



FEATURE ARTICLE

MICROSOFT DYNAMICS 365 FOR FINANCIALS - EMBRACING COMPETITION IN THE CLOUD



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KEY TAX DATES

9.15.2017

ESTIMATED TAX. Payment of third installment of 2015 estimated tax by calendar-year corporations. Payment of third installment of 2017 estimated tax by individuals.

PARTNERSHIPS. Last day for filing 2016 tax return by calendar-year partnerships that obtained automatic five-month filing extension

10.15.2017

CORPORATIONS. Last day for filing 2016 tax return by calendar-year corporations that obtained automatic six-month filing extension.

11.2.2017

EMPLOYERS' TAXES. Employers of nonagricultural and nonhousehold employees must file return on Form 941 to report income tax withholding and FICA taxes for the third quarter of 2017.

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SCHNEIDER DOWNS EARNS PRESTIGIOUS AWARD FOR CLIENT SERVICE EXCELLENCE

Schneider Downs has won Inavero's Best of Accounting™ Award for providing superior service to its clients. The recognition was the result of a third-party survey conducted among many of the firm's clients.



The Best of Accounting Award winners have proven to be industry leaders in service quality based completely on the ratings given to them by their clients. On average, clients of the 2017 winners are more than four times more likely to be satisfied than the industry's average accounting firm client. Schneider Downs' Net Promoter Score (NPS) of 81.7 is more than 30 points higher than the industry average.

"The 2017 Best of Accounting award recipients have gone to great lengths to demonstrate their commitment to service quality," says Inavero Founder and CEO, Eric Gregg. "Winning firms not only invest time and resources toward surveying clients, they commit to providing validated feedback to the public on BestofAccounting.com – making the satisfaction of their clients a central strategy for growing their business."

More information about the award, as well as a summary of Schneider Downs' survey results, can be found on BestofAccounting.com.



On February 25, 2016, the Financial Accounting Standards Board (FASB) finalized the accounting standards update related to accounting for leases, ASU 2016-02. The primary goal of ASU 2016-02 is to improve transparency regarding financial reporting and leased assets. As with most changes to rules like these, there are a number of details that need attention or else issues could arise.




BY JASON M. RELJAC
SCHNEIDER DOWNS
TECHNOLOGY ADVISORS
MANAGER

While educating our clients and staff about this new standard, we discovered the following:

- Companies use a variety of systems to track lease information. These systems include paper files, sophisticated software applications and everything in between.
- With the complexities of the new standard, the impact of an incorrect choice when adding or modifying a lease within a company's accounting system could have a significant impact on the company's financial statements.
- Determining the method in which a specific leased asset should be accounted for follows a very prescribed set of rules under the FASB lease accounting standard and assumptions made by the organization that is leasing the asset.

With this knowledge, Schneider Downs set out to help make the transition to this new lease standard easier for all involved and has created simplEASE AccountingSM (simplEASE). The main focus of simplEASE initially was to guide users to the correct classification of their leased asset so that the reporting in financials was correct. Along the way, in talking to our clients, we quickly realized that we could expand the system to help consolidate all of the information relating to leases into a central, secured location. This consolidation allows for easier reporting and management of all leased assets.

simplEASE is a web-based application designed by accountants for accountants. Capabilities include easy-to-navigate wizards to assist in classifying leases, the ability to store company-specific details, multi-user-based work flow, and integrated document storage for organizing all lease-related documents.

Built on top of SD inSITE, a web-based application developed by Schneider Downs, simplEASE incorporates all of the lessons learned from more than ten years of active use and development. We focus on system security and ease of use, so you can rest easy knowing that your information is safe, and that getting your staff up to speed is quick and painless. With the ability to interface to a wide variety of accounting systems, simplEASE lives up to its name by making the new lease accounting standard simple to navigate, while making it easy to get lease information into your financials for accounting and reporting. For more information, please contact the author, Jason Reljac, at jreljac@schneiderdowns.com. 

