



## FOOTNOTE Winter 2003

### President's Letter *Johanna Zimmerman*

First, I want to extend to all of our members a belated wish for a happy, healthy, and prosperous 2003.

Second, I want to thank our members and friends who have generously participated in our meetings and raffles. The funds we collect (\$166 at our last meeting) are dedicated solely to our scholarship fund and have proved to be our most reliable way of funding our scholarship program. Though raffle prizes may be donated by anyone interested in the program, the board has volunteered to supply the prizes at most meetings. Your board voted to allocate \$4,000, two thirds of all of our cash, to scholarships to be awarded at our June 11, 2003 meeting. We send applications to local universities and to students who contact us directly. Applicants must have completed 60 units in an accounting major. Winners are required to attend the June awards dinner to receive their checks. We will give preference to active student members of AWSCPA of Los Angeles.



We do have other means of donating to our program. When you renew your membership with our National organization, you may choose to donate any sum you choose to the AWSCPA Education Foundation. Sums donated in this way are tax deductible and divided among all of the affiliates based on each affiliate's fund raising. At any time during the year you may send a donation made out to the AWSCPA Education Foundation to our post office box (P.O. Box 64922, Los Angeles, CA 90064). We gather these donations and forward them to our National office. The donors receive verification of their contributions where required and AWSCPA of Los Angeles receives the entire contribution to be awarded to students of our choosing.

Third, I would like to see our June meeting become a very special event for our students and our members. I would like to extend a personal invitation to all members to attend our board dinner meeting on February 19<sup>th</sup> at seven o'clock to talk over plans for this event. The meeting will be somewhere in the San Fernando Valley; we have not finalized the location. If interested, please contact me directly: [jezimmermancpa@msn.com](mailto:jezimmermancpa@msn.com)

## GAAP Update

Mark Dauberman, CPA of NSBN, LLP, returned again in November to present the GAAP Update at a joint meeting of AWSCPA, ASWA, IMA and CalCPA Members in Industry. Mark's topic was FRAUD – Being Responsible Without Taking Responsibility

Mark talked about the common types of occupational fraud, misappropriation of assets, corruption schemes and fraudulent statements. He also discussed fraud prevention, deterrents and detection using deductive audit techniques and inductive audit approaches.

The inductive audit approach focuses on situations most susceptible to fraud. Mark pointed out that general understanding of the business and operations is necessary to understand potential types of fraud. This generally requires special skills in the make-up of the investigative team. This could include business process experts – knowledgeable about the entity's procedures and operations; data programmers – knowledgeable about database design and data retrieval through queries; and fraud experts – knowledgeable about types of fraud likely in a given industry along with symptoms to look for and means of detection.

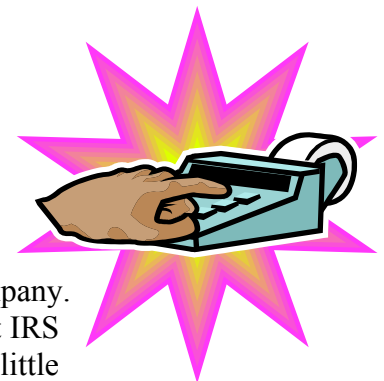
Mark went on to talk about the auditor and management's responsibility, and meeting the auditor's responsibility. The auditor must have an understanding of the nature and characteristics of fraud such as misstatements due to fraudulent financial reporting and misappropriation of assets. Conditions creating an environment conducive for fraud are incentive, opportunity and value to the perpetrator.

Members of the audit team should discuss potential for fraud as part of the audit planning process. Inquires of management, audit committee, internal auditors, and others is helpful in gathering information to identify risks. Auditors should use information considered to identify whether risk relates to fraudulent financial reporting or misappropriation of assets and whether the risk could result in material misstatement. Finally, the auditor should document concerns and communicate with the audit committee and management.

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## Tax Update

On Tuesday, January 21, AWSCPA Los Angeles held its annual tax update in cooperation with the Institute of Management Accountants, the American Society of Women Accountants, and the California Society of CPAs Members in Industry. We had an excellent turnout. Our speaker was Keith Rosen, CPA, a principal with Rosen and Company. Keith was joined by his son, Steven for a lively discussion of the latest IRS rules, ideas for estate planning and education savings, and even a little investment advice.



