

7-1988

Woman CPA Volume 50, Number 3, July 1988

American Woman's Society of Certified Public Accountants

American Society of Women Accountants

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American Woman's Society of Certified Public Accountants and American Society of Women Accountants (1988) "Woman CPA Volume 50, Number 3, July 1988," *Woman C.P.A.*: Vol. 50 : Iss. 3 , Article 10.

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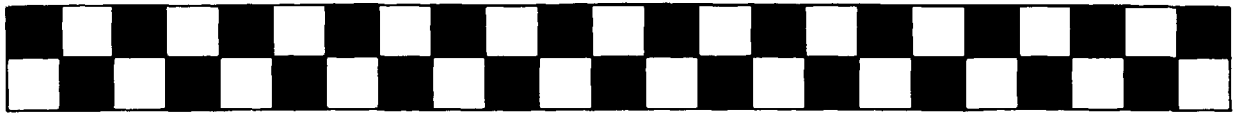
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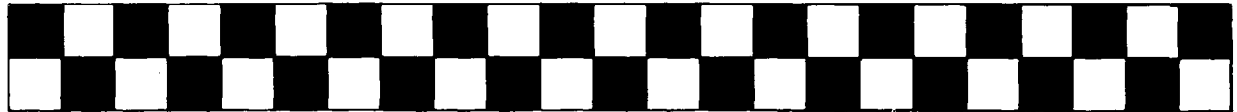
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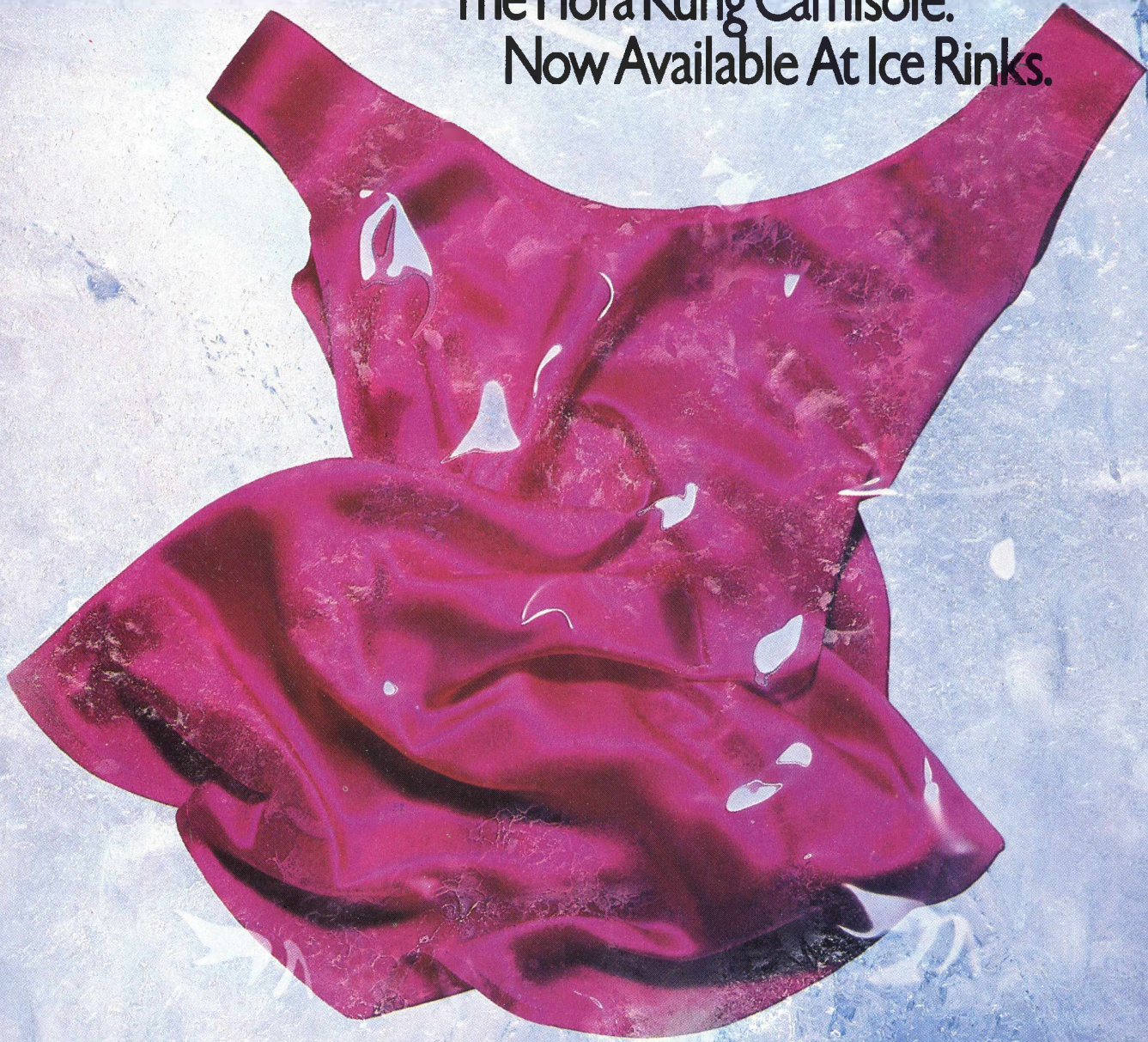
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POSTMASTER: Send address changes to THE WOMAN CPA, 6600 Clough Pike, Cincinnati, OH 45244.

Change of address notices must be sent to Circulation Department giving both old and new addresses and zip code numbers. Please allow four weeks' notice.

Manuscripts should be addressed to the Associate Editor, Manuscripts. Letters to the Editor, news items and other materials should be sent directly to the business office. Manuscript guidelines available upon request. All manuscripts are reviewed.

Views expressed therein are the authors and do not necessarily represent the policy of either Society. Permission to reprint articles appearing in any issue of THE WOMAN CPA is at the discretion of the Editor.

Requests for information regarding advertising should be sent to the Business Manager.

All remittances for subscriptions should be sent directly to the Business Manager. Checks should be made payable to THE WOMAN CPA.

CIRCULATION DEPARTMENT:

THE WOMAN CPA
P.O. Box 39295
Cincinnati, Ohio 45239

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ISSN 0043-7271

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Updates:

The Anniversary Issue

Did you notice that the front of the January 1988 issue of *The Woman CPA* was labeled Volume 50, No. 1? Yes, this is our 50th anniversary. Fifty years is a long time to be in print, and we will be marking this half-century of publication with a retrospective in the coming issue.

Some of the pages in the October 1988 issue will be dedicated to reprinting items that have appeared in earlier volumes. The remaining pages will contain information that we hope will be especially interesting to members of the sponsoring organizations.

The Joint Annual Meeting

The upcoming Joint Annual Meeting is actually a homecoming for one of our societies. Indianapolis is the home of the first ASWA chapter to be chartered, and it is certainly fitting that our societies return to Indianapolis for this JAM. If you have never attended JAM, this year would be an excellent time to go.

Since this is also the 50th anniversary of *The Woman CPA*, this will be a special JAM for our journal, too. Additional time will be available at the opening session for our members to give recognition to previous editors.

Associate Editor — Special Features

With this issue, Dr. Carole Cheatham, associate editor-special features, concludes her appointment. Carole has ably served *The Woman CPA* for over a decade, having begun as editor of

the reviews department in 1976. She has served on the editorial board, as editor of the education department, and as associate editor-manuscripts in addition to serving as associate editor-special features. Few members have given more of their time and efforts to *The Woman CPA* than Carole, and our journal will sorely miss having her on staff.

The Joint Committee

Some eighteen months ago, our two organizations appointed a joint committee to study *The Woman CPA* and to recommend changes that will result in a journal that reflects the interests of our members. This committee has met three times during that period of time and has done a great deal of work between committee meetings. The committee recognizes that changes are desirable in appearance and content.

Changes in Style and Layout. The changes in this issue and the April 1988 issue of the journal reflect some of the changes in appearance that have been proposed by members of the committee. In these two issues, we have tried some different things as far as style and layout are concerned:

- a new type style
- a reduction in the number of tables to present data
- graphs
- increased use of the second ink color, green
- graphic art scattered throughout
- a ragged right margin in this issue
- full-color ads

Is there something we have changed that you particularly like or dislike? Let us know.

We are especially interested in

getting your reaction to the eight-page full-color advertising section in this issue. It has been provided on a trial basis by Career Women Networking, a New York advertising agency. By forming a group composed of professional women's organizations with monthly, bi-monthly, or quarterly publications, Career Women Networking is able to offer national advertisers the advantages of a large circulation and a targeted audience.

It works this way. Networking sells the advertising space in the eight-page insert to national advertisers. The insert is then placed in the publications of professional women's associations such as those for women in banking, credit, communications, etc. Thus, the eight-page insert that is in our journal has been, or will be, included in the periodicals of other professional women's organizations. In this way, the circulation figures become large enough that national advertisers are interested in placing ads targeted to the professional woman.

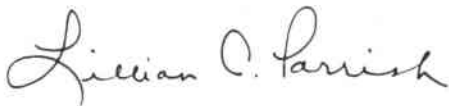
The advertising insert in this issue is a trial run for our journal to give members an opportunity to view the advertisements and express their opinions. As you consider your feelings about the advertising insert, realize that it can be placed in only two places in the journal. It must either be wrapped around all the other pages so that there are four pages of color ads in the front and four in the back, or it can be placed in the center of the journal with the eight pages of color ads together. In my opinion, the full-color ads make our journal more attractive, and either of the two placements is entirely acceptable.

At the appropriate time, the two boards will make a decision about

entering into a contract with Networking. Even though the contract will generate some revenue, it will be a nominal amount. Since revenue is not a major consideration in this decision, the boards are rightfully concerned with appearance.

What the boards are most interested in knowing is your opinion of the effect of the advertising on our journal. Does it detract? Does it undermine our professionalism? What is your reaction? Let the board know. I have. My recommendation, made over a year ago, was to enter into the contract. I like what I see.

Changes in Content. Even though the joint committee is committed to making changes in content, unfortunately, that has not occurred yet. That's a disappointment to me. Recently, I received a letter from one of our members who expressed dissatisfaction with *The Woman CPA*. I believe her comments speak for many of our readers. I'm glad she wrote. See sidebar for her letter.



Authors and Subject Matter of Articles

As I have received the last few issues of *The Woman CPA*, I have been looking at the authors of various articles as well as the subject matter. The most recent issue, April 1988, seems to be a fairly typical example.

In the April issue of the magazine, there is only one female author listed for any of the articles. Where are the women in the profession who are writing? If our organization does not attract these writers, where are they going for publication and why? Could we have some information about this issue?

The topics chosen for the articles should, presumably, relate to the CPA profession. I work in a small firm in public accounting. *The Woman CPA* arrived on the same day as the *Journal of Accountancy*. Comparing the two journals for topical interest to my daily work, I find a far higher percentage of pertinent articles in the *Journal of Accountancy*.

If we are not addressing unique issues for women in the profession, and we are not using women for writing our article, then the journal of our organization should have a high percentage of work-related topics. Why are we spending our limited funds to print a statistical analysis of accounting grades that

provides us with no new conclusions? Do we need yet another copy of records retention lists?

There are probably reasons for selection of articles and authors that affect the publication. I would like to know more about what these are.

Thank you for your help.

Linda M. Williams
Scott Depot, WV

Manuscripts submitted to our journal go through a review process. Each manuscript, other than those submitted to department editors, is reviewed by two members of the editorial board. (Reviewers do not know the identity of the author(s).) If the two reviewers favor publication, the manuscript is forwarded to the editor for consideration for publication. Thus, the number of manuscripts forwarded to the editor is limited and, thereby, the selection process is limited. Articles appearing in the journal are those the editor believes are of greatest interest.

How Do Accountants Cope with Stress?

By Michael C. Campbell, Joanne B. Sheridan, and Kathleen Q. Campbell

Job-related stress is a significant and costly problem in American society. Both medical and behavioral research has shown that stress, at least in part, contributes to the incidences of high blood pressure, stroke, mental illness and heart disease, which are major causes of premature death in the United States. Losses from stress-related physical illnesses are estimated at \$60 billion annually [Greenwood and Greenwood, 1980] and organizational losses from lack of effectiveness and efficiency due to stress cost the United States approximately \$150 billion per year [Gaertner and Ruhe, 1981].

Traditionally, accounting is considered to be a high-stress profession. In part, this is due to the increased work demands placed on accountants during tax season. Working excessive hours has been associated with coronary heart disease morbidity and mortality through studies by House [1974] and Jenkins [1971]. In 1958, Friedman, Rosenman, and Carroll studied the effect of occupational stress on serum cholesterol levels of a group of accountants during tax season. Their findings indicated that the accountants experienced higher levels of cholesterol during the time of maximum occupational stress and lower levels at times of minimal stress. Thus, it was demonstrated that working long hours under severe time constraints contributed to an increase in serum cholesterol levels, a condition that is closely linked with heart disease.