TOP STORY

SELL-SIDE DUE DILIGENCE PREPARATION IS THE KEY TO GET TO THE FINISH LINE



BY
MARC P. BRDAR
BUSINESS ADVISORS
SENIOR MANAGER

Due diligence is most often understood to be the process that a prospective buyer undertakes to learn as much as possible about a target before closing on the purchase (buy-side due diligence). Obviously, a buyer wants to be fully confident that the normalized earnings of a target are sustainable on a prospective basis and supported by accounting records, facts, circumstances and documentation. Also, a buyer needs to ensure that a target is not saddled with any significant down-side risk (i.e., warranty claims, environmental issues, regulatory noncompliance, tax obligations, etc.).

In assisting our clients with buy-side due diligence, we have found that small- to middle-market targets that have performed rigorous sell-side due diligence have fared much better than their counterparts that have not. Targets that have performed sell-side due diligence have already taken a hard, close look at themselves before being subject to buy-side due diligence by prospective buyers and have identified the most vital transaction information of interest to a buyer. Also, as a result of the sell-side due diligence effort, many of the underlying data, documents and records have been uploaded to a data room for timely release to the prospective buyer and its representatives.

There are several key benefits that can be derived from a sell-side due diligence evaluation:

Accurate Valuation of the Company

A seller needs to project an accurate picture of the company's financial results, including pro forma adjustments supported by data and/or documents that can be verified by the buyer. When buyers perform due diligence, their goal is to try to identify

negative earnings adjustments, which would result in a lower valuation. By undertaking sell-side due diligence, a seller could find positive adjustments that could increase the valuation.

Address Buyer Concerns

Buyers get very skittish when the reliability of financial information and/or data provided by the seller is obviously erroneous or at question. Sell-side due diligence will allow for a "dry run" at verifying the data and financial information by a friendly party prior to issuance to a potential buyer so that errors can be fixed or explanations provided up front.

Eliminate Surprises

Sell-side due diligence will not necessarily identify every single potential problem or question involved in a deal, but it should address the most significant issues so that a deal killer does not come from out of nowhere. It is better to identify these concerns through sell-side due diligence and control the message to the buyer than to be surprised when a buyer finds something 45 days into the exclusivity period.

If you are considering selling your company, we highly recommend performing sell-side due diligence prior to marketing your company in order to maximize value, minimize pain and ultimately get to the finish line.

Schneider Downs has extensive experience in providing buy-side and sell-side due diligence services. Please contact Joel M. Rosenthal or Marc P. Brdar at (412) 697-5200 if you would like to get more information. ■

FEATURE



BY
PATRICK B. ARMKNECHT
*SCHNEIDER DOWNS TECHNOLOGY ADVISORS
SHAREHOLDER*

Over the last 20 years, I've worked with a number of businesses to help identify, select and implement technology solutions to support their strategic objectives. During that time, one of my clients' most common concerns is the up-front cost of acquiring and implementing a new solution. The cloud model of subscription licensing (a.k.a. pay as you go) has considerably alleviated this concern.

As more companies make the strategic decision to move their business solutions to the cloud, cloud publishers are being forced to differentiate themselves or risk becoming irrelevant. Whether they differentiate themselves through enhanced features and functions, flexible licensing options or integration with commonly used applications, the cloud landscape has become much more competitive. As a consumer of cloud solutions, this competition is both welcomed and refreshing. A solution that appears to be embracing this

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competition is Microsoft Dynamics 365 for Financials. Microsoft Dynamics 365 for Financials was launched in the United States in November of 2016. The solution is targeted to small to medium-sized companies ranging in size from 10 – 250 employees. Dynamics 365 for Financials is one of three applications that make up the Dynamics 365 Business edition. The other two applications are Dynamics 365 for Sales and Dynamics 365 for Marketing (both anticipated to be released later in 2017).

