accounting Education Foundation, a nonprofit organization that is also affiliated with the WVSCPA. You will no longer see a PAC contribution line on your dues statement effective with the 2023-2024 fiscal year.



MEMBERSHIP REMINDER

ANNUAL DUES RENEWAL INVOICES

The 2023-2024 WVSCPA membership dues invoices will be sent out VIA EMAIL the week of March 20th, 2023. If your email address has changed and you have not notified the Society of the change, please update this information as soon as possible. You can update your contact information via the website or you can send updates to wvscpa@wvscpa.org and we will update it for you.

Please Note - If you have not received your dues renewal invoice by the end of March 2023, please contact us and we can resend it to you!

Please review and update your profile information when you pay your membership dues each year. This will ensure that you receive current information and updates from the Society. You should also contact us during the year if you experience any of the following changes:

- Name change due to marriage or divorce.
- Change in membership status (i.e., you go from student to associate member or you obtain your CPA license and go from associate to regular member).
- Contact information changes (i.e., your phone number, work or personal email address).
- Change in employer.

Please contact us at 304-342-5461 if you have any questions regarding the above information.

REMINDER Please mail ALL dues checks or any correspondence to our office address listed below:

WVSCPA
216 BROOKS STREET, SUITE 201
CHARLESTON, WV 25301



Welcome NEW MEMBERS

REGULAR MEMBERS

Carter E. Shrewsbury

Ernst Young, LLP
Charleston, WV

Erica N. Sloan

Erica N. Sloan, CPA
Ransom, WV

Jonathan Kurtz

FELTONCPA, ac
Wheeling, WV

ASSOCIATE MEMBERS

Francis I. Wilson

Tetrick & Bartlett, PLLC
Clarksburg, WV

STUDENT MEMBERS

Bryson L. Haynes

Marshall University
Huntington, WV

Caleb Cronin

West Liberty University
Wheeling, WV

Kaylyn Parsons

WVU @ Parkersburg
Parkersburg, WV

Devon Fancher

WVU @ Parkersburg
Vienna, WV

Nicholas K. Thompson

Glennville State University
Glennville, WV

Edward L. Krinock, II

Glennville State University
Glennville, WV

Connor Johnson

Glennville State University
Weston, WV

WV BOA SUCCESSFUL EXAM CANDIDATES

NOVEMBER 2022 – JANUARY 2023

Brooke E. Burgess

Somerville & Company
Huntington, WV

Zachary W. Fawley

Brown Edwards & Company
Charleston, WV

Olivia Freeland

FORVIS
Culloden, WV

Karl Gyovai

WV Divisions at
United Coal Co.
Beaver, WV

Brooke G. Holstine

Brown Edwards & Company
Charleston, WV

Colten S. Wright

FELTONCPA a.c.
Wheeling, WV



YOUR PARTNER IN PLANNED GIVING

The right planned gift can provide your clients and their loved ones with tax and income benefits while they support the charities of their choice.

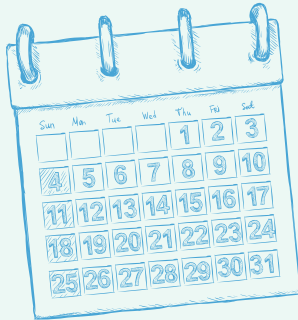
With expertise in matching client circumstances to charitable needs and over \$125 million in assets under management, the United Methodist Foundation of West Virginia is the ideal choice to serve as trustee of endowments, donor advised funds, charitable remainder trusts, or charitable gift annuities.

To explore the benefits and possibilities of partnering with The Foundation for your clients' planned giving needs, please contact us.

United Methodist Foundation of West Virginia, Inc.
304-342-2113
umfwv.org info@umfwv.org

AICPA President/CEO Barry Melancon, WVSCPA President-Elect Susan Barber, and AICPA Vice Chair Okorie Ramsey at the 2022 AICPA & CPA/SEA Leadership Conference in Chicago in October 2022.

MARK YOUR Calendars



COMMITTEE DAY

MAY 5, 2023

8:45 AM - 1:30 PM

CHARLESTON MARRIOTT HOTEL

3 HOURS CPE

FINANCIAL & ESTATE PLANNING SEMINAR

MAY 18, 2023

8:15 AM - 5:00 PM

REGISTER AT:

WVBANKERS.ORG

EDGEWOOD COUNTRY CLUB,
CHARLESTON

TBD HOURS CPE

ANNUAL MEETING

WITH STATE TAX DEPARTMENT

JUNE 6, 2023

2:00 PM - 4:00 PM

VIRTUAL EVENT VIA ZOOM

2 HOURS CPE

105TH ANNUAL MEETING

JUNE 14 -17, 2023

THE GREENBRIER RESORT

THIS IS IT!