During the past several years, the National Institute for Occupational Safety and Health has conducted research to identify

stress and its psychological impact on twenty-three specific occupations. In part, its report indicated significant differences in reported diseases in the occupations studied. In particular, accountants were the fourth leading group in reported cardiovascular disease rates, after tool and die makers,

family physicians and administrative professors. This finding becomes even more significant in light of the fact that the mean age for accountants (39) was 10 years lower than for the other three groups [Caplan, et al., 1980].

The above findings would indicate a need to be aware of the stress consequences of the tax season, a time when the accountant is most vulnerable to stress and its related diseases. The purpose of this article is to explore job-related stress perceived by tax preparers and their adaptive behavior to this stress.

Since the peak work period for tax accountants is from January 1 through April 15, it would be expected that perceived stress would increase substantially during that time. In order to test this hypothesis and to see how accountants react to stress, a questionnaire was developed and distributed to 250 participants of the 1985 Tax Practitioner Institute in Billings, Montana, held in November 1985. In addition to demographic data, the questionnaire requested information on the respondents' perceptions of job-related stress and the coping methods used to deal with stress.

A total of 221 responses were received from the participants.

Results

Table 1 summarizes the demographic information of the respondents. The graphs summarize the responses to two questions:

Respondents do perceive increased stress during tax season . . .

Michael C. Campbell, M.S., CPA, is an associate professor of accounting and Chairman of the Accounting Department at Eastern Montana College. He was previously a staff accountant with Price Waterhouse, an accounting supervisor with a national manufacturing company, and chief accountant for a not-for-profit organization.

Joanne B. Sheridan, CPA, has an MBA from the University of Washington and is currently an associate professor of accountancy at Eastern Montana College.

Kathleen Q. Campbell, M.A., L.P.C., is a nationally certified psychotherapist and management consultant who has worked with various types of businesses and professionals to help improve the effectiveness of their organizations and improve the quality of work and personal life.

1. Is the work week in excess of 50 hours?

2. Is stress a serious or very serious problem?

One section of the survey allowed participants to list ways they attempted to reduce stress during tax season. Over 142 methods were given. The most frequently mentioned techniques included taking breaks and time off (27%), exercise (19%), spending time in recreational activities (17%), and better organization and time management (12.5%).

Overwhelmingly, the individuals who attempted to reduce stress through these techniques felt that they were successful.

The final section of the survey requested information on various behaviors which people typically

use to try to handle stress. Positive behaviors include eating three nutritious meals a day, exercising on a regular basis, using a relaxation technique and spending time with significant others (e.g. family and friends). Although these behaviors are more difficult to initiate, they often have a positive long-range impact. Negative techniques used to combat stress include smoking, drinking alcohol or caffeinated coffee, and snacking. These items sometimes offer short-term relief but have a negative impact over the long run [Adams, 1980; Jaffe and Scott, 1984]. Table 2 summarizes these findings. Many behaviors are not significantly different during tax season than at other times of the year, such as smoking, eating three nutritious

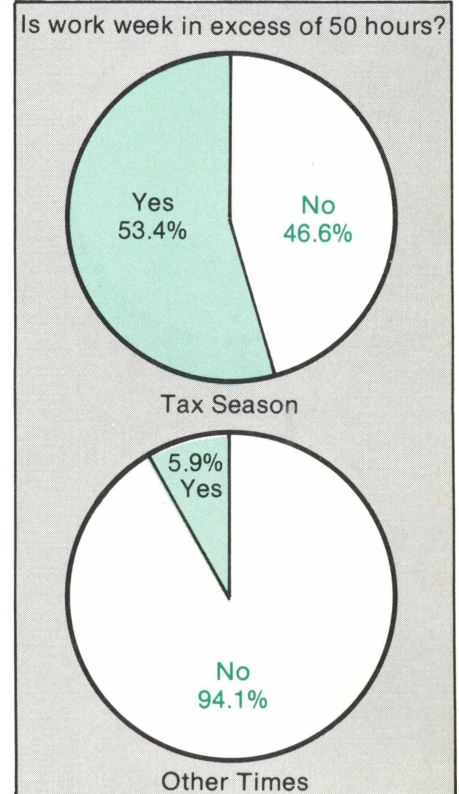
About 23% of the respondents felt that stress was a serious problem during this time, compared to 8% at other times.

meals per day, and drinking alcohol and/or caffeinated coffee. On the other hand, snacking increased and using a relaxation technique, exercising and spending time with significant others decreased.

Table 1 — Demographics

	Male	Female	Total
1. Sex	110	111	*221
2. Average Age	43	39	41
3. Occupation			
a) Tax Preparer	16	36	52
b) Public Accountant	10	20	30
c) Certified Public Accountant	60	35	95
d) Attorney	4	-	4
e) Banker/Financier	4	-	4
f) Other	16	19	35
Total	110	110	*220
4. Position			
a) Staff	16	64	80
b) Senior	6	7	13
c) Manager	11	6	17
d) Partner/Owner	73	30	103
Total	106	107	*213

*Total responses vary since some respondents failed to answer some questions.



Stress

The findings for the overall group seem to support the following statements:

- Respondents do perceive increased stress during tax season as would be expected by the longer hours and frenzied pace of tax season. About 23% of the respondents felt that stress was a serious problem during this time, compared to 8% at other times.
- Only about half of the people in this study (120/221) take specific steps to try to reduce stress during tax season, but of this group nearly all feel that the

steps they take are successful.

- Ways of coping with stress which are considered negative do not change substantially during tax season. However, the use of two positive techniques for reducing stress (regular exercise and time spent with others) declines significantly.

Conclusions

1. While stress and stress-related disease are significant problems for accountants, tax preparers appear to do little to combat the problem by utilizing effective stress-coping strategies during

While stress and stress-related disease are significant problems for accountants, tax preparers appear to do little to combat the problem . . .

their most stressful time of the year, the tax season. Accountants fail to increase

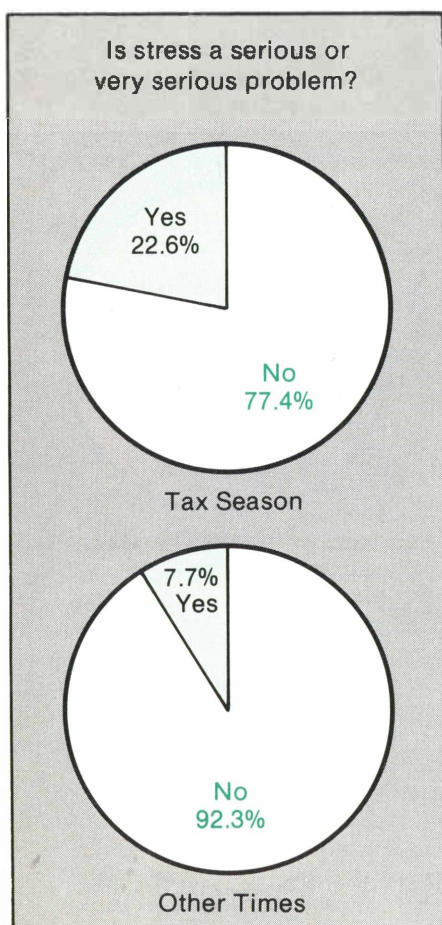


Table 2 — Coping With Stress

	Other Times	Tax Season	% Change
Positive:			
1. Eat 3 nutritious meals	105	106	1%
2. Exercise regularly	105	87	-17%
3. Use a relaxation technique (i.e., meditation)	57	53	-7%
4. Hours per week spent with significant others	36	25	-30.6%
Negative:			
5. Smoking			
a) Number who smoke	47	49	4%
b) Cigarettes smoked per day	27	27	-
6. Alcohol consumption			
a) Number who drink	140	139	-.7%
b) Ounces consumed per day	8	8	-
7. Drink caffeinated coffee			
a) Number of coffee drinkers	144	146	1.4%
b) Cups consumed per day	5	5	-
8. Snacking	139	150	7.9%

their use of positive ways to combat stress and/or decrease their negative stress-reducing behaviors during tax season. In fact, they substantially decrease their use of two positive techniques for reducing stress: exercise and time spent with significant others.

2. Accountants do perceive an increase in their job stress during tax season. However, given the mortality data indicating risk of heart disease and possible premature deaths caused substantially by stress-related illnesses, and the fact that the effects of stress are cumulative, accountants probably underestimate the seriousness of their stress problem.

Recommendations

Accountants may think that they are handling stress properly, but many may not be, and the consequences can be serious. An effective plan to combat the problem might include an educational program designed to acquaint the accountant with the long-term effects of stress and how to cope positively and effectively with stress. Since techniques for coping with stress can only work if effectively utilized and then only to a certain degree, changes in the attitudes and operations of accounting firms may also be necessary.

... accountants probably underestimate the seriousness of their stress problem.

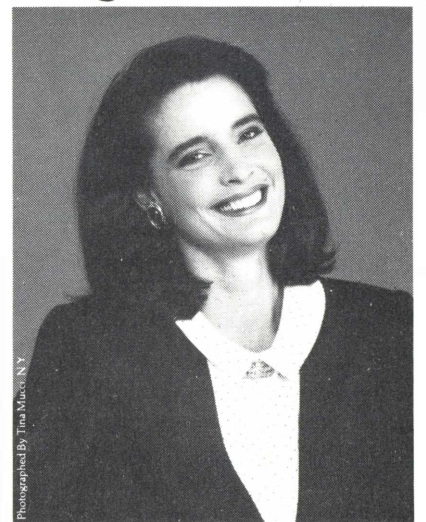
According to Parkinson, the workplace represents an ideal place for the implementation of health promotion and disease prevention programs. Work-based programs have access to large numbers of people and facilitate participation among individuals who have family and community commitments which compete for attention [Parkinson, 1982]. Acceptance and encouragement of stress-reducing practices, such as relaxation techniques and exercise during the work day, are vital. Scheduling these activities in work settings should help the individual focus on actions that can be taken to reduce stress and improve health. Reductions in work load and rearranging schedules to spread out stressful assignments might also be helpful.

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Why is Public Accounting Stressful? Is it especially stressful for women?

By Linda Piccoli, James R. Emig, and Kenneth M. Hildebeitel

Medical research has offered rather conclusive evidence that highly stressful occupations can be detrimental to one's health [Kelly and Seiler, 1984]. Stress has been associated with disorders of the digestive, respiratory, and circulatory systems that may result in physical reactions that range from a mild headache to serious physical conditions such as ulcers and heart disease. In addition to physical reactions, there are a number of psychological reactions to stress such as depression, avoidance of responsibility, and dependence on alcohol or drugs.

There is no doubt that occupational stress affects professionals in such positions as air traffic controller, firefighter, and surgeon. Compared to these professions, public accounting does not appear to be highly stressful. A close look at the causes of stress, however, may confirm that public accounting is a highly stressful profession.

The purpose of this article is to review some of the causes of stress (stressors) in public accounting and to examine those situations that may be especially stressful to women CPAs.

Definition of Stress

Stress has been defined as a state which arises from an actual or perceived demand/capability imbalance in an individual's vital adjustment actions. This imbalance is partially manifested by nonspecific responses. It is

generally conceded that stress arises from the pain associated with being in this state of imbalance [Mikhail, 1981, p. 7].

For purposes of this article, nonspecific responses are classified as being either physiological or psychological responses. The physiological dimension involves a whole series of changes in the body. A stressful situation may result in a hormonal release from the pituitary gland that activates the adrenal glands and ultimately results in visible muscular tension

*The
demand/capability
imbalance is usually
cited as the chief cause
of stress.*

and anxiety. This, in turn, may cause the digestive, circulatory, and respiratory systems to react. The brain may be overworked as it attempts to monitor these bodily reactions, resulting in hopeless submission and the inability to cope. The physiological changes resulting from stress may lead to headaches, ulcers, coronary heart disease, and other serious diseases [McCormick, 1984].


The psychological dimension of stress results from the imbalance between the actual or perceived

demands of a situation and the actual or perceived capability of the individual. In a work environment, the individual's psychological balance is upset when there is a gap between the individual's ability to do a job and the demands of the job. An individual will be under stress if the ability is far greater than that required to do a job, or if the job is too demanding given the individual's particular abilities. Therefore, stress results when there is too much work, when there is too little work, when the work is too difficult, or when the work is not challenging [McCormick, 1984]. Anxiety, apathy, depression, fatigue, irritability, and nervousness are all manifestations of the psychological effects of stress.

Stress is of great concern because of the concealed or unexpected harmful effects on an individual. Not only does the individual suffer, but the economy suffers as well. Costs to the employee include medical costs and lost earnings while costs to the employer include reduced worker productivity, increased sick leave, increased insurance premiums, payments for early retirement, and a host of other direct and hidden costs [Paine, 1982, p. 100].