Dynamics 365 for Financials currently includes functionality for Financial Management, Inventory Management, Sales, Purchasing, Project Management and Reporting. Equally as important as what is included in the solution is the publisher's commitment to enhancing the solution. With on-premise solutions, there is typically a longer duration between product updates. This is due to publishers bundling numerous features and enhancements into each update. In a cloud model, the publisher makes these enhancements available in the application as soon as they have been through testing. The traditional update process has been replaced by the customer-enabling functionality from within the application. Microsoft has demonstrated a commitment to enhancing the Dynamics 365 for Financials solution. In May 2017 alone, there were seven new features added and at least 17 additional enhancements in development. The enhancements made to the Dynamics 365 for Financials solution in the short time that it has been on the market are a good indicator of Microsoft's commitment to competing in the cloud space.

The Dynamics 365 for Financials, Business edition offers three different types of named user subscription licenses: Full Users, Team Members and External Accountant. Full Users are capable of approving workflows throughout the application, editing records, updating records and reading information. Team Members are capable of approving workflows throughout the application, editing certain records,



updating certain records and reading information. External Accountant Licenses include the same rights as Full Users except they are not able to access user setup or administrative tasks. The monthly licensing cost is \$40 for a Full User, \$5 for a Team Member, and the External Accountant License is free with a Full User subscription license. For most companies, this pricing model is much more affordable than the traditional on-premise purchasing model. Additionally, the Dynamics 365 for Financials subscription licensing can be adjusted on a monthly basis, so companies can manage fluctuations in staffing due to growth or seasonality.

The technology community is quick to point out the benefits of cloud computing such as the low upfront cost, rapid deployment and scalability. What they aren't as quick to publicize are the obstacles. One obstacle in particular is integration between cloud solutions or cloud and premise solutions. Dynamics 365 for Financials recognizes the importance of integration and has pre-built integration with some of the most commonly used business solutions. Dynamics 365 for Financials is embedded in Office 365, allowing users to access critical information about vendors and customers directly from their email. As an example, creating a new customer, viewing open orders and converting quotes to invoices can all be initiated directly

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NEWS YOU NEED

MICROSOFT DYNAMICS 365

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from within the Outlook application for a Dynamics 365 for Financials and Office 365 user. The Microsoft Power BI data visualization tool can be leveraged to create your own or access pre-built views of Dynamics 365 data. In addition to integration with Office 365 and Power BI, Dynamics 365 for Financials has pre-built integration with other Microsoft applications such as Word, Excel and SharePoint. Microsoft has also created a marketplace where applications developed by Dynamics 365 for Financials partners and certified by Microsoft can be licensed. The marketplace, named AppSource, enables customers to supplement the robust functionality inherent to Dynamics 365 for Financials with applications built by experts within a particular field or industry. Microsoft's ability to integrate with commonly used business applications and a marketplace for licensing industry specific functionality have positioned Dynamics 365 for Financials to be an extremely competitive cloud solution.

Schneider Downs is a Microsoft Cloud Solution Provider for Dynamics 365 for Financials. Please visit our website at www.schneiderdowns.com/microsoft-dynamics-365-for-financials to find out more about the Dynamics 365 for Financials solution or sign up for a free trial. ■

SCHNEIDER DOWNS WEALTH MANAGEMENT ADVISORS, LP QUARTERLY COLUMN

ACHIEVING A LASTING LEGACY: HOW A FINANCIAL ADVISOR CAN HELP YOU FULFILL YOUR PHILANTHROPIC OBJECTIVES

The most basic, and important, conversation that a financial advisor has with a client is around the question: have I saved enough for retirement? The question never comes to a definitive conclusion as circumstances evolve, and the dialogue adjusts to reflect the fluidity of a given client's situation. A natural derivative of this conversation involves a financial advisor helping a client navigate the question: how can I utilize my financial assets to achieve my philanthropic goals during my lifetime and leave an enduring legacy after I have passed on? We believe financial advisors should take a multilayered approach to advising clients on their philanthropic initiatives. Nancy Skeans, CEO of Schneider Downs Wealth Management Advisors, wrote a piece regarding how individuals can make the most out of their charitable gifts from a tax and investment standpoint in December of 2016. In this article, we are going to focus on how financial advisors can help clients determine the appropriate vehicle to facilitate their philanthropy.

