

ONPOINT

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KEY TAX DATES

JUNE

15

Individuals. Last day for nonresident and alien individuals not subject to withholding to file income tax return for calendar year 2007.

Estimated Tax. Calendar-year corporations must pay second installment of 2008 estimated tax. Payment of second installment of 2008 estimated tax by individuals, by trusts and by estates and certain residuary trusts in existence for more than two years.

Corporations. Last day for foreign corporations that do not maintain an office or place of business in U.S. to file income tax return (Form 1120F) for calendar year 2007.

JULY

31

Employers' Taxes. Employers of nonagricultural and nonhousehold employees must file return on Form 941 to report income tax withholding and FICA taxes for the second quarter of 2007.

A TRIBUTE

MICHAEL J. SLUSS

1956 - 2008

In March, the Schneider Downs family lost a dear colleague with the unexpected passing of Michael J. Sluss. Mike was a senior manager in the Tax Advisory Services Group. Mike was respected for his outstanding technical expertise, and appreciated for his warmth and leadership as a mentor. He was 51 years old.

"Mike was a patient – incredibly patient – teacher who didn't mind getting out of his chair to help anybody who needed assistance. He was a very good communicator and enjoyed mentoring our younger people," said Gennaro DiBello, Tax Advisory Services shareholder. "He was a technician who always put the team first."

Mike joined Schneider Downs in 2000 and established himself as a valued tax advisor. He advised businesses and their owners in the areas of income tax, compliance and planning. He was much sought after for his insights into the firm's cost segregation practice. Mike cared passionately about the success of his clients, which included an array of corporations, partnerships and individuals.

"Mike was one of the smartest people I ever met, and he was a great teacher. I learned something from him every time we spoke," said Tess Harper, a tax senior. "He had this wonderful passion for

what he did, yet could be silly and was fun and easy to work with."

In addition to his professional accomplishments, Mike was an active member of the Pittsburgh Lacrosse Club, as well as the Pittsburgh Poetry Exchange. He was a valued board member for the Greater Pittsburgh Arts Council, and one of the first attorneys to join the Volunteer Lawyers

for the Arts program. He was a poet and a baseball fan, and we came to know that Mike cherished his weekly visits to his family's farm.

Mike received his B.S. degree from Allegheny College, and his M.B.A. from the University of Pittsburgh. Additionally, he received his M.S. in Taxation from Robert Morris University and his J.D. from Duquesne University. He was a member of the American Bar Association and the Pennsylvania Bar Association, and served on the

Finance Committee for the Allegheny County Bar Association.

"Mike will be missed immeasurably by his co-workers and clients, both for his tremendous work ethic and gentle spirit," said Paul Matvey, shareholder and head of the firm's Tax Group. "He made our firm a better place." ■



TOP STORY

For Nonprofits: Managing the Audit and the Auditors by Roy M. Lydic, Senior Audit Manager

As spring approaches, many financial professionals working in the nonprofit arena begin to turn their thoughts to the annual audit. This is particularly true for those who serve as the liaison between the agency and the auditors. Undergoing an audit can be an arduous process; however, it can be much easier when the liaison participates in the effective management of the audit. Rather than reacting to the requests of the auditors, and waiting for the auditors to ask questions, by taking a proactive approach, the liaison can significantly increase the efficiency and timeliness of the audit, while minimizing disruptions in an already hectic workday. This is best accomplished by being completely prepared when the auditors walk in the door.

An important first step in managing the audit process is to have a complete and accurate trial balance available prior to the start of fieldwork. The liaison should have all accounts reconciled and have supporting documentation available. Ideally, the auditor should not need to propose any adjusting journal entries based on the audit work performed. New auditing standards that recently went into effect make it clear that an external auditor is not a part of an entity's internal control. Therefore, if an auditor proposes even one adjusting journal entry, then the auditor is required to evaluate whether or not a significant deficiency or material weakness in internal control over financial reporting (as defined by Statement of Auditing Standards No. 112) exists. Significant deficiencies and material weaknesses in internal controls must be reported in writing to management and those charged

with governance (usually the audit committee of the Board of Trustees) in writing.

Management should also be fully prepared to explain what happened during the year from an operational standpoint. For example, assume that salaries expense decreased 18% from the prior year, but program revenues remained constant. Trust me; the auditors will ask for an explanation.

Be prepared to address inquiries and provide audit evidence to support your responses.