Work-Related Causes of Stress

The demand/capability imbalance is usually cited as the chief cause of stress. It is as likely to



occur when an individual's ability is greater than the individual's assignments as it is when the reverse situation exists [Weick, 1983]. In addition to the demand/capability imbalance, there are other stressors that may occur in the work place. A number of situations in public accounting may result in stress regardless of gender. The sidebar on page 12 lists some of these situations.

Environmental factors can result in stress, and numerous examples can be cited as possible causes of stress in public accounting. Stress starts early on for the accounting professional. The college senior is well aware of the up-or-out proposition that many of the large firms follow. In addition, the need to travel extensively, the need to pass the CPA examination, and the need for continuing professional education is well documented. These situations may create stress even before the first day on the job.

Changes in the work environment and organizational changes have also been cited as causes of stress [Lyll, 1984]. Accounting and auditing standards are continually being issued and revised. In addition, tax laws are changing drastically, and there is a need to be familiar with the use of

microcomputers and a host of new software programs. Increasingly, organizational changes in CPA firms are occurring as a result of mergers. Employees are naturally concerned about the effect that a proposed merger will have on their positions.

Stress starts early on for the accounting professional.

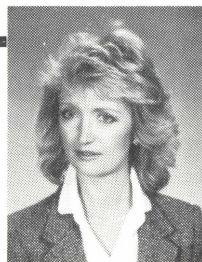
Factors arising outside of the CPA firm that impact the firm can result in a stressful environment. The state of the economy, for example, can affect the stress level in public accounting. In periods of inflation, the need arises to increase fees to meet the increased salaries and expenses of the CPA firm, but this is naturally countered by client dissatisfaction. As a compromise, CPAs are forced to increase productivity by spending long hours on the job or finding other means of meeting deadlines and budget restrictions. In periods of recession, CPA firms may find

their client bases eroding and may have to resort to those same cost-cutting and time-saving measures to retain existing clients and to attract new clients. These stressful situations can be further intensified by seasonal pressures such as tax season or audit deadlines.

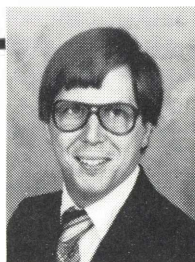
Work overload, time pressure, and rigid accounting standards are the primary causes of stress in public accounting; yet most accountants seem to be rather adept at facing work overload and the resulting stress. One explanation of why accountants seem well suited to cope with this type of stressor is that the accounting profession seems to attract individuals who possess what is called a Type A personality. Type A individuals are characterized as being hard-driving, aggressive, competitive, and impatient as opposed to the more laid-back Type B individuals. Type A individuals may thrive in the highly competitive environment of public accounting, but those same individuals may be the most susceptible to various stress-related health problems.

Stress and the Woman CPA

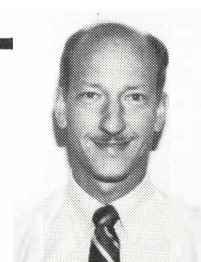
Accepting that public accounting is a stressful profession, it is ►



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expected that some situations may be especially stressful for the woman CPA. This expectation is based on the facts that women biologically develop differently than men, women are socialized differently than men, women have different psychological traits than men, and women experience different role demands in the family, workplace, and society [Hobfoll, 1986, pp. 4-5].

Women CPAs may experience stress also because of changed conditions and entrance into male-dominated professions. Changed conditions refer to the fact that more women work now than was the case twenty to thirty years ago, and professional alternatives have broadened tremendously. Also, the entry into male-dominated professions may be especially stressful for women, as women may not have the mentors or the access to networks available to men. Five stressors that have the potential for being especially stressful for women in public accounting are job discrimination, cross-gender relations, career paths, time pressures, and home versus work.

Job Discrimination

The number of women in the accounting profession has increased dramatically in recent years as approximately fifty percent of all college accounting graduates in the last several years have been female. The profession, however, can still be considered a male-dominated profession. This is obvious when one considers the relative scarcity of women at the manager or partner level of most CPA firms.

The question then arises as to the incidence of sex discrimination in the profession. A recent study found that women tended to start at the same income level as men, but in succeeding years their annual

This variety of time pressures may be the most prevalent factor causing people to view public accounting as a stressful profession.

incomes were about \$4,000 less. This was true even when the researchers controlled for work experience and other variables. In addition to the disparity in salaries, women accountants frequently expressed the feeling that promotions were not handled fairly, and women felt more strongly than men that they had been discriminated against on the job [Olson and Frieze, 1986].

Cross-Gender Relations

For many years, men have been helped to advance in their careers by the interest and personal guidance of a mentor. Now, when women merit this special professional attention, problems can arise since upper levels of management in public accounting are still dominated by men. Productive work relationships may be affected by stereotypes, sexual attractiveness, and attitudes of co-workers. Cross-gender relations can be just as stressful when a woman CPA is the supervisor and the subordinate is a male. In any case, a woman CPA in a male-dominated profession can expect stress that would not usually occur if two males worked together [Clawson and Kram, 1984].

Career Paths

In public accounting, there are three general career paths: auditing, tax, and management

advisory services. Although auditors feel more overworked than tax accountants and management advisory personnel, there seems to be little difference in the degree of stress resulting from a choice of one career path over another [Gaertner and Ruhe, 1981].

The real difference in stress is at the position level, where the junior accountant experiences more stress than individuals at higher levels in a firm [Gaertner and Ruhe, 1981]. If a woman CPA fails to receive a deserved promotion and is required to remain at a position level for an excessive amount of time, excess stress may result.

Time Pressures

Time pressures and time-related stress are not unique to public accounting as these pressures are encountered by most professionals. However, the CPA seems to encounter an unusually large variety of time pressures from numerous sources. These pressures include the need to pass the CPA exam (at a time when it is difficult enough to meet the demands of a new job), the need to assimilate new professional standards and new technologies, the need to meet tax deadlines, and the need to complete audits in a timely manner [Stern, 1984].

This variety of time pressures may be the most prevalent factor causing people to view public accounting as a stressful profession. While all CPAs experience time pressures, the woman CPA may be especially affected because of unique demands on her time away from work.

Home Versus Work

It seems logical that if stress occurs because of an imbalance between capability and demand, a person who has demands at both

home and work is going to be under more stress than one who has little or no family demands [Foegen, 1984].

Both men and women have demands on them outside of work. However, for married workers, the imbalance will generally be greater for women as society still envisions the woman as the spouse who is the "heart" of the home. A study of marital and employment strain and depression among adult women by Carol Aneshensel concludes that, "It is not marriage per se or employment per se that impacts on a woman's psychological state, but the quality of her experiences within those roles — the extent to which these roles provide her with a sense that she is valued and accepted by others, that she is satisfactorily meeting the expectations of others, and that they are meeting her expectations. In considering marital and employment role-strains, it is clear that the total impact on the psychological state of the woman is a function of both sets of roles, and of her perceived ties to significant others. Women experiencing strain in their marriages and in their jobs are particularly at risk . . ." [Hobfoll, 1986, p.112]. The woman who must allocate her time among home, children, and career will experience a greater capability/demand gap than those who do not have these demands [Hobfoll, 1986, pp. 99-108]. The CPA exam, overtime, overnight travel, and seasonal demands thus become especially stressful.

Stress Reduction Strategies

A number of strategies for reducing stress are commonly suggested. These strategies are divided between individual strategies and organizational strategies. The individual strategies could be further

classified as self-evaluation, professional training, stress management, and individual counseling. Organizational strategies could be divided into performance monitoring, organizational development, quality assurance and creative supervision, and employee assistance [Paine, 1982, p. 20]. Regardless of the strategies chosen, a logical beginning is to develop an awareness of the sources of stress and the available strategies for dealing with it.

Conclusions

Why public accounting is

considered to be such a stressful profession should be clearer now. In some respects, public accounting is no more stressful than other professions, but in other respects it is more stressful. Rigid professional standards and new technologies, time pressures resulting from intense competition and work deadlines, and barriers along the career path cause public accountants to face high occupational stress.

Accepting the fact that public accounting is a stressful profession, it should be clear that there is greater stress on the woman CPA. Society has traditionally placed ►

Stress Reduction Strategies

Individual Strategies

1. Be aware of stressful situations (read books or articles on stress)
2. Develop techniques for monitoring personal levels of stress
3. Maintain a properly balanced diet (avoid alcohol and caffeine)
4. Learn a relaxation technique (yoga, deep breathing, aerobics, sauna)
5. Practice constructive thinking
6. Exercise regularly (walking, jogging, racketball, tennis, golf)
7. Develop interests outside of work
8. Use spiritual strategies (prayer, faith, and hope)
9. Discuss stressful situations with friends, family, and work associates
10. Practice time management techniques (goal-setting, prioritized time budgeting, delegation of tasks)
11. Simplify tasks by overlearning
12. Consider the priorities in life

Organizational Strategies

1. Hiring practices should consider personality types
2. Placement practices should match personality types within the organization
3. Training programs that develop skills in interpersonal relations and consider special characteristics of cross-gender relationships should be sponsored
4. Supervisors should learn to be sensitive to the needs of subordinates
5. Open communication should be encouraged throughout the entire firm
6. Women employees should be provided with the opportunity to identify stressful situations in the firm
7. Employees should be given controllable features in their jobs
8. Initial stress reduction strategies should be concentrated at the junior and manager levels

greater demands on the time and talents of women, and women face a number of stress-causing situations that are not faced by the male counterpart.

What can be done to reduce stress in public accounting? Perhaps the recognition of the primary causes of stress is one means of addressing the problem. Once it is recognized that excessive stress exists, it is advisable to examine various personal and organizational means of reducing stress. A reduction of stress will benefit both the individual accountant and the CPA firm.

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Some Stressful Situations in Public Accounting

Stressors Related to the Demand/Capability Imbalance

Insufficient background or knowledge (i.e., work is too difficult)
Inability of assigned tasks to maintain interest (i.e., work is not challenging)
Striving for unattainable goals

Stressors Related to the Public Accounting Environment

Working for a national CPA firm
Working in the auditing department
Being a junior accountant or manager
Variations in work load (i.e., too much work, deadlines, idle time)
Up-or-out proposition of CPA firms (i.e., promotion or termination)
Requirement of passing the CPA examination
Requirement of Continuing Professional Education

Stressors Related to Change

New accounting and auditing standards
Tax law changes
Use of microcomputers and new software
Concern over employer merging with another firm

Stressors Related to Time

Variations in work load
Pressures relating to audit or tax deadlines
Overnight travel
Conflicting time demands

Stressors Related to Gender

Concern over job discrimination
Cross-gender relations
Conflicts between home and work
Time conflicts resulting in unique time demands on the woman
Combination of high-stress marriage and high-stress job

Stressors Related to Other Psychological or Social Situations

Self-inflicted stress (personal fears and anxiety)
Being a Type A personality or working with someone with a different personality type
Expectations of peers, supervisors, family, and friends
Lack of control over the job or lack of participation in managerial decisions
Being responsible for the actions of other staff members
Job insecurity and job ambiguity
Career dissatisfaction



What Are the Sources and Consequences of Stress?

Do men and women differ in their perceptions?

By Phillip Senatra

Public accounting firms would benefit from being able to identify the consequences of job-related stress on their personnel and to control such stress to the degree practical. To be able to do so, a firm must have an idea of the sources of stress experienced by its staff. The purpose of this study is to compare potential consequences of stress experienced by male and female audit seniors and to determine the extent to which men and women are affected by different stressors.

Audit seniors were selected for this study because seniors occupy a middle organizational position where there is a high potential for stress. It is at the senior level that retaining sufficient competent personnel is a problem for CPA firms. Also, focusing on one position eliminates differences that might occur simply because of the various levels in a CPA firm.

Little empirical evidence has been gathered to date to determine if differences exist between men and women in the public accounting profession with regard to the sources and consequences of stress. Additionally, the evidence

examined so far has been conflicting. For example, Gaertner and Ruhe [1983] examined the differences between men and women regarding several sources of job-related stress and did not find any differences attributable to gender. Pearson, et al., [1985] examined stress levels and sources of stress for men and women during both peak and slack periods. Their study concluded that there were differences in overall stress levels between men and women during the busy season but not during the slack period. In a study of turnover, Earnest and Lampe [1982] found male and female job attitudes to be basically similar, but they did confirm several key male/female attitudinal differences such as attitude toward leisure time and recognition by superiors. An analysis of job satisfaction levels between men and women [Albrecht, et al., 1981] found that women were more satisfied than men on only 3 of 27 different measures of job satisfaction.

Therefore, in general, prior research has indicated consistency between men and women in most areas examined, but there have been enough differences to justify further research. Also, the cited studies tested for differences between men and women primarily by comparing the items taken as a whole rather than examining how the items under investigation might relate to one another.