One of the best known, and most visible, vehicles to facilitate charitable giving is through a private foundation. Many of us have watched *Mr. Rogers* or *Daniel Tiger's Neighborhood* with younger family members, and have seen "The Arthur Vining Davis Foundation" featured prominently in the opening credits. Mr. Davis was an industrialist who ran Alcoa for several decades, and upon his death, left an estimated fortune of \$400,000,000 (in 1962 dollars), most of which was entrusted to his foundation. In the case of Mr. Davis, a private foundation made sense, given the significant assets involved and the many different initiatives he hoped his gifts would fund. However, a private foundation can be expensive to maintain, with significant legal, accounting, tax, and



BY
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INVESTMENT RELATIONSHIP
MANAGER, WEALTH
MANAGEMENT ADVISORS

administration expenses and filings associated with running a successful and compliant organization. In addition, there are more stringent restrictions on the tax deduction limits on cash and securities contributions, as well as a 5% distribution requirement annually. For some families, a private foundation may be an appropriate solution; in this case, your financial advisor along with your tax and estate advisors can help guide this decision-making process.

The majority of people with philanthropic goals are working with much less than Mr. Davis' foundation, but with no less noble intentions or goals. In these situations, we believe an advisor should educate his or her clients on the potential benefits of a Donor Advised Fund (DAF). A DAF is a vehicle in which a person can donate a wide range of assets (stocks, bonds, cash, real estate, privately held business interests) that can be used to facilitate philanthropic endeavors. Unlike a private foundation, there are minimal start-up costs, lower asset minimums (as low as \$5,000), and no tax reporting for DAFs. In addition, there are no annual distribution requirements, so a donor is not forced to make a gift at year-end to be in compliance. We view this feature as particularly compelling for many people who would like to start a charitable gifting vehicle (and get credit via tax deduction for assets donated into the DAF), but do not have an explicit gifting strategy. In these situations, a financial advisor should work with his or her clients to set up a DAF and then give them the space and time they need to identify organizations and causes they want to support. There are, however, restrictions on grants

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ADDITIONAL TAX DATES

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BENEFIT PLAN DUE DATES

Forms 5500, Annual Return/Report of Employee Benefit Plan.

Year-End	Due Date	With 5558 Extension
2/28	10/2/17	12/15/17
3/31	10/31/17	1/15/18
4/30	11/30/17	2/15/18

Processing of corrective distributions relative to failed 401(k) ADP/401(m) ACP discrimination testing, so as to avoid a 10% employer-imposed excise tax.

Year-End	Due Date
6/30	9/15/17
7/31	10/16/17
8/31	11/15/17

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a DAF can distribute, namely, DAFs are unable to gift grants to individuals, for-profit organizations, or nonprofit organizations that are not organized as a 501(c)(3). We view the upfront education on the intricacies of what charitable vehicles are able to do as a critical and value-added offering for our clients.

The idea of being charitably inclined comes naturally to many people, but the mechanics of developing and implementing a strategy can be daunting and discouraging to even the most dedicated philanthropists. At Schneider Downs Wealth Management Advisors, we are here to advise and guide our clients to the most effective and efficient philanthropic strategy that maximizes financial impact, from a philanthropic, tax and investment standpoint. Financial advisors should view themselves as a conduit, helping clients make their desired impact while developing and achieving their philanthropic legacy. ■

Material discussed is meant for informational purposes only, and it is not to be construed as investment, tax, or legal advice. Please note that individual situations can vary. Therefore, this information should be relied upon when coordinated with individual professional advice.