## Holiday Celebration



Karen Katzbeck generously hosted our annual holiday celebration at her house in Glendale on December 11<sup>th</sup>. What a treat! Karen and her husband Bob were superb hosts. In

addition to the wonderful meal, which Karen prepared herself, we all loved their beautiful house in the hills and its spectacular view of the city lights, all the way out to Long Beach. This was a strictly social event, and everybody had a magnificent time sharing stories and catching up with old friends.



## Lunch Anyone?

Would you like an opportunity to meet and network with members in your area? Or a reason to get out of the office during busy season? Come to a lunch group meeting:

- The **Westside** lunch group meets the first Friday of every month at the Nordstrom Café in the Westside Pavilion, noon. For more information, e-mail Louise Teeter: [lteeter@lafn.org](mailto:lteeter@lafn.org)
- The **Valley** lunch group meets on the third Tuesday of the month, 11:50. Meetings are usually at P.F. Chang's in Sherman Oaks (Ventura and Sepulveda). For more information, e-mail Carolyn Fox: [cfoxcpa@pacbell.net](mailto:cfoxcpa@pacbell.net)

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## Call for 2003-2004 Board Members

Please consider volunteering as a member of our board of directors for the 2003-2004 year. Serving on the board can be a truly gratifying experience. It provides opportunities to meet new people, develop leadership skills, and most important, help other women find support and success in our profession. New perspectives and fresh ideas are critical to the success of our organization. The investment of just a few hours of your time each month will provide significant rewards for you and for the Los Angeles Affiliate. If you are interested, please email Louise Teeter at [lteeter@lafn.org](mailto:lteeter@lafn.org) or Johanna Zimmerman at [jezimmermancpa@msn.com](mailto:jezimmermancpa@msn.com).

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## Member News

**Nancy A. Kearson** has been nominated for a Director position on the CalCPA Los Angeles chapter board.

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## California Women Business Owners

The California Women Business Owners (CWBO) is a Southern California organization for women who run their own businesses. It holds dinner meetings on the second Monday of every month at the Warner Center Marriott in Woodland Hills. The next meeting is scheduled for February 10<sup>th</sup> from 6:00 to 9:00. The topic is managing stress. For more information, visit the website at [www.cwbo.org](http://www.cwbo.org)

## AWSCPA Website

When was the last time you visited the AWSCPA website? This excellent resource may be underutilized by our members, yet offers so many programs to assist them. In addition to the latest AWSCPA news and conference information, you'll find:

- Membership directory
- Discussion groups
- Affinity programs
- Issue papers
- Career opportunities

You can also renew your membership, update contact information and purchase AWSCPA gear. We encourage you to visit the website regularly—it's a great way to find out what's happening in our organization.

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## Job Bank

If you're looking for a new job or have a position to fill, don't forget our job bank. Submit your resume or requirements to Kathy Edwards: [katherine.edwards@ticketmaster.com](mailto:katherine.edwards@ticketmaster.com)

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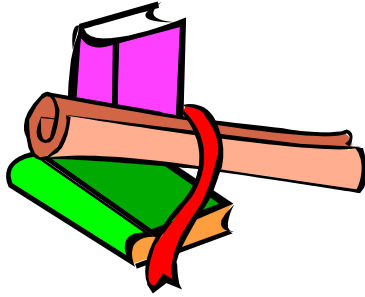
## Stress-Busters

As we head into yet another busy season, here are ten tips for reducing stress:

1. Get up 15 to 30 minutes earlier every morning. This will ease your morning rush, and give you a little quiet time in your office before the phone starts ringing.
2. Don't rely on your memory. Write down appointments, ideas and to-do lists so you won't forget.
3. Do it now! Get unpleasant tasks out of the way first so the rest of your day is free of anxiety. Procrastination is stressful.
4. Take time for a few deep breaths occasionally during your work day.
5. Every day, do something you enjoy.
6. Schedule a realistic day. Allow some breathing room between appointments.
7. Be more flexible. Relax your standards and let the little things go.
8. Delegate responsibility wherever possible.
9. Don't forget to take a lunch break. Even for 15 or 20 minutes away from your desk will help.
10. Count your blessings!



## Annual Scholarship Awards



Every year the Los Angeles affiliate awards scholarships to several deserving accounting students. Members of our affiliate will personally screen each application, and scholarships will be awarded based on financial need, commitment to the accounting profession and involvement in extracurricular activities. We will honor the recipients at our June dinner meeting. If you know someone who might be interested, please encourage her to contact Nancy Kearson at [nkearson@earthlink.net](mailto:nkearson@earthlink.net) for an application.