OCTOBER 31, 2023

1:00 PM - 4:00 PM

VIRTUAL EVENT VIA ZOOM

3 HOURS CPE

SMALL FIRM ROUNDTABLES

**SEE WEBSITE FOR TIMES
AND HOURS OF CPE**

- LEWISBURG ROUNDTABLE
NOVEMBER 1, 2023
- WHEELING ROUNDTABLE
NOVEMBER 3, 2023
- PARKERSBURG ROUNDTABLE
NOVEMBER 15, 2023
- CHARLESTON ROUNDTABLE
NOVEMBER 17, 2023

TWO-DAY FEDERAL TAX UPDATE

WITH RON ROBERSON

**NOVEMBER 30TH AND
DECEMBER 1ST, 2023**

8:00 AM - 4:00 PM EACH DAY

VIRTUAL EVENT VIA ZOOM

16 HOURS CPE

REGISTER AT:

WVSCPA.ORG/CPE/COURSES

JOIN US FOR *Committee Day!*

MAY 5, 2023



**CHARLESTON
MARRIOTT HOTEL
8:45 AM – 1:30 PM**

At the 2023 Committee Day, we will be continuing our Resource Groups. The Resource Groups will meet during the morning prior to the Committee breakout sessions. When registering, be sure to select the Resource Group that best represents your work segment.

**REGISTER
ONLINE HERE!**



AVAILABLE RESOURCE GROUPS:

Large Firms
Small Firms
Government, Industry & Non-Profit

AVAILABLE COMMITTEES:

Accounting & Auditing Standards
Awards
Banking, Industry & Government
Recruiting & Career Opportunities
Small Firm & Practitioner Development
Taxation
Young CPAs

If you or your firm would like to sponsor this event, please contact the Society office at 304-342-5461 or via email at wvscpa@wvscpa.org.



Winning With Charitable Giving!

BY VICTOR GRIGORACI, CPA

Even with market turmoil and inflation worries, charitable giving is still alive and well.

We all have a desire to make well-meaning charitable contributions/gifts to qualified charities with the greatest charitable and income tax benefits. In the February 2023 Rotary magazine, "Can money buy happiness? It depends," the article concludes "It's not the amount – it's what you do with it that matters." The article goes on to make the point "It is better to give, than receive," that we have heard all our lives, which is still true in my experience. In any event, here is charitable planning information to consider together with winning ideas.

Individual Federal taxable income is gross income, less adjustments, equals adjusted gross income (AGI), less itemized deductions or standard deduction. I hope you noticed that personal exemptions (\$4,050 per person) were suspended from 2018 through 2025.

Federal Itemized deductions with certain limitations include medical and dental expenses, state and local taxes, interest, charitable contributions, limited casualty and theft losses, etc. The deduction for state and local taxes is now limited to \$10,000 per single or joint filers through 2025. Note: Many states have adopted a work-around this \$10,000 limit, but not West Virginia. And former miscellaneous itemized deductions subject to the 2% AGI limitation, such as, investment expenses, employee business expenses, tax advice and preparation fees, etc. are suspended until 2026.

Current Federal income tax law increased the 2022 standard deduction to \$12,950 per taxpayer, \$25,900 for joint filers through 2025, indexed for inflation. Additional deductions are provided for taxpayers age 65 or older and blind persons regardless of age.

It is thus my suggestion that you may want to plan your charitable gifts to alternate in some fashion between large itemized charitable gift deductions when warranted and to claim the standard deduction at other times.

For example, Gina and Mark usually make charitable gifts of \$10,000 per year and have other itemized deductions, all totaling \$20,000. In this case, the 2022 standard deduction would be greater at \$25,900 on a joint return. However, if they give \$10,000 for the current year and prepaid \$10,000 for 2024, they would have a \$30,000 itemized deduction for the current year, skip the charitable gifts for the next year and claim the \$25,900 standard deduction in 2024. They would be ahead with a \$4,100 deduction for both years combined. I recognize these are small amounts, but they show a simple planning idea. (However, the projected standard deductions for 2023 are projected to be \$13,850 single and \$27,700 joint.)

Another idea is creating a donor-advised fund through a community foundation or institutional foundation. They allow current Federal income tax deductions of charitable gifts made to a foundation, even though the gifts to the charities you select are



distributed later, including future years. The fund has the potential to grow income tax free, although the fund would have nominal management fees. For example, if Gina and Mark establish a donor-advised fund with a community foundation, or other qualified organization, for say \$60,000, they could get a full current year itemized deduction (subject to AGI percentage limitations, but carryovers are available), and they could use the standard deduction for the next five years, and still make annual charitable gifts of \$10,000 per year using their donor-advised fund. Another benefit of the standard deduction is that it simplifies filing income tax returns.

The SECURE 2.0 Act, passed in December, now allows IRA owners to do a one-time \$50,000 qualified charitable distribution (QCD) through split-interest entities, such as, a charitable remainder annuity trust, a charitable remainder unitrust, or a charitable gift annuity trust. This is a new, complex area of the tax laws that has specific requirements. Consult your professional advisors if you are interested.