In a financial statement audit, the auditors will request schedules and analyses from management, some of which can be time-consuming to prepare. In the planning meeting, make sure you understand the objectives of the audit and co-develop ways in which detail schedules and analysis can be prepared and utilized in the audit. Understanding how these schedules and analysis may serve management as a tool to understand and document financial reporting may be an added benefit. A sound monthly closing process may already include most of the detailed schedules and documentation that an independent auditor would request during the audit.

Finally, when the auditors pack up and leave the field, insist on a meeting

with them to discuss what is outstanding, and what the auditors specifically need from you to complete the audit (get a comprehensive list), including timelines and expectations. Reducing the period of time between the end of fieldwork and report issuance is likely one way to make the audit more efficient and less burdensome on the organization.

As an auditor, I am always impressed when an audit is scheduled to commence and the client liaison is confident in his/her preparedness. Understand that both you and the auditor have a vested interest in your commitment to accurate financial reporting. ■

Roy Lydic is a Senior Manager with the Assurance Advisors. Roy has over 20 years of experience in public accounting. He possesses extensive experience with audit, review, compilation and tax engagements.

OnPoint is a publication of Schneider Downs & Co., Inc. The matters highlighted in this newsletter are presented in broad, general terms and, accordingly, cannot be applied without consideration of all the circumstances. The firm will provide additional details on matters discussed in this newsletter upon request, and will be pleased to discuss with clients or their attorneys the possible effects of these matters in specific situations.

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FEATURE ARTICLE

What to Do If You Become a Victim of Identity Theft *by Patrick Armknecht, Technology Advisors Manager*

An estimated 9 million Americans are victims of identify theft each year. Identity theft occurs when someone wrongfully obtains and uses another person's identifying information in some way that involves fraud or deception, typically for economic gain. The most common identifying information stolen includes Social Security, bank account and credit card numbers.

What should I do if I become a victim of identity theft?

According to the Federal Trade Commission, you should take the following actions if you become a victim of identity theft:

1. Place a fraud alert on your credit reports. Placing a fraud alert on your credit report will help prevent an identity thief from opening any more accounts in your name. You can contact any of the three consumer reporting companies (Equifax, Experian or TransUnion) to place a fraud alert on your credit report.

2. Close any accounts that have been tampered with or opened fraudulently. Call each company and cancel the account or accounts that have been affected. Ask the company for any forms that need to be completed to dispute fraudulent charges.

3. File a complaint with the Federal Trade Commission. You can file a complaint with the Federal Trade Commission by calling the Identity Theft Hotline at (877)

438-4338. They will provide you with information about how to complete an online Theft ID Complaint Input Form.

4. File a report with the police department.

Contact your local police to file a report about your identity theft. When you file your report, include a copy of the complaint that you filed with the Federal Trade Commission in the report. The combination of the FTC ID Theft

Complaint and your police report constitutes an Identity Theft Report. The Identity Theft Report will be beneficial if questions arise about your credit report in the future.

Identity theft can be a traumatic experience. More often than not, the time and expense associated with restoring your credit report and reputation exceed the frustration

associated with the theft itself. Hopefully, the actions identified above will help reduce your frustration if you become a victim of identity theft. ■



PATRICK B. ARMKNECHT
TECHNOLOGY ADVISORS
Business Development Manager

Patrick Armknecht has over 14 years of accounting and software implementation experience. His experience includes corporate accounting, internal audit, public accounting and technology consulting. He has worked with clients in the manufacturing, distribution, hospitality, nonprofit and professional services industries.

Joel M. Rosenthal Joins Schneider Downs



Schneider Downs is pleased to announce that Joel M. Rosenthal, CPA, has joined the firm as a shareholder and

practice leader for Schneider Downs Business Advisors.

Mr. Rosenthal will provide a new layer of leadership to the growing business advisors practice, particularly within the transaction side of the business.

Services within the practice include due diligence, business valuations, litigation and arbitration support and consulting for other major business transactions and transitions.

During his 20-year career, Mr. Rosenthal has earned a reputation as an insightful consultant in the area of specialized business advisory services, including inventory management, financing procurement, fraud prevention and investigation, business planning and due diligence for mergers and acquisitions.

Joel can be reached at (412) 697-5387 or jrosenthal@schneiderdowns.com. ■

What You Missed - Corporate Finance Seminar Recap

On May 14, Schneider Downs Corporate Finance hosted a Mergers & Acquisitions Seminar, "Building and Preserving Value in a Family Business" in Columbus, OH.