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## 2003 Pension Strategies

*Alan Sworski*

One brand new area in pension planning that has gained popularity recently is Section 412(i), which is a defined benefit plan fully funded with guaranteed insurance contracts. Since funding assumptions are required to be conservative and the funding period can be compressed, large initial contributions can be created for the business owner. For example, a 40-year-old owner could contribute \$248,038 to a Hybrid 412(i) pension plan, (as opposed to \$50,798 for a traditional 412 pension plan), while a 60-year old owner could contribute \$577,247.

A second area is the ability to roll assets from qualified plans to IRAs and from IRAs to qualified plans. Rolling a business owner's IRA into a qualified plan can provide creditor protection through ERISA and make the funds available for loans; two benefits not available to the IRA.

Also, large IRAs can be decimated by income and estate taxes at the death of the IRA owner. Rolling the IRA into a qualified plan can allow for the funding of a life insurance policy, which can then be subsequently purchased out of the pension trust on a substantially discounted basis by a family limited partnership to provide tax-free retirement income and estate tax mitigation.

In 2003, the \$160,000 annual addition limit for defined benefit plans remains unchanged, as does the 100% of compensation or \$40,000 annual addition limit for defined contribution plans. The maximum amount of compensation that can be taken into account for qualified plan purposes, likewise, remains at \$200,000.

Lastly, a fair degree of discrimination in favor of the highly compensated business owner can be achieved in a tiered profit sharing plan through the use of "safe harbor" contributions of 3% - 5% to non-highly compensated participants' accounts.

*This article represents the views of Alan Sworski, and not those of AWSCPA or its affiliates. Mr. Sworski is a principal with **Planned Estate Services** and a long-time supporter of AWSCPA Los Angeles. Questions and comments may be directed to him at (805) 379-4400.*

## Annual Leadership Conference

This year's conference, entitled "Debits, Credits and All That Jazz" is scheduled for June 24-26, 2003 in the beautiful city of Montreal. As always, the conference will provide excellent technical programs covering all the latest hot issues, and more opportunities than ever to network with members of AWSCPA from around the country. In addition, the Association for Accounting Administration (AAA) will be hosting its 20th Anniversary Symposium in Montreal the same week. We'll be staying at the lovely Hotel Wyndham Montreal in the heart of downtown Montreal, just minutes away from some of the city's best attractions, and right next to the Metro for those places that aren't within walking distance.

Montreal is a wonderful city of full of history, great food, shopping, beautiful parks and museums. One of the evening events planned is a "dine around" where you get a chance to try out some of Montreal's best restaurants. For those seeking history and culture, try one of Montreal's many museums. The fabulous Museum of Fine Arts needs two buildings to house its impressive collection. The Pointe-a-Calliere, the Museum of Archaeology and History, is built on the site of the original colony and is a fascinating collection of artifacts, ruins, and exhibits. The Museum of Contemporary Art of Montreal is the only one in Canada, and is right across the street from our hotel.

For those looking for other types of diversions, Montreal truly offers something for everyone. There are the fun shops and history of Vieux-Port (Old Port) or the beautiful Jardin Botanique, the world's second largest botanical garden and the Insectarium or the amazing Biodome. Explore the Parc Olympique (Montreal was host to the 1976 Summer Games) and take a trip up the world's tallest inclined tower for a memorable view of the

entire city, including the St. Lawrence River. Wander the Underground City. Be inspired by the Basilica of Notre-Dame. Montreal is home to Crescent St. and the Latin Quarter where you'll find every type of nightlife you could want, most open until 3:00 a.m.!

Consider planning your trip to include the 24th International Montreal Jazz Festival, which is headquartered right at our hotel, and starts the day our conference ends. Because June and July are Festival months, you'll want to get your hotel reservations right away if you plan on taking advantage of some Montreal vacation time and either arriving early or staying beyond the conference. For more information visit [www.awscpa.org](http://www.awscpa.org).



## Mission Statement

The American Woman's Society of Certified Public Accountants provides a supportive environment that promotes equity and provides opportunities for the achievement of career goals in a competitive and rapidly changing profession.

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## 2002-2003 Board of Directors

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