The IRA direct transfer to charities is an option for individuals age 73 (up from 72 by SECURE 2.0) or older who must take a required minimum distribution and want to reduce their income tax liability. They may give up to \$100,000 annually (now indexed for inflation) from their traditional IRAs directly to charities. If married, the spouse/partner can also give up to \$100,000 from separate IRAs. The beauty here is that the transfers count as required minimum distributions and are not taxable income nor is there an income tax deduction. Plus, there is no addition to adjusted gross income for other tax purposes. Simply stated, the transfer satisfies your charitable goals and required minimum distribution; and your personal income tax return is not affected, including the availability of the standard deduction. This also saves West Virginia personal income taxes by not being in adjusted gross income. Assuming you have the resources and are inclined to be this generous, you may use the IRA direct transfer of \$100,000/\$200,000 for all your annual charitable giving and still take advantage of the standard deduction. I call this plan a winner!

Another point regarding WV is to ask your charity if the WV Neighborhood Investment Program (NIP) credit is available. West Virginia does not allow charitable deductions, but the credit is available to all who file WV personal income tax returns. Assuming you itemize on your Federal income tax return, your charitable gift is \$1,000 and you are in a high Federal income tax bracket (say, 35%) and the NIP credit is up to 50% of your gift, you are only out-of-pocket \$325, (\$1,000 less NIP credit equals \$500 charitable deduction at 35% Federal income tax rate nets \$325). And, of course, the charity receives a \$1,000 gift in this example. How sweet that is – a real winner for your charity and you, especially when giving appreciated publicly traded stock held over one year.

Cash/checks are always great charitable gifts. They are easy to give and easy to value, and now the annual limit is 60 % of adjusted gross income (AGI).

As examples, many other planning ways are available, including using appreciated long-term capital gain assets such as publicly traded stocks (fair market value deduction with no taxable income); giving a residence or farm, while continuing to live in it (immediate deduction of the fair market residual value); art (not created by you), antiques, books, gems, etc. at fair market value, held over one year, with special reporting rules; certain gifts of undivided interests in real and tangible property, again with special rules; bargain sales using fair market value of the gift portion; life income gifts and trusts and annuities; life insurance, etc.; all of which generally require appraisals and long-term holding, generally allowed up to 30% of AGI. Charitable mileage at 14 cents per mile is set by statute and authorized charity unreimbursed expenses can also be deductible. There is a limited charitable deduction for support of an elementary or high school student in your home under a specified educational program. However, a charitable deduction for college athletic seating rights is suspended until 2026.

The next point is record keeping for gifts to charity. Cash gifts require a receipt from the charity to get your deduction. Checks, credit card charges, etc. for less than \$250 are your receipts. For \$250 or more, a "no goods or services" receipt is required from the charity. Except for marketable securities, \$5,000 deductions for non-cash items require an appraisal. Non-cash donations of clothing, household items, books, cars, boats, airplanes, etc. require reporting on IRS Form 8283. In addition, IRS Form 1098-C is required for cars, other motor vehicles, boats, and airplanes with claimed value of over \$500.

If you have a spare \$3-5 million, preferably in highly appreciated stock held over one year, with the ability to absorb charitable deductions against your current income or income over the next five years, you may want to explore a private foundation, which can achieve your charitable goals and even teach philanthropy to your children and others. This is just a seed that will need to be explored with your professional advisers.

Without getting into the complicated details, qualified conservation contribution easements are under attack by the IRS, but there is a 15-year carry forward if your deduction is limited. How neat is that?

Important Planning Idea: Let me also mention that individuals in business who make charitable gifts may fare better by sponsoring an event with promotional value, which results in a direct business expense, thus avoiding charitable planning techniques and perhaps saving self-employment taxes. (But, consideration needs to be given to the complicated 20% deduction against "qualified business income" for individuals in specified service trades or businesses, under Internal Revenue Code Section 199A.) Consult your professional advisers.

With the significant increase from over \$5 million to over \$12 million per person for the Federal estate tax exemption, charitable Will bequests may be less significant. If current charitable gifts are affordable, Federal income tax benefits follow. While there would be no Federal income tax benefit nor, possibly, estate tax benefit, bequests included in your Will are still a splendid way to benefit your charitable goals. So, this would be a good time to review your financial situation and Will and trusts, in light of the increased estate tax exemption, which expires in 2026, unless extended by Congress. Again, consult your professional advisers.

PS: This article is not intended to give financial, legal and/or tax advice. This is only a general survey to encourage you to explore how to win with charitable gifts and get the greatest charitable and income tax benefits. Charitable giving is a complex area of the tax laws and is fraught with traps, limitations, and exceptions. IRS Publication 526, "Charitable Contributions," is a good detailed resource, as well as the Internet. Of course, consult your advisers for professional advice before taking any action. And don't forget to consult with your charity in special circumstances.

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**"Don't judge each day by
the harvest you reap, but by
the seeds you plant."**

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