The panel consisted of Charles Penzone, Chairman, Debra Penzone, President, and Mary-Lynn Foster, Chief Operating Officer of The Charles Penzone Family of Salons; Bea Wolper, Board Member, Conway Family Business Center and Partner with the law firm of Chester Willcox & Saxbe; and Tricia Warrick, Managing Director of Schneider Downs Corporate Finance. Peter Lieberman, Managing Director of Schneider Downs Corporate Finance, served as moderator.

Mr. and Ms. Penzone, Mrs. Foster, Ms. Wolper and Ms. Warrick talked about their experiences with family businesses to an audience of more than 60 people. Mr. and Ms. Penzone, family business owners, talked about the brand stewardship, growth and core purpose of the Salon. Ms. Foster presented on building of trust as a family advisor, as well as leadership development initiatives and Ms. Wolper discussed her experiences consulting family business owners and the common roadblocks they face. Ms. Warrick, an investment banker, strategic advisor and family business participant, discussed five situations that commonly affect family businesses.

For information regarding either seminar, please contact Peter Lieberman at (412) 697-5364 or plieberman@schneiderdowns.com. ■

Q & A

Schneider Downs Wealth Management Advisors, LP *Question of the Quarter*

Q. Does the stock market perform better with Democrat or Republican in the White House?

It may be tempting for market timers to predict the relative strength of the stock market based upon which party's candidate moves into the White House next January. However, analysis suggests that this sole factor is not as predictive as it may appear.



Historically, the market has performed significantly better when the president is a Democrat rather than a Republican. In the 60-year period from 1948 through 2007, a Democrat has occupied the White House for six terms. The average annual S&P 500 Index gain during these years was 16.0%. In the 35 years in which there was a Republican president during this period, the market returned an annual average of 11.4%.

There are two key factors that one should weigh at least as heavily as who is president: the party that controls Congress and the nature of the policies, both fiscal and monetary, that are implemented during a presidency.

For example, President Clinton, who enjoyed strong market returns throughout most of his two terms, signed into law significant pro-growth legislation, including free trade agreements and a cut in the capital gains tax rate. The Republicans controlled Congress throughout most of his presidency.

Conversely, Richard Nixon, serving during a Democrat-controlled Congress, pushed

for legislation, such as price controls and a government-subsidized minimum income for all Americans, which are generally regarded as anathema to the markets.

Other factors, such as the globalization of the economy and the dramatic advancements in the flow of information, have worked to further diminish the direct control the president may have over the movement of the stock market. As U.S.-based firms increasingly interact with overseas customers, suppliers and shareholders, the net earnings of these companies are becoming less dependent upon current domestic conditions. In addition, foreign-based firms, generally outside of the influence of the president, increasingly are selling to, as well as investing in, American corporations.

It is true that the markets have historically performed better when there is a Democrat in the White House. However, while there are macroeconomic predictive factors that can give market analysts an edge, the simple party affiliation of the president is probably not one of them. ■

The preceding market information is based on historical data and does not represent the views of Schneider Downs Wealth Management Advisors.

SDANNOUNCES

SD NEWS

Schneider Downs Food Collection Campaigns

Our Pittsburgh and Columbus offices recently participated in different events in an effort to help feed the hungry. As part of the Scouting for Food campaign, Pittsburgh participated in a Bake Sale, Book/DVD Sale, and 50/50 Raffle while holding a month-long floor competition. This was Pittsburgh's best year, raising more than they ever have. As part of Columbus' Operation Feed Campaign, the Columbus office raised over \$100 just to see their Marketing Manager, Kim Phillips, dress up in a silly clown costume. But it didn't stop there...they also raised an additional \$100 to have Kim walk across the street to Starbucks while dressed as a clown. Last but not least, Kim Phillips and Shawn Edwards took several pies to the face Thursday afternoon to help support Operation Feed. What a sight it was!

New Hires

Our people are our greatest strength. We welcome our January, February and March new hires:

Mary Kate Bartley
 Autumn B. Castrillo
 William D. DeMarchi
 Benjamin DiGirolamo
 Brian K. Dougan
 David A. Dziubek
 Patrick W. Fisher
 Christopher M. Juzwick
 Brittany J. Lockerman
 Robert E. Mackey
 Amy M. Manett
 Cheryl E. Miller
 Kunaka B. Moto
 Kathleen L. Myers
 Kozo Okamura
 Scott R. Rain
 Lauren K. Rodgers
 Carl D. Scharf
 Erin F. Szymanski
 Dan A. Troppman
 Scott C. Walton
 Jaye S. Wilson
 Eric G. Wollenberg

W E L C O M E

Around SD

Operation Feed



Roy Lydic and Erin Abbott hit Kim Phillips and Shawn Edwards with pies to the face to raise money for Operation Feed in Columbus.