The Study

Role stress in this study is measured by the perceptions of audit seniors of role conflict and role ambiguity. Role conflict may result when individuals are confronted with situations in which they may be required to play a role which conflicts with their value system or to play two or more roles which conflict with each other. Role ambiguity results when the single or multiple roles which confront the individual may not be clearly articulated in terms of behaviors or performance levels expected.

A confidential questionnaire was distributed during the 1987 busy season to all audit seniors (152) in ten offices of one Big Eight public accounting firm. The audit seniors were equally divided among large offices (more than 35 seniors) and small offices. Responses were returned by mail directly to the researcher by 54 men and 37 women for a response rate of 60 percent.

The results of this study must be considered in the light of its limitations. First, sources of organizational and personal stress may not have been properly identified. An audit senior has many complex personal relationships both within the CPA firm and outside the firm that may contribute to stress. Secondly, the sample for this study was drawn from only one CPA firm. Therefore, the findings are representative ►

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only to the extent that the organizational climate of CPA firms is similar.

Results of the Study

An initial analysis of the data was a comparison between the two groups of 54 men and 37 women to determine if the relationships between the stressors and the outcomes are influenced by gender. Taken as a whole, the differences between men and women were not statistically significant. Previous research indicates women tend to internalize the job norms and attitudes of their male counterparts and, after time, the work-related attitudes of women converge with those of men [Knotts, et al., 1985]. Since both the men and women in this study had been with the firm an average of three years, perhaps the convergence of attitudes had occurred already.

The organizational and personal stressors significantly related to role conflict and/or role ambiguity for men and women are as follows:

Organizational stressors

- Conflicting objectives, directives and guidelines
- Formalization of firm policies, practices and procedures
- Excessive job and time pressures
- Adequacy of coordination between divisions and of interrelated audit activities
- Suppression of relevant information by superiors and subordinates
- Adequacy of authority to make necessary audit decisions

Personal stressors

- Satisfaction with distance from relatives
- Satisfaction with time to pursue personal interests
- Satisfaction of family with present employment

In this study, each of the stressors

... personal stressors explained more role stress for women than for men.

listed above increased or decreased role stress in the expected direction.

Organizational Stressors. Sixty-four percent of the role conflict in men was attributable to organizational stressors. Conflicting objectives, excessive job and time pressures, and suppression of relevant information increased role conflict in men while adequacy of coordination significantly **reduced** it.

Organizational stressors explained 79 percent of the role conflict in women. Conflicting objectives, suppression of information, and adequacy of authority to make decisions were significantly related to role conflict in women.

Men and women differed as to the specific organizational stressors that contribute to role conflict. Excessive job and time pressures significantly added to the level of role conflict for men; adequacy of coordination significantly reduced it. However, the level of role conflict for women was not significantly affected by either of these stressors. Adequacy of authority to make decisions significantly reduced role conflict for women. This stressor had no significant effect upon the level of role conflict for men.

Seventy percent of the role ambiguity in men was attributable to organizational stressors. Formalization of firm policies, adequacy of coordination, and adequacy of authority to make

necessary decisions reduced the level of role ambiguity in men. The only stressor that increased role ambiguity in men was suppression of information.

Forty-seven percent of the role ambiguity in women was attributable to the following organizational stressors: conflicting objectives, formalization of procedures, and adequacy of coordination. The first stressor increased role ambiguity in women while the latter two decreased it.

Again, differences existed between men and women as to those stressors that are significantly related to role ambiguity. Conflicting objectives increased role ambiguity in women but not in men. While adequacy of authority reduced role ambiguity in men, it did not significantly affect women.

Personal Stressors. Personal stressors explained 27 and 30 percent of the variation in role conflict and role ambiguity, respectively, for men and 32 and 40 percent of the variation for women. Of the personal stressors, satisfaction with time to pursue personal interests significantly reduced role conflict in men. Satisfaction of family with present employment significantly reduced role conflict in women. The latter stressor also reduced role ambiguity in both men and women. Satisfaction with distance from relatives reduced ambiguity in women.

Potential Consequences. Three potential consequences of role stress were identified: job-related tension, job satisfaction, and propensity to leave. For women, both role conflict and role ambiguity created job tension. For men, only role conflict was a source of job tension. Role conflict significantly reduced job satisfaction for women, but not for

men. Role ambiguity reduced job satisfaction for men but not for women. Neither role conflict nor role ambiguity significantly affected the propensity to leave the job for either men or women.

In an earlier study [Senatra, 1980], the same potential consequences identified in this study were analyzed using data collected in 1976. At that time, virtually all the audit seniors were men. The significant relationships for men were the same using the 1976 and 1987 data. This lends support to the contention that men and women respond differently to role stress and that the differences are not due to measurement error.

Conclusions and Implications

Understanding potential differences in the way men and women perceive the relationships between the sources and consequences of role stress is important because it directly concerns the most important asset of the CPA firm — its employees.

No significant differences exist between men and women audit seniors in their perceptions of the organizational climate of their firm, the degree of role stress, or the measures of job-related tension, job satisfaction, or propensity to leave. There is evidence, however, that gender may be a moderator of these relationships. However, as more studies concerning relationships and characteristics of men and women in accounting are completed, it may be determined that the differences are not due to gender but rather to the internal orientations of individuals or other moderators not examined in this study.

This study found that personal stressors explained more role stress for women than for men. Also,

there was a strong relationship between role stress and satisfaction with time to pursue personal interests for men but not for women. A concern for professional women is the need for balance in the quality of life. There is always a trade-off between time and energy expended in career and personal life. The lack of a significant relationship between role stress and satisfaction to pursue personal interests for women is likely due to the fact that women assume more family responsibilities than men and may not devote enough time to hobbies or other forms of relaxation.

This study suggests that much of the effort now directed at educating employees to understand and cope with job stress may be misdirected. Instead, it may be that those who manage organizations should assess the causes of stress. Efforts should be directed toward determining the specific factors which appear to be associated with job stress and, where appropriate, to eliminate or moderate them. The organizational stressors found to contribute to role stress would be appropriate areas for the firm in this study to start improving organizational practices. If modifications are not appropriate, discussion and consultation with audit seniors regarding these perceived problem areas will likely provide emotional first aid.

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Perceptions of Sources of Role Stress

Role Conflict

Organizational Stressors

- | | |
|------------------------------------|------------------------------|
| ▲ Conflicting objectives | ▲ Conflicting objectives |
| ▲ Suppression of information | ▲ Suppression of information |
| ▲ Excessive job and time pressures | |
| ▼ Adequacy of coordination | ▼ Adequacy of authority |

Personal Stressors

- | | |
|---|--|
| ▼ Satisfaction with time to pursue personal interests | ▼ Satisfaction of family with present employment |
|---|--|

Role Ambiguity

Organizational Stressors

- | | |
|------------------------------|-----------------------------|
| ▲ Suppression of information | ▲ Conflicting objectives |
| ▼ Formalization of policies | ▼ Formalization of policies |
| ▼ Adequacy of coordination | ▼ Adequacy of coordination |
| ▼ Adequacy of authority | |

Personal Stressors

- | | |
|--|---|
| ▼ Satisfaction with present employment | ▼ Satisfaction with present employment |
| | ▼ Satisfaction with distance from relatives |

Perceptions of Consequences of Role Stress

Job-Related Tension

- | | |
|-----------------|------------------|
| ▲ Role conflict | ▲ Role conflict |
| | ▲ Role ambiguity |

Job Satisfaction

- | | |
|------------------|-----------------|
| ▼ Role ambiguity | ▼ Role conflict |
|------------------|-----------------|

Propensity to Leave

- | | |
|---|---|
| Not significantly affected by role stress | Not significantly affected by role stress |
|---|---|

Definition, Responsibilities, Penalties

By Thomas C. White, III, and Linda M. Plunkett

Q. What do a used car dealer, a farmers cooperative, and a computer software firm have in common?

A. They, like you, may be subject to Internal Revenue Code penalties as Tax Return Preparers.

If you are surprised by the answer to the riddle, you may also be unaware of other interpretations of the legislation regarding Tax Return Preparers (TRP). The scope of these laws and the related penalties are the focus of this article.

History and Background

Twelve years ago, Congress enacted Public Law 94-455, which is more commonly known as the Tax Reform Act of 1976 (TRA 76). Accountants have come to know and respect the importance and influence of this act because the Congress, the courts, and the Internal Revenue Service have enforced and expanded it during the last decade. An aspect of the TRA 76 — the definition of Tax Return Preparers — has been extended significantly. This expansion has come as a result of both professional and public need.

Before the mid-1970's, many taxpayers were able to prepare their own income tax returns without technical assistance. The passage of TRA 76 began an era of extremely complicated income tax laws and administrative procedures. As a result, more of the taxpaying public for the first time found themselves unable to prepare their returns without professional help.

Many taxpayers sought assistance from reputable tax return preparers, including CPAs; but much of the naive public was at the mercy of the unregulated tax return preparer. Some unsuspecting taxpayers were lured by misleading advertising such as touted claims of guaranteed refunds. Many unscrupulous TRPs were like the traveling medicine men of old times; they collected for their substandard product and disappeared before the taxpayer was aware of any problems or mistakes. Certainly not all of the unregulated TRPs were charlatans, but there were more than a handful.

In the interest of protecting the public, Congress saw the need for defining "tax return preparers" and the limits of their responsibilities. Thus, the TRA 76 was, in part, an act of stewardship by Congress.

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Definition of TRP

As accountants, we have traditionally thought that the term TRP has referred mainly to us. In addition, we have been aware that the expanding definition of TRP likely included the springtime proliferation of tax return assistants as well.

However, the statutes have defined TRP even more broadly than that. Code Section 7701(a)(36) and its related Regulations define an income tax return preparer as any person who prepares for compensation (or who employs one or more persons to prepare for compensation) all or a substantial part of any return or claim for refund of tax under the income tax provisions of the Code.¹

The expansion of terminology encompassed agencies and organizations other than those which are customarily paid to prepare another's return.

Examples of these are:

- The car dealer who touts the use of refunds as a source of a down payment. In this case, the TRP laws and penalties apply to those dealers that prepare tax returns for customers, with the refund proceeds applied as a credit to the car purchased.²
- Farmers Cooperatives which assist their members by preparing Schedule F for Form 1040.³
- Computer software manufacturers, since they have interpreted the application of tax law.⁴

An aspect of the TRA 76 — the definition of Tax Return Preparers — has been extended significantly.

- Banks, which may be assisting a naive beneficiary of a bank-administered trust.⁵
- Attorneys, who may advise their clients on substantial financial aspects of transactions.⁶
- Preparers of related returns. An example that would fall into this category is the case of the preparation of a corporate president's 1040 at no charge when the corporate return has been prepared for a fee. The statutes define the preparer as TRP of **both** returns. Even though no compensation was received for the individual return, it was a close enough relation to warrant TRP definition.⁷

When you prepare an income tax return, a supporting schedule with a substantial tax effect, a claim for refund, or when you extensively review, give income tax-related advice, or hire people to prepare income tax returns, you will be defined as a TRP under the existing law.

For example, in 1979 a CPA was unsure if he was considered a TRP in the situation where he had not prepared the tax return but had performed a substantial review of it. The corporate officer who had prepared the return insisted on signing it as the preparer. To solve the confusion, the CPA requested a Letter Ruling in which the IRS

responded that both the CPA and the corporate officer should sign as TRPs.

Furthermore, you will be considered a TRP whether you are involved with an individual, corporate or fiduciary return. You could even be regarded a TRP if you merely assist in preparing non-taxpaying entities' returns such as partnerships, or subchapter S corporations.⁸ However, the TRP definition does not include preparers of payroll tax returns, estate, gift, or other informational returns.

Treasury Regulation Section 310.7701-15 lists the only other exemptions from the TRP provisions and interpretations. In general, these are:

1. Furnishing mere clerical or mechanical assistance.
2. Preparing a return for an employer as an employee.
3. Preparing a fiduciary return as a trustee.
4. Responding to audit/deficiency notices when the original return was prepared by another TRP.

A rule of thumb that may be useful in understanding just who may be included in the statutory definition of TRP is that a TRP may be defined as anyone who is relied upon by the taxpayer for a professional taxation opinion or interpretation. The educational and professional qualifications of the person are irrelevant to the classification as TRP. If there is any uncertainty as to whether you may be regarded as a TRP for a particular situation, research into the Code might save you the aggravation and cost of some significant penalties. The IRS will not be much help in the determination of a "TRP." The Service will not rule on who must

comply with the TRP rules until after the fact.⁹

Penalties

TRA 76 importantly altered the penalties for TRPs. These are briefly outlined in the sidebar by Internal Revenue Code sequence.

The disparity in the dollar amounts of the penalties may be misleading. Wary professionals will consider the possible number of occurrences as well as the nonmonetary penalties of a felony conviction or a damaged reputation.