AROUND SCHNEIDER DOWNS



Junior Achievement Day



United Way Build-A-Bike



Kennywood picnic

Teaching, Building and Relaxing

It was a busy spring and summer (so far) for the Pittsburgh office. Our employees have participated in a number of volunteer activities. On May 19, a large group of volunteers spent the day teaching the students at Woodland Hills Intermediate in the Woodland Hills School District. This day is organized by Junior Achievement of Western Pennsylvania. On June 15, a group of employees met at Heinz Field for the United Way of Allegheny County's Build-A-Bike, where they assembled bikes to be given to children in need. We were also able to relax and have fun with our friends and families at the annual picnic at Kennywood Park on June 17.



Columbus softball team



A Kid Again

Bats, Bowling Balls and Ohio State

Our Columbus softball team had a great season and ended up making it all the way to the championship game! They fell just a bit short, but had a great time this season! On July 8, several volunteers participated in the A Kid Again Stars and Strikes fundraising event at Columbus Square Bowling Palace. The event raised funds "to provide hope, happiness and healing to families raising children with threatening illnesses." On June 28, the Columbus office held its annual office meeting. In addition to listening to firm topics, employees were given training by two members of the Columbus Police Department on what to do in case of an active shooter. To lighten the mood, they ended the day on the patio at Eddie George's Grille 27.



Relaxing at Eddie George's Grille 27

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PROFESSIONAL NEWS

NANCY L. SKEANS, Schneider Downs Wealth Management Advisors, LP, was named CEO of the practice, succeeding **DON A. LINZER**, who has served as CEO since the practice's inception in 2001.

MARY D. RICHTER, Tax Shareholder, was honored as one of the finalists for the 2017 Athena award. The award honors a person "who has achieved the highest level of professional excellence, devoted time and energy to the community, and, especially, opened the doors of leadership opportunity to women." Mary has also joined the Greater Pittsburgh Literacy Council's Planning Committee for its annual Leaders in Literacy Luncheon.

JAMES B. YARD, Risk Advisory Services Shareholder, attended the PA Bankers convention in Marco Island, FL in May. Jim also presented at the fifth annual Fraud and Corruption Awareness Seminar sponsored by Schneider Downs, as well as the Pittsburgh chapters of the IIA and ACFE.

TIMOTHY J. HAMMER and **STEVEN D. THOMPSON**, Schneider Downs co-CEOs, attended the AICPA Major Firms Group CEO Conference in Laguna Niguel, CA in July.

SUSAN M. KIRSCH, Tax Shareholder, joined the NSABP Foundation Board of Directors. The NSABP Foundation is a not-for-profit academic research organization that conducts ground-breaking research studies in breast and colorectal cancer.

KIMBERLY P. GRIFFITH, Audit Shareholder, **LAUREN E. WEDDELL**, Audit Shareholder, **SUSAN M. KIRSCH**, Tax Shareholder, and **KIMBERLY L. JAMES**, Audit Senior Manager, and **MATTHEW O. McNEAL**, Audit Manager, attended the AICPA Not-for-Profit Industry Conference in Washington, D.C. in June.

MICHAEL A. RENZELMAN, Audit Shareholder, and **TIMOTHY J. HAMMER**, Co-CEO, attended the PrimeGlobal Partner Leadership Conference in Pasadena, CA in June.

TODD J. LUCAS, Audit Senior Manager, and **RYAN R. DEATRICK**, Audit Senior Manager, presented on the topic of revenue recognition and leases to the Pittsburgh Surety Association in June. Todd also spoke to the American Society of Pension Professionals and Actuaries (ASPPA) Western PA Chapter on the topic of employee benefit plan audits in May.

JENNIFER L. ZATCHEY, Audit Senior Manager, was nominated to the board of The Lighthouse Foundation.

MICHAEL A. RENZELMAN, Audit Shareholder, **BRIAN C. O'BRIEN**, Audit Shareholder, **DONALD B. APPLGARTH**, Audit Shareholder, **JACK B. WOLFORD**, CIO, attended the inaugural AICPA ENGAGE conference in Las Vegas in June. **BRIAN W. MATTHEWS**, Audit Senior Manager, and **JASON M. RELJAC**, Technology Manager, were exhibitors at the conference to showcase simpleLEASE (see Page 2 for details).