End-of-Season Tax Parties

On April 15, both offices sponsored end-of-season tax parties for all employees who worked so hard during the 2008 busy season. Pittsburgh's party was held at Roland's in the Strip District, and Columbus' party was at the Funny Bone Comedy Club at Easton Town Center. *Pictures courtesy of Craig Stolar.*



Staci Ziants and Mike Streza



Gina Walker and Mary Kate Bartley



Tricia Warrick, Theresa Sekeley and Ron Kramer

Columbus Women in Business Group Serves as YWCA Meal Host

On May 7, the Schneider Downs Women in Business Focus Group volunteered at the YWCA Family Center.

As a meal host, the group cooked and served food to approximately 50 women and children in need. The experience was both humbling and eye-opening, as a great deal of respect was gained for fellow women in the Central Ohio community.

Pictured (left to right): Cheryl Miller, Kim Phillips, Kim James, Teresa Grady, Carrie Giffin, Kathy Petrucci



CHANGE SERVICE REQUESTED

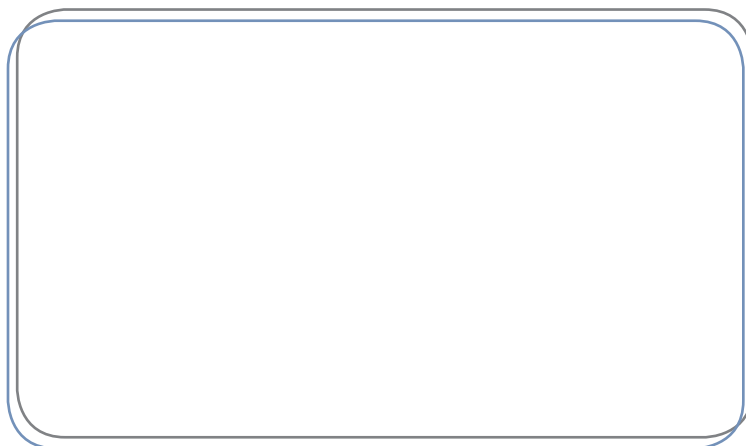
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PROFESSIONAL NEWS

Charles J. Conner, Creative Financial Staffing Director, attended the national CFS Conference where he was presented an award for "Most Improved Permanent Office of the Year."

Raymond W. Buehler, Jr., President and CEO, was named Chairman of IGAF North America.

Steven D. Thompson, Audit Shareholder, was on the Finance Committee for the Juvenile Diabetes Research Foundation's Rainbow Gala which raised over \$1.3 million for juvenile diabetes research.

Misty N. Parshall, Audit Manager, was appointed to the Board and Finance Committee of the Nine Mile Run Watershed Association.

Michael S. Collins, Assistant Director of Human Resources, introduced, on behalf of the PICPA, two financial literary assemblies at Seton-La Salle High School titled "Mad Money."

John H. Stafford, Technology Advisors Shareholder, attended Microsoft Convergence 2008 in Orlando, FL.

Tricia M. Warrick, Corporate Finance Director, passed the Series 7 and Series 63 Securities Licensing Exams. She also facilitated two strategic planning offsite meetings for the Association for Corporate Growth Pittsburgh Board.

Christina T. Bone', Business Office Member, received her Certified Accounts Payable Professional (CAPP) certification in April.

Nancy L. Bromall, Audit Shareholder, has been named a nominee to the PICPA Committee on Professional Ethics.

James B. Yard, Internal Audit Shareholder, was a guest speaker for the St. Vincent College MBA program presenting data mining.

Ann M. Giacobbi, Internal Audit Manager, presented a forum on implementing/improving Sarbanes-Oxley 404 compliance programs to the Westmoreland County Chapter of the Institute of Management Accountants (IMA).

Mary D. Richter, Tax Shareholder, was a speaker at the 62nd Annual Penn State Tax Conference in May.

Nicole D. Saldamarco, Internal Audit Manager, attended the 2008 General Audit Management Conference in Las Vegas in June.

Frank E. Dezort, III, Internal Audit Manager, and **Christopher Watson**, Internal Audit Senior, attended the 2008 Computer Audit Control and Security Conference in Las Vegas in April.