TRP Responsibilities and Potential Violations

Conscientious TRPs understand the responsibilities outlined by the Code. They must exercise due diligence to understand, appreciate and communicate to the taxpayer the rules and regulations that may affect the tax reporting process. TRPs cannot accept the clients' information at face value, but neither are they the auditors of the clients' information. Such seemingly inconsistent responsibilities require TRPs to exercise due diligence and sound judgment in tandem.

For example, a TRP may use professional judgment in the acceptance of a client's claim of a \$2,000 unreimbursed medical expense. Yet the TRP may request substantiation for the same dollar amount claimed as a charitable

As accountants, we have traditionally thought that the term TRP has referred mainly to us.

contribution. Due diligence would motivate the TRP to discuss these items with the taxpayer-client.¹⁰

The TRP must be able to explain any acceptance or rejection of a taxpayer's data or liabilities. The TRP owes these explanations to the clients also, and the reasoning and discussion should probably be documented in the clients' files as protection against the penalties for negligent, intentional or fraudulent understatement of taxpayers' liabilities.

Frequently, more than one TRP, as defined by law, may be involved in the preparation of a return. Perhaps the most common example of this would be the case where a supporting schedule is furnished by one TRP while the rest of the return is prepared by another TRP. If the supporting schedule is considered substantial or especially significant to the entire return, the schedule preparer should sign the return, not the preparer-processor.

A similar problem exists in a firm where an employee of the firm actually prepares the return, but the principal or partner conducted the client interview and gathered the information from the taxpayer. If the partner reviews the completed tax return, should the partner or the preparer sign it? In this case, the partner should sign.

Another area to be avoided as a TRP is the negotiation of a refund check for a client, no matter how convenient that may be for the taxpayer. The statutes specifically forbid this and impose a \$500 penalty for each violation. An exception to the rule could be when the TRP is considered to be the client's "business agent." This may be the case when the TRP is the signatory on the client's bank account.¹¹

Banks also should be careful of their TRP responsibilities. Their

attempts to assist their customers, especially in the trust department, may lead to an inadvertent classification as a TRP.

Cases

The definitions, penalties, and responsibilities of a TRP are not merely ominous provisions that exist in the Code. Provisions have been tested in the courts. Even though information about the number and the amount of fines assessed by the IRS is not easily accessible, a few cases that have been decided in court give TRPs the scope and magnitude of the enforcement.

... a TRP may be defined as anyone who is relied upon by the taxpayer for a professional taxation opinion or interpretation.

The cases of Powell¹² and Bohannon¹³ are especially interesting since they involve attorneys as TRPs. N. E. Powell, a tax attorney, believed that he was not considered a TRP under the definition of TRA 76. He, therefore, filed clients' tax returns that he had prepared without including his social security number to identify him as preparer. The District Court of New York upheld the IRS's prosecution of his violation of Section 6695(c) and assessment of his fine.

The Bohannon case has even more significant implications. As a result of the findings in this case,

attorneys who prepare tax returns may lose their client-attorney privilege. R. W. Bohannon, an attorney, believed that he should not be required to furnish the IRS a list of his Subchapter S clients, since he viewed that as a breach of privileged information between attorney and client. However, the IRS invoked an enforceable civil summons to procure a client list on the grounds that information given to an attorney for the purpose of preparing a tax return results in a TRP status rather than that of an attorney. The District Court in Connecticut upheld the IRS, and the attorney was forced to comply with the summons since he was denied exemption from TRP requirements due to attorney-client privilege. Thus, if attorneys prepare or give tax-related advice, they may be considered TRPs, and their workpaper files may become open to IRS scrutiny.

Additional Sanctions

In addition to the monetary and criminal penalties outlined previously, the IRS also may invoke injunctive powers. That is, if the IRS determines that the TRP is not complying with the administrative provisions of the TRA 76, it may seek an injunction to close the TRP's operations in part or entirely.¹⁴ A unique feature of this injunctive power is that the TRP may be closed without as much as a hearing or conviction.

The most well-known case of this sanction was the one involving Ernst & Whinney beginning in March 1982. In the capacity of tax advisors, E & W encouraged its clients to claim investment tax credits that the IRS questioned. The IRS asserted that misleading information and documentation was used to support bogus credits. An injunction was issued against ►

the accounting firm, and E & W was not allowed to enter into an adversary proceeding. E & W maintained that they were not TRPs because they had not prepared these particular clients' returns but only advised them on tax matters. A John Doe summons (where the IRS did not have to identify the clients involved or to specify sections violated) was issued and enforceable even though evidence did not show any particular provision of the Internal Revenue Code had been violated. The enforcement was upheld under the Powell standards.

Return Preparers Program

In 1981, the IRS began a Return Preparers Program that accumulates statistical summaries entitled "Program Action Cases." This is the way the IRS has chosen to monitor patterns of noncompliance with the TRP provisions. Each IRS District is maintaining files regarding any alleged misconduct. These files are distributed to the IRS Service Centers, the Examination Division, and the Criminal Investigation Division.

Since 1983, these files have been accumulating information on any TRP that has been investigated. The statistics include the number of returns prepared by the TRP; the names of taxpayer-clients; taxable income, tax liability, and refunds of the clients; Schedule C and F income or loss, total contributions, and total adjustments to income of the clients.

Periodically, an IRS committee will examine these Program Action Cases. Presently, the procedure is to attempt to uncover the practice of making material errors that may demonstrate intentional misconduct or clear incompetence in preparing income tax returns.¹⁵

TRA 76 importantly altered the penalties for TRPs.

Unfortunately, the burden of proof is on the TRP.¹⁶

Conclusion

In the years since the passage of the TRA 76, the definition of the TRP has been expanded to include many individuals who traditionally have not been considered TRPs. The expanded definition has resulted from both court decisions and IRS pronouncements. With the expanded definition, individuals who do not consider themselves a TRP may find they have violated the Code and face monetary or criminal penalties.

If tax return preparation is a primary business activity in your firm, staff members and principals alike should be fully aware of the provisions and implications of the TRP laws. As a practical matter, the TRP provisions of the TRA 76 should be included in office manuals and office administrative procedures of all potential TRPs. You should update your office procedures immediately if they do not incorporate the internal controls necessary to protect you from the penalties of noncompliance with the TRA 76.

Another area to be avoided as a TRP is the negotiation of a refund check for a client.

NOTES

1. *Standard Federal Tax Reporter*, Commerce Clearing House, Inc., 1988, para. 332.
(Many words in the definition have been given technical interpretations and expansions by both court decisions and IRS pronouncements. For example, "substantial" is interpreted in one instance as being 25% of Gross Income. These specifications are beyond the scope of this article.)
2. Revenue Ruling 86-55, 86-1, C.B. 373.
3. Revenue Ruling 85-188, 85-2 C.B. 339.
4. Revenue Ruling 85-188, 85-2 C.B. 341.
5. Treas. Reg. Section 301.7701-15(a) (2) (ii).
6. *Id.*
7. M. Papermaster, DC Wis., 81-1 USTC par. 9217.
8. *IRS Letter Ruling Reports*, IRS Letter Ruling 7902033, Commerce Clearing House, Inc.
9. *IRS Letter Ruling Reports*, IRS Letter Ruling 7723032, Commerce Clearing House, Inc.
10. Revenue Ruling 78-344, 78-2 C.B. 334.
11. Revenue Ruling 80-35, 80-1 C.B. 30. See also *IRS Letter Ruling Reports*, IRS Letter Ruling 784017, Commerce Clearing House, Inc.
12. N.E. Powell, D.C. N.Y., 511 F.Supp. 700.
13. R. W. Bohannon, D.C. Conn., 628 F.Supp. 1026.
14. Ernst & Whinney, 11th Cir., 735 F.2d 1296, Cert. denied, 3/18/85, 105 S.Ct. 1748.
15. *Standard Federal Tax Reporter*, Commerce Clearing House, Inc., 1988 Ed., para. 341.
16. D. Swayze, 9th Cir., 785 F.2d 715.

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Penalties for Tax Return Preparers



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6694(a)	Negligent or intentional disregard of rules or regulations causing understatement of taxpayer liability	\$100
6694(b)	Willful understatement of taxpayer liability	500
6695(a)	Failure to furnish a copy of the return to the taxpayer	25
6695(b)	Failure of preparer to sign return	25
6695(c)	Failure to furnish identifying numbers	25
6695(d)	Failure to maintain copies of returns prepared or to maintain a listing of clients	50
6695(e)	Failure to maintain records of	
(1)	employee return preparers	100
(2)	Failure to provide all information on return required by IRC Sec. 6060	\$5 per item
6695(f)	Endorsing or negotiating a tax refund check	500
7206	Fraudulent understatement	\$100,000 fine and/or 3 years imprisonment
7207	Willful delivery or disclosure of fraudulent document to the IRS	\$10,000 fine and/or 1 year imprisonment
7216	Unauthorized disclosure of taxpayer information	\$1,000 fine and/or 1 year imprisonment

The Who, What, and Where

By John W. Gillett and Arthur A. Hiltner

The question of whether the accounting profession should formally recognize specialization has been debated for years. Clearly, before the early 1980's, the profession was not ready to formally support such a move. However, it is only necessary to look at recent issues of professional journals and other accounting literature to be aware that specialization in accounting is no longer a question; it is already present.

Two groups currently are involved in the accreditation of CPA specialists. First, the AICPA is offering a Certificate of Educational Achievement (CEA) in Personal Financial Planning. The areas of Controllershship, Government Auditing and Accounting, and Microcomputer Consulting Services are to follow.

The CEA Program is a series of educationally demanding, integrated courses on a specific subject. The stated objective of the program is to provide CPAs with the knowledge, skills and **recognition** needed to compete successfully in the personal financial planning area.

Secondly, the National Accreditation Board for CPA Specialties, Inc., is offering Accredited Specialist Programs in the areas of Computer Systems, Governmental Auditing, and Financial Planning. In their promotional brochures, the National Accreditation Board for CPA Specialties, Inc., states that "there is a need — both a public need and a need on the part of the profession — for a program of

... the accreditation of specialists is at a sensitive point in its historical development.

accrediting CPA specialists."

It appears from these actions that the accreditation of specialists is at a sensitive point in its historical development. While it is here to stay, the future direction of its formal implementation is not yet clear.

In order to gather evidence on the issue of specialization in the accounting profession, two questionnaires were developed. The questionnaires were designed to provide evidence in helping to answer the questions of (1) which body should have the primary role in accrediting specialists, (2) what areas should be initially included as specialties and (3) what criteria should a CPA meet to be designated as a specialist?

The Surveys

One of the questionnaires used in this study was mailed in May 1987 to a random sample of 500 CPAs selected from a list of current AICPA members. (A second questionnaire was sent to non-respondents in June 1987.) The list consists of accountants who are staff members, partners, principals or sole practitioners in accounting

firms throughout the United States, thus providing a national perspective to the study. There were 187 responses to the survey resulting in a response rate of 37.4 percent.

Of the accountants participating in the study, 69.7 percent considered themselves to be affiliated with a "local" firm. The location of the firms' accounting practices was divided almost evenly between cities with populations of 500,000 and over (45.7%) and cities smaller than 500,000 (54.3%).

The other questionnaire used in the study was also mailed in May 1987 to all executive directors of Boards of Accountancy and executive directors of societies of CPAs. (A second questionnaire was sent to non-respondents in June 1987.) There were 36 responses to the survey from the 54 executive directors of the Boards of Accountancy giving a response rate of 66.6 percent. Thirty of the executive directors of the 54 CPA societies responded giving a response rate of 55.6 percent. The results of these questionnaires are presented in the next section.

Findings

The survey gathered evidence in three unresolved areas: (1) who should have the primary role in the accreditation of specialists, (2) what areas should be initially included as specialties, and (3) what criteria should be met in order for a CPA to be designated as a specialist.

Primary Role

A question asked of all three

groups was: Which of the following should have the primary role in the accreditation of specialists? If a respondent felt more than one of the bodies should be involved, a ranking of the choices was indicated with one being the first choice.

Responses of CPAs in Public Practice

Of the 182 CPAs in public practice who responded, 49.5 percent favor the AICPA as the body to have the primary role in accrediting specialists. Nearly 14 percent favor the societies of CPAs, 25.8 percent favor Boards of Accountancy and 10.4 percent support the National Accreditation Board for CPA Specialties, Inc. Eighty-six of the 182 CPAs believe that more than one body should be involved in the accreditation process. A total of 134 out of the 182 (73.6%) favor a group with a national base being involved in the process. The total of 134 consists of 113 that selected the AICPA as the 1st (90) or 2nd (23) choice and 32 picking the National Accreditation Board for CPA Specialties, Inc., 1st (19) or 2nd (13) minus 11 who selected both bodies 1st and 2nd. Therefore, it appears that a substantial majority of the survey respondents believe that the accreditation process should be administered on a national basis with uniform requirements.

Responses of Directors of Societies of CPAs

While 55.6 percent (30/54) of the directors responded, only one of them indicated that the societies should have the primary role. In a further analysis of the responses on this issue, 14/25 (56%) of the respondents indicated that the AICPA should have the primary

role. The lack of support by directors for the societies having the primary role appears consistent with the responses of CPAs on this issue. Only 13.7 percent of the CPAs selected the state societies as the primary accrediting body.

Responses of Directors of Boards of Accountancy

Of the 38 (70.4%) directors responding, only 17 indicated that they had considered the issue sufficiently to give their opinion on this matter. Of those 17 respondents, seven indicated that the boards of accountancy should have the primary role. One other respondent stated that boards should definitely **not** have the primary role. Two of the executive directors commented on the fact that their accountancy law does not permit advertising of specialties. With the AICPA selected by four of the 17 respondents and the National Accreditation Board for CPA Specialties, Inc., selected by three respondents, a total of seven respondents favor a group with a national base for the accreditation process.

Areas of Specialization

The surveys gathered evidence in two areas: (1) what should initially be included as specialties and (2) what action is already being taken or is expected to be taken within the next 10 years.

Responses of CPAs in Public Practice

The 500 CPAs were asked to express their opinion on what areas should be initially included as specialties. Table 1 summarizes the participants' responses. The responses are presented in decreasing order of the percentage of respondents who agreed that the area should be included as a

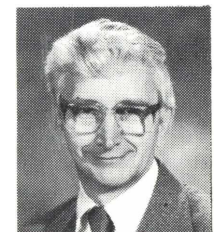
specialty. The table illustrates that the top four choices of the respondents are Personal Financial Planning, Taxation, Governmental Auditing and M.A.S.

In a further analysis of this issue, ▶

... CPAs in this study want a group with a national base to have the primary role in the accreditation process.



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Specialization

the responses of those accountants (69.7%) that considered themselves to be affiliated with a "local" firm were isolated from those accountants (30.3%) that did not consider themselves to be "local." The top four choices (although not in the same order) of both local and non-local groups of respondents remained the same as that of all participants.

Responses of Societies/ Boards of Accountancy

In order to gather evidence on what specialization is currently available or may be available in the near future, the executive directors of state societies and boards of accountancy were asked to respond to the following statement. If your society/board of accountancy has authorized, or is studying the advisability of authorizing, the use of specialist designations by CPAs, please indicate those areas where: (1) action has already been taken, (2) action is expected to be taken within a 1-5 year time frame, and (3) action is expected to be taken within a 6-10 year time frame.

The responses to this question indicate that no boards of accountancy are currently authorizing specialization or expecting to authorize it in the next ten years. One board currently licenses municipal auditors but does not consider them as a specialty. Another board licensed a dying class (about 44 remaining) of public accountants who only do municipal accounting and auditing. Eleven of the boards indicated that they have not yet considered this issue. Therefore, it appears that boards of accountancy are not currently in a position to assume the primary accreditation role.

There are three state societies that are currently authorized to accredit specializations, four others

TABLE 1
PREFERRED AREAS FOR SPECIALIZATION
CPAs' Responses
(Data in Percentages*)

	Yes	No	Opinion
Personal Financial Planning	73.1	17.7	9.1
Taxation	71.5	20.7	7.8
Governmental Auditing	68.8	21.6	9.7
M.A.S.	63.2	28.2	8.6
Financial Auditing	46.0	43.1	10.9
Management Accounting	34.8	50.6	14.6
Financial Accounting	22.4	61.8	15.9
General Practice	14.1	71.2	14.7

*Due to rounding, percentages may not total 100.

TABLE 2
SPECIALTIES ACCREDITED OR TO BE ACCREDITED
Society Directors' Responses
(Number of responses*)

	Currently Authorized	To Be Authorized in 1-5 Years	To Be Authorized in 1-10 Years	Total
a. Financial Accounting ...	1	1	2	4
b. Financial Auditing	0	1	2	3
c. Taxation	0	3	1	4
d. M.A.S.	0	3	0	3
e. General Practice	0	1	1	2
f. Personal Financial Planning	2	3	2	7
g. Governmental Auditing	1	2	1	4
h. Management	0	1	2	3
i. Computer Systems	1	0	0	1

*Currently 3 State Societies are accrediting specialties and 5 plan on accrediting in the next 10 years.

that expect to take action in the next 1-5 years and one more expecting to take action in the next 6-10 years. The areas of specialization expected to be available are shown in Table 2.

In addition, Table 2 shows that

seven State Societies either authorize or plan to authorize Personal Financial Planning within 10 years making Personal Financial Planning by far the most popular state society sponsored specialty.

Specialization Criteria

The next area to be discussed deals with the potential steps that might be taken by the profession to deal with the specialization process and the steps that are currently being taken.

Responses of CPAs in Public Practice

The following items have been raised in the literature as means of dealing with the specialization process. The CPAs were asked to express their agreement, disagreement, or lack of opinion thereon, regarding whether each is an appropriate means of dealing with specialization. In order to be designated as a specialist, a CPA should:

	Agree	Disagree	Viable Responses
a) Pass a test to establish basic competence in the area of specialty	77.5%	12.1%	182
b) Complete at least a specified minimum number of CPE hours in the area of specialty	95.1%	2.7%	182
c) Have worked a specified minimum number of hours in the area of specialty	72.9%	16.1%	181
d) Have been a CPA for at least a specified number of years prior to becoming a specialist	65%	20.7%	183
e) Be required to pass a retest at specified intervals	42.3%	39.5%	182

The responses of CPAs in public practice show that a substantial majority of the survey respondents favor testing, experience, and CPE as criteria to qualify for specialization designation. As a group, they do not appear to favor retesting.

Responses of Societies/Boards of Accountancy

The state societies and boards of accountancy were asked to

comment on items (a) through (e) in the preceding section with their emphasis to be on the steps that they are currently requiring or considering requiring.

While the survey did not find any boards of accountancy currently authorizing or considering authorizing specialization within the next 10 years, it did find that eight state societies are involved in this issue. Seven of these answered the question on what criteria should or is being required. The results of the tabulation of the responses follows:

Item a (to pass a test): 1 requires, 6 are considering requiring.

Item b (to have CPE training): 2 require, 5 are considering requiring.

Item c (to have specialty experience): 1 requires, 5 are considering requiring.

Item d (to have been a CPA for some time before becoming a specialist): 1 requires, 3 are considering requiring.

Item e (pass a retest): 4 are considering requiring.

Summary

The results of the surveys indicate that CPAs are concerned

with specialization accreditation. The results also indicate that the CPAs in this study want a group with a national base to have the primary role in the accreditation process. A majority of the respondents also want the first areas of specialization implemented to be Personal Financial Planning, Taxation, Governmental Auditing and M.A.S. They favor testing, experience, and CPE as criteria to qualify for specialization designation.

The executive directors responding indicate that boards of accountancy are not currently authorizing specialization or expecting to take such action any time within the next 10 years. The state societies' executive directors responding indicate that they are involved, or becoming involved, in the accreditation process but indicate that they should not have the primary role. ➤

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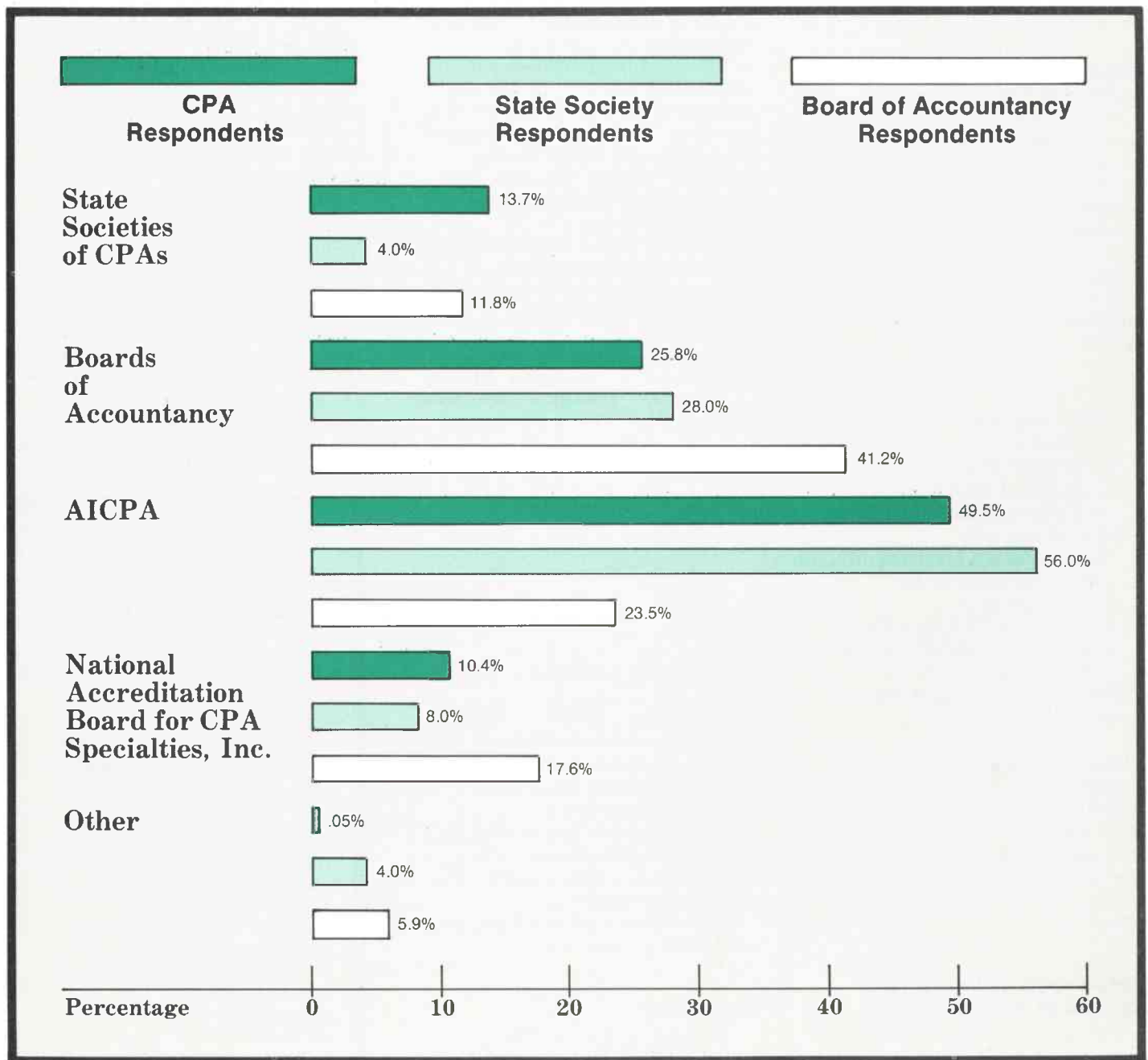
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Specialization

What body should have the primary role in the accreditation of specialists?



Church Accounting: Is There Only One Way?

By Daryl V. Burckel and Bruce Swindle

Editor: Yvonne O. Braunne, City of Tacoma, Tacoma, WA 98411

A prescribed method of accounting and financial reporting for churches in the U.S. is not mandatory even though the AICPA has issued Statements of Position regarding accounting principles and reporting practices for certain nonprofit organizations.

Nevertheless, the business transactions of the church take place in a dynamic economy and require a proper accounting process for stewardship and ministry reporting.

The diversity in church accounting may be due to denominational independence. Many churches are autonomous units and reporting practices are not prescribed by their denominations. However, the question must be asked, "What method of accounting is best for churches?" Some have advocated an accrual basis concept, some a strict cash basis, while others have advocated a modified accrual basis.

The Church Accounting System

Many alternative ways exist to organize a church's accounting

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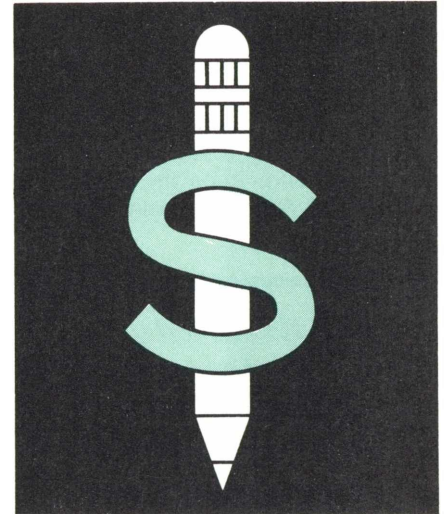
system. The degree of simplicity or sophistication of the system depends upon the individual church. Many churches fill administrative positions with volunteers while others hire personnel for the tasks.

The majority of this nation's 350,000 churches have under 200 active members [Boyce, 1984]. The pastor is frequently the only full-time worker in small churches. Therefore, the accounting work of small churches is done by volunteers who rely mostly on direct contact with people and events rather than reports.

Churches with large memberships employ multiple staff members. These churches may have a senior pastor, associate pastor, youth minister, and a music minister. They also frequently employ a full-time administrator to direct the accounting and financing activities of the church organization.

Regardless of membership size, churches provide a wide variety of ministries to church members. Therefore, churches should strive to make the most efficient use of monies, while avoiding waste and mismanagement. Church accounting systems help achieve this goal. The objectives of church accounting systems have been defined as follows [Woodward, 1976]:

1. To produce complete and accurate information as the basis for the handling of the



financial affairs of the church in a business-like manner,

2. To secure a sound financial foundation,
3. To keep members accurately informed on current financial matters and encourage their more active support.

Accounting Methods

Three methods of accounting most commonly recommended for church use are the cash, accrual, and modified accrual bases. A modified accrual basis is basically the same as the cash basis except for the recording of certain accruals. The modified basis of accounting recognizes:

1. Revenues in the accounting period in which they are both measurable and available to finance expenditures; and
2. Expenditures in the accounting period in which the liabilities are both measurable and incurred [Henke, 1983].

For instance, a church using the modified accrual basis of accounting would accrue revenue from the leasing of church-owned

Nonbusiness Organizations

properties but would defer the recognition of revenues from money collections, even though supported by pledges until actually received.

The method of accounting to be implemented for a particular church depends upon the reports that will be generated and whether

The diversity in church accounting may be due to denominational independence.

they will be understood by the members. It is unreasonable to think that one basis of accounting would best serve all church memberships. Churches vary in size, finances, organization, charter, and many other aspects which necessitate different accounting practices to convey relevant financial information.

The Appropriate Accounting Method

Since there are no hard and fast rules for selecting a basis of accounting for a church, the following general guidelines are proposed for implementing the three methods of accounting listed above.

Cash Basis

The cash basis of accounting is appropriate for most small churches and churches whose only income source is collections or donations. Certainly, no accruing of revenues would be appropriate and a well-organized cash disbursement schedule would likely be a fair report of the church's financial

activities. Most, if not all, expenses would be paid monthly. Possible exceptions could include supplies and insurance. However, in churches with small memberships, neither of these costs are likely prepaid far in advance.

The Modified Accrual Basis

The modified accrual basis, similar to the system used by state and local governments, may be adaptable to many churches' needs. As churches grow in membership size, wealth, and age, it is not unusual for them to inherit property, receive large financial and other property gifts, and even purchase revenue-generating investments. These churches may be earning income on investments and leases that appropriately would be reported on the accrual basis. Nevertheless, the largest single source of income remains money collections. These collections, even though frequently supported by pledges, still would be reported on the cash basis.

Also, larger churches may benefit from a well-organized fund accounting system. Today, many churches provide diverse ministries such as schools (preschool through university), recreation centers, counseling and support groups, medical and health centers, and indigent care as well as the more mainstream functions of religious education and worship services. Administrators and members can know the receipts and expenditures for each of these ministries when a fund accounting system is employed.

The Accrual Basis

While very few churches may realistically need a full accrual basis accounting system, some churches have grown beyond their church building and community.

With the aid of radio, television, and satellite communication systems, some churches have taken their ministries to regional, national, and international audiences. Such organizations have grown beyond the definition of a local church and may need special reporting procedures. The finances of such organizations are obviously large, when compared to other churches, and may be large even when compared to many commercial businesses. For the protection of the administrators and for the knowledge of the supporters of this size of religious organization, a highly sophisticated, well-organized accounting system that includes many accrual-basis procedures may be the most appropriate. Independent audits of the financial reports of this type religious organization would be appropriate. These organizations are not regulated or taxed by governments and, therefore, would be well served by demonstrating good accounting control systems and financial reporting activities.

The degree of simplicity or sophistication of the system depends upon the individual church.

The Appropriate Basis

Business management literature addresses the contingency approach to management; that is, that management style and procedures are contingent upon the needs peculiar to the individual business. Perhaps in church

accounting, the contingency approach is also appropriate. The accounting basis and system used by a particular church must be contingent on the size, ministries, wealth, financial and accounting sophistication of the membership and financial supporters. No accounting system is automatically appropriate for a particular church. However, a loose, unorganized, not well thought through system with weak internal control is inappropriate for any church organization.

Objectives of Church Financial Statements

The financial reporting of not-for-profit organizations should provide information that is useful to present and potential resource providers and other users in making rational decisions about the allocation of resources to those organizations [FASB, 1980]. The information should be comprehensible to those who have a reasonable understanding of an organization's activities and are willing to study the information with reasonable diligence.

The financial reports should also provide information to help users assess the services provided and the ability to continue to provide these services. This information is important because the services are the end product of the revenues. The relationship of the services provided to the resources used helps church members and others assess the extent to which the organization is successful in carrying out its objectives.

A church organization cannot, in the long run, continue to achieve its operating objectives unless the resources made available at least equal the revenues needed to provide services. Thus, church

members tend to direct their interest to information about the church's resources and how they are acquired and used. The focus of reporting is the church organization's performance and how its managers have discharged their stewardship responsibility during a period. Staff members of the church are accountable to

church members and other contributors, not only for the custody and safekeeping of church resources, but also for their efficient and effective use. Those who provide resources must look to the church staff to represent their interest and to make operating cost/benefit judgments that achieve the objectives of the church ►

THE CHURCH Comparative Combined Balance Sheet All Funds

ASSETS	December 31, 1987	December 31, 1986
Cash in Bank		
Combined bank account	\$ 23,921	\$ 16,937
Savings accounts, etc.	44,020	72,564
Total Cash	<u>67,941</u>	<u>89,501</u>
Land, Buildings and Equipment (at cost):		
New Sanctuary	851,190	851,190
Old Sanctuary and Sunday School Annex	329,092	285,184
Improvements in progress	-	9,791
Other buildings	169,267	169,267
Equipment (at estimated cost)	237,083	216,651
Parking lot and land improvements	43,628	30,173
Land (approximately 11 acres)	257,200	257,200
Total Land, Buildings and Equipment	<u>1,887,460</u>	<u>1,819,456</u>
TOTAL ASSETS	<u><u>\$1,955,401</u></u>	<u><u>\$1,908,957</u></u>
LIABILITIES AND EQUITY		
Liabilities		
Note payable — First National Bank	\$ 574,101	\$ 633,682
Note payable — Second National Bank — van	15,120	11,582
Total Liabilities	<u>589,221</u>	<u>645,264</u>
Equity	<u>1,366,180</u>	<u>1,263,693</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$1,955,401</u></u>	<u><u>\$1,908,957</u></u>

THE CHURCH

Comparative Statement of Cash Receipts and Disbursements and Changes in Cash Position For the Years Ended

	December 31, 1987	December 31, 1986
RECEIPTS		
Tithes	\$402,535	\$401,583
Special collections, revivals, etc.	6,064	8,467
Missions	20,032	22,179
Pledges (stewardship, etc.)	4,610	23,383
Sunday School	5,170	5,125
Interest income on savings	3,861	3,271
Miscellaneous offerings	14,559	29,196
Total Receipts	\$ 456,831	\$ 493,204
DISBURSEMENTS		
SALARIES AND BENEFITS	\$(163,862)	\$(162,675)
MAINTENANCE AND OPERATION OF BUILDINGS		
Janitorial and cleaning supplies	\$ 3,045	\$ 3,707
Maintenance and repairs	10,126	13,739
Church utilities	10,071	14,949
Church note — First National Bank	94,600	76,294
Insurance	10,379	11,591
Total Maintenance and Operation of Buildings	(128,221)	(120,280)
ADMINISTRATIVE AND OUTREACH		
Office supplies and other expenses	\$ 26,053	\$ 32,658
Flowers, books, benevolence	4,706	4,969
Printing	513	1,917
Awards, meetings, travel	400	1,584
Advertising and outreach	5,148	10,861
Total Administrative and Outreach	(36,820)	(51,989)
DEPARTMENTAL EXPENSES		
Sunday School supplies	\$ 5,117	\$ 5,973
Choir supplies	11,133	13,427
Youth Department	4,801	5,131
Revival, special speakers, etc.	3,286	10,890
Missions	33,869	33,324
Women's Department	14	120
Men's Department	-	712
Youth Ministries	778	1,448
Van expense of operation and note payments	8,384	10,086
Total Departmental Expenses	(67,382)	(81,111)
Total Disbursements	\$(396,285)	\$(416,055)
EXCESS RECEIPTS OVER OPERATIONAL DISBURSEMENTS	\$ 60,546	\$ 77,149
CAPITAL EXPENDITURES (Not Included Above)		
Fellowship hall and kitchen renovations	\$ 34,118	\$ 9,791
Parking lot and land improvements	13,455	2,960
Equipment and furnishings — new building	-	16,809
Van pay-off	10,413	-
Equipment purchased	2,437	-
Total Capital Expenditures	60,423	29,560
TOTAL RECEIPTS IN EXCESS OF DISBURSEMENTS	\$ 123	\$ 47,589

with a minimum use of resources.

Church Reporting Practices

The format and terminology of church financial statements should match the understanding of church members as well as focus attention on the church's primary activities. Common questions of members might include: how much cash is on hand, how do cash receipts compare with amounts pledged, what is the amount of unpaid bills, and what is the remaining balance on the mortgage, if any. Thus, some type of balance sheet and an activity statement are usually prepared. A sample set of financial

*It is unreasonable to
think that one basis of
accounting would best
serve all church
memberships.*

statements is shown. These statements, prepared on a cash basis, show one form of presentation for the balance sheet and activity statement.

Balance Sheet. The balance sheet shown is comparative and the elements have very few classifications. For assets, only cash in the bank and land, building and equipment are presented. Liabilities are not classified as short or long term, and the equity section is not classified.

If accounts had been maintained on an accrual basis, accounts or pledges receivable would be reported on the balance sheet. Pledges would be recorded as receivables that are enforceable. (The legal right to enforce

collection is the important aspect of reporting the assets and not the church's willingness or ability to take legal action.) Accordingly, an allowance account would be established to provide for possible losses.

Activity Statement. The statement of activity is presented in many variations, differing in terminology, classifications, and format, but all contain basically the same information. One form of presentation for the operating statement shows the total amounts of revenues and expenses with extensions to either a support or program column. Another variation incorporates a comparison of budgeted and actual amounts. Regardless of the form of presentation, the basis of accounting upon which the statements are prepared should be made clear to the church's financial supporters.

The illustrative statement of activity classifies expenses as salaries and benefits, maintenance

and operations of buildings, administration and outreach, departmental and capital expenditures. The expense classifications are further subclassified for the type of cost incurred. This statement is also shown on a comparative basis.

Summary

As seen by accountants, churches have a unique problem. All churches offer the same basic services and acquire revenues in the same manner; however, standardization of the accounting and reporting of these entities is virtually impossible. Since churches differ in size, organization, finances, the educational level of membership, and other aspects, different accounting practices are necessary to convey relevant financial information. The authors advocate a contingency approach for accountants to determine what accounting and reporting practices

achieve the church's needs and goals. Under this approach, the church's accountant and administration would select a basis of accounting and a form of reporting. When a selection must be made from various alternatives, the accountant's and church administration's judgment is still what is best for each church.

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- Henke, Emerson D., *Accounting for Nonprofit Organizations* (Boston: Kent Publishing Company, 1983).
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Articles should be relevant to the field of accounting with focus on accounting theory and practice, tax theory and practice, auditing, and other specialized areas related to accounting. Most of the articles should be of broad interest to accountants in public practice, industry, government, education and other fields, although some may relate to specific industries or techniques.

Wanted are more articles of a practical nature that offer guidance in complex situations, or help resolve questions arising in practice or offer insight to hidden problems. Articles should be of immediate interest or applicability although some space is dedicated to theoretical discussions.

Format

All manuscripts should be typed on one side of 8½" × 11" paper and be double-spaced, except for indented quotations, footnotes, and references. As a general rule, manuscripts should be as concise as the subject and research method permit. Margins should be at least one inch to facilitate editing.

The cover page should contain the title and author's name.

When not in lists, numbers from one through ten should be spelled out, except where decimals are used. All others should be written numerically. The manuscript should be written in third person and in non-sexist language. Articles by one author should not employ the editorial "we."

A helpful guide to usage and style is *The Elements of Style* by William Strunk, Jr., and E. B. White. It is published in paperback by Macmillan Publishing Co., Inc.

Length

Manuscripts of 2,000 to 3,000 words (eight to twelve typed pages) and no more than two tables are a good length. However, manuscripts should not exceed 4,000 words exclusive of tables or other illustrative material.

Headings

All headings should be flush left

with the margin, with initial capital letters. Subheadings should be placed flush left with the margin, and underscored, with initial capital letters. If third-level headings are necessary, they should be indented the same as a paragraph indent, underscored, with only the initial letter of the first word capitalized, and followed by a period with the text following immediately.

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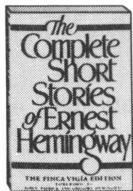


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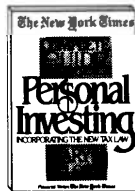
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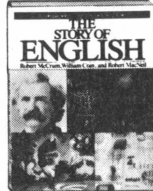
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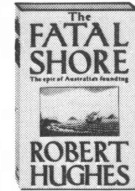
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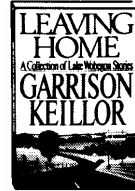
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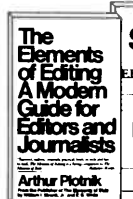
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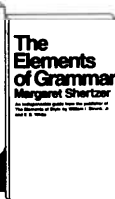


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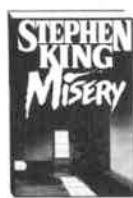
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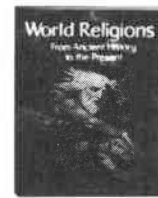
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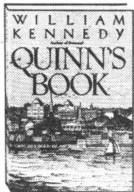
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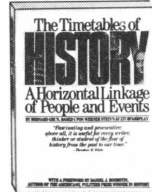
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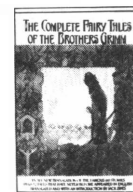
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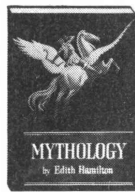
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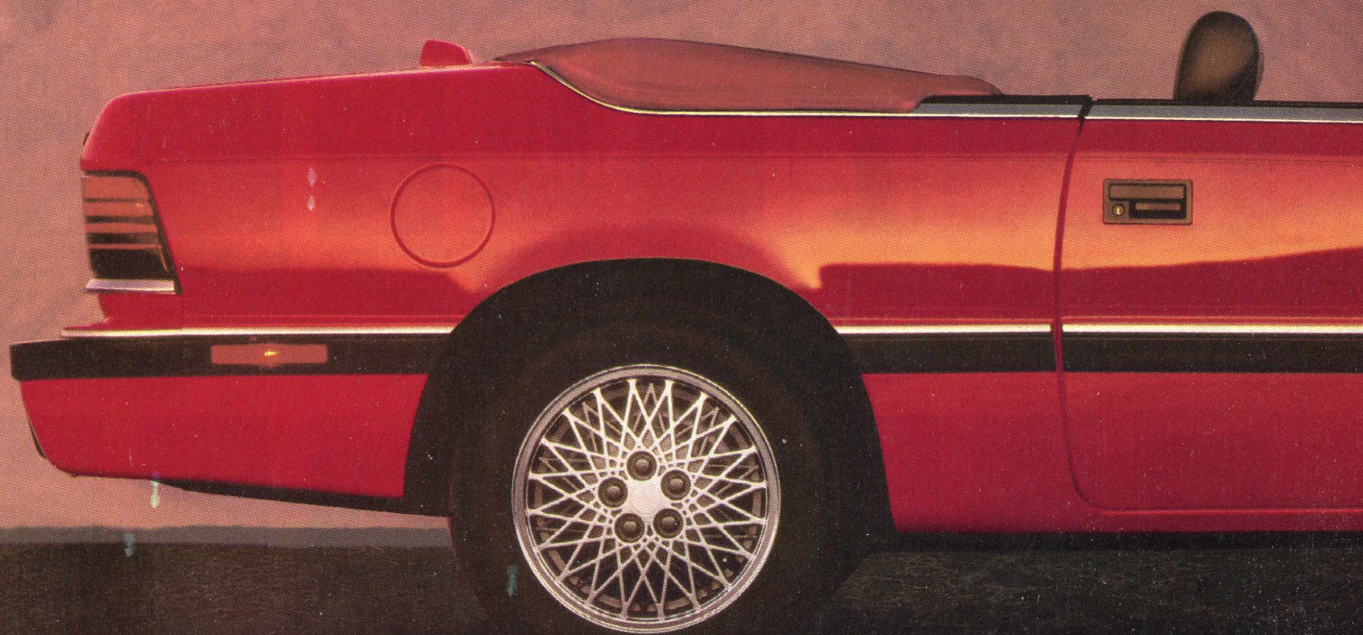
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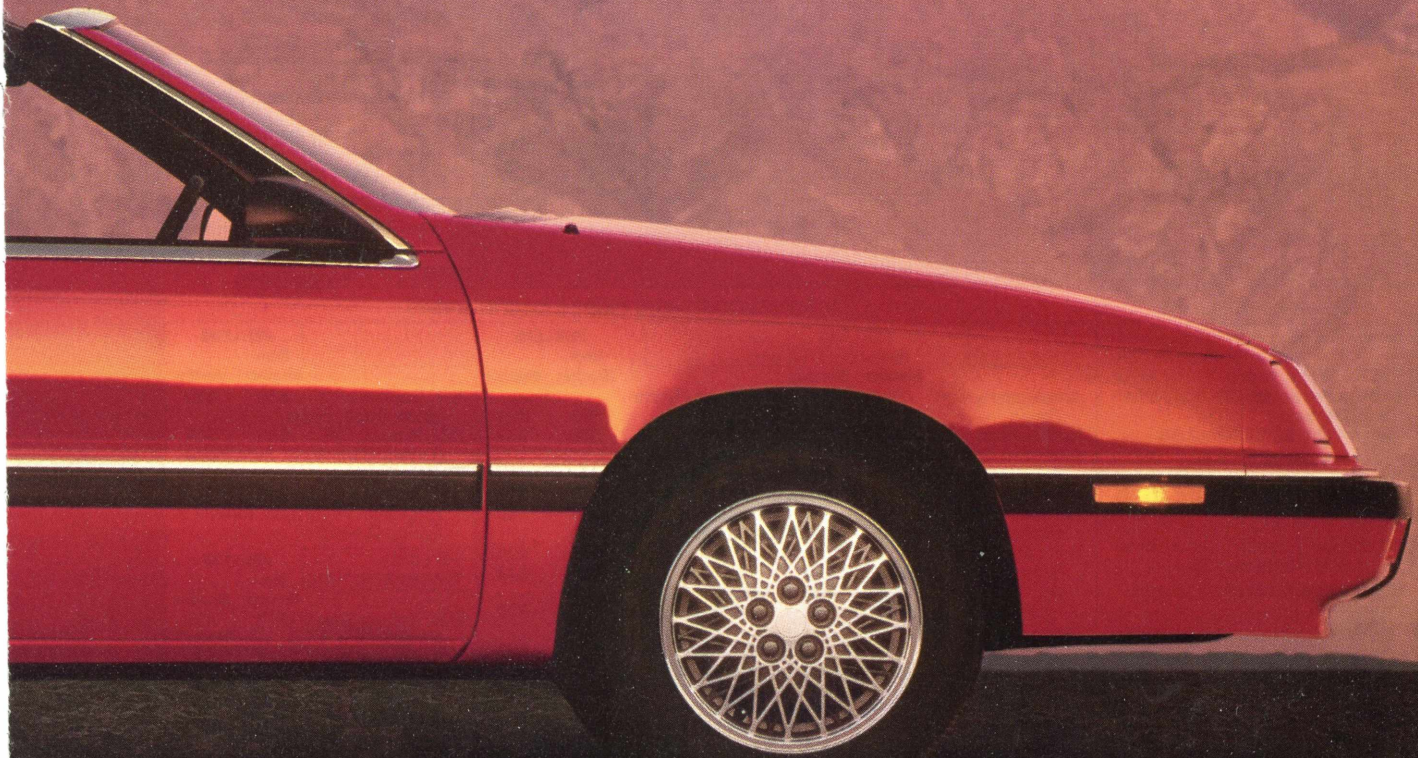
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CSI	\$24	\$20	Permalens	\$44	\$40						
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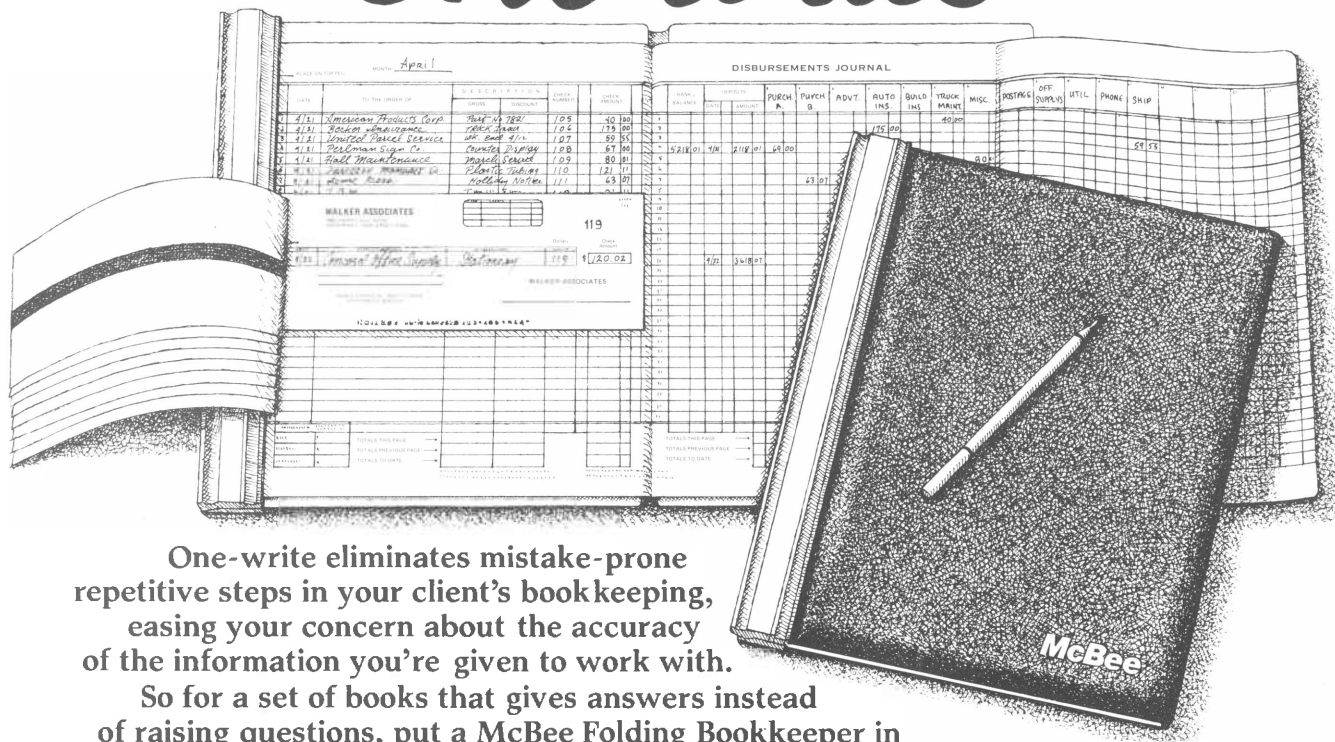
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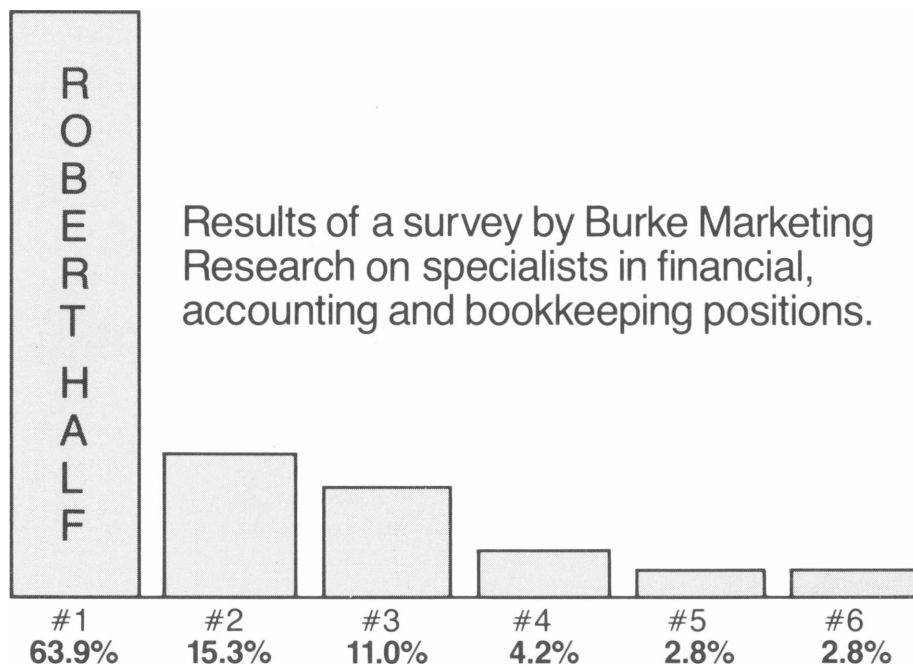
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