A Message From The President

Dear Members,

As another Holiday season arrives and a New Year is upon us, I would like to take a few moments to slow down and reflect.

As I think back over the year, I am thankful for all of you. The success of this Chapter depends on the contributions of time from the people who support it. So I thank all of you. For attending a meeting, reading the e-blasts and newsletter, for sponsoring an event, speaking at an event, being a volunteer, for connecting with us on social media or becoming a member.

Special thanks go to the LI Chapter Board and the Past Presidents. This is a special group of people who are dedicated to bringing good to the community and are selfless with their time.

We have implemented new programs dedicated to Young Professionals and continue to grow our student outreach programs. We encourage professional growth by offering information and a scholarship program for the Certified Management Program (CMA). Every month we help you grow with CPE eligible programs.

Stay connected with us by viewing our website http://longisland.imanet.org and connecting with us on LinkedIn - The Institute of Management Accountants (IMA) – Long Island Chapter, so you don’t miss what we have planned for you.

I wish you all a Holiday Season filled with Joy, Peace, Love, Family and Friends.

May the New Year bring each and every one of you opportunity and fulfillment.

~ Carmela
### 2019 Dinner Meeting Schedule

<table>
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<tr>
<th>Date</th>
<th>Topic</th>
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<tr>
<td>January 8, 2019</td>
<td>Leadership - Why Should People Follow You?</td>
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<tr>
<td>February 12, 2019</td>
<td>Interpreting Financial Statements – What Lenders and Other Users are Looking For</td>
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<tr>
<td>March 12, 2019</td>
<td>Exit Planning – What happens Next and How to Plan for it?</td>
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<tr>
<td>April 9, 2019</td>
<td>CEO Panel – Challenges Faced Inside and Around my Organization</td>
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<tr>
<td>May 14, 2019</td>
<td>Annual Financial Executive of the Year Event (FEY)</td>
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### Quarterly Breakfast Series

(Breakfast meetings are FREE to Members, $25 for Non-Members)

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<th>Date</th>
<th>Topic</th>
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<tr>
<td>January 22, 2019</td>
<td>Business Tax Credits and Incentives – Making Sure You Get What You Are Entitled To</td>
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<td>April 23, 2019</td>
<td>Human Resources – Training, Retaining and Managing in the Current Environment</td>
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<td>July 23, 2019</td>
<td>Performance Reporting- Is Your Organization Seeing the Full Picture to Maintain Profitability</td>
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### Thank You to Our Fall Sponsors

- [Deloitte](#) - [People's United Bank](#) - [BERDON Accountants and Advisors](#)
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- [SLAW](#) - [PBI Payroll](#) - [Bank of America Merrill Lynch](#)
- MARKS PANETH - [THE RAMPART GROUP](#) - [CITY NATIONAL BANK](#)

### Meeting Times

Please note the dinner meetings at The Mansion at Oyster Bay - 1 Southwoods Road, Woodbury, NY will now take the following format:

- 6:00pm to 7:00pm - Registration & Professional Networking
- 7:00pm to 7:30pm - Dinner Served
- 7:30pm to 8:30pm - Speakers / Q&A / Wrap Up
Volunteering time and/or services for charitable, educational, or other worthwhile activities is something many people choose to do. In my case, I was born into it.

My parents were very active in community service on a volunteer basis. My mother was president of the local PTA (Parent-Teacher Association) and a board member of the Interfaith Council. When I was young, their primary concern was discrimination in real estate in our section of Queens, N.Y., a borough of New York City.

My father was very active in our synagogue, men’s club, and building committee, which tripled the size of the building when I was 11 years old. He was involved in his lodge as a committee chair. When he retired from construction and moved to Florida, he became active in the local tennis club, eventually becoming president.

Not only was volunteerism in my DNA but so was leadership. The key to volunteering is understanding that you’ve made a commitment to perform to the best of your abilities. The compensation isn’t in money but in the very satisfying feeling you get from the completion of the activity you committed to. In many cases, the learning experience is worth more than any compensation you could have earned.

My IMA volunteer career began in 1976 when I transferred to the Long Island Chapter. My first assignment was associate special activities director. Ten years later I became chapter president, which truly was the beginning of my leadership skills development.

In 2016, I became IMA Chair. The leadership opportunities at IMA came faster than in my professional life. IMA provides great professional education, but, if you dare to take a chance, the leadership education can be priceless. You can learn all the skills of a management accountant and at the same time learn to be a leader in your company, community, family, and IMA. Try it; you’ll like it. I dare you.

Through volunteering, you can also achieve diversity of experience and thought. Starting in college, I volunteered at the Rider University radio station, which broadcast to the entire campus. In addition to being business manager, I had a rock music show and a sports late-night talk show, and I did play-by-play for Rider basketball games. I also cochaired an annual fundraiser for multiple sclerosis.

In addition to IMA (that story has been told), I have served on the board of the Coalition Against Child Abuse and Neglect. This was a real eye-opener since the organization was part of a multidisciplinary team of social workers, law enforcement, and medical personnel who handled victims immediately after an incident was reported.

As treasurer of the Huntington Arts Council, a little culture and fine arts entered my life. I was able to gain knowledge of the art world and appreciate the varying mediums used for self-expression.

I want to leave you with this: Compensation isn’t the issue—it’s your commitment to perform to the best of your ability. Once you make a promise, keep it.
IMA Student Activities - SBU Campus Visit

By: Marvin Rosen, VP of Student Activities

A year goes by very quickly, as the fall semester begins so does the IMA student event calendar. Each year, Stony Brook University holds a day where students get to see and hear about all the clubs on campus. This year, IMA Student Chapter President Rebecca Trentini and Dr. Christie Comunale gave myself, Tom Rosenthal, a Partner at Margolin, Winer and Evens, and Marc Palker at MPP Associates, the opportunity to speak in front of 80 students about the benefits of being an IMA student member and being a part of a professional organization with over 100,000 members worldwide.

Also speaking were Joyce from the SBU student placement center, Kimberly from accounting programs who stressed the importance of deadlines. The common thread of all the presentations is that early on college students should work on their personal branding, to differentiate themselves from other students for both internship and job. They also should work on their elevator speech – where in two minutes of meeting a prospective interviewer, you can give a capsule version of why you are a good candidate for the job.

We explained to the group what the IMA can do for student members. Beta Alpha Psi can take you through your college career, but the IMA will help you throughout your entire business career, for education, networking, and staying on top of all legal and technological advances.

Most major accounting firms will recruit on campus, but through IMA membership, attending monthly meetings and student events they will be exposed to small, medium and large accounting firms that offer both public and private accounting jobs, a lot of which that do not recruit on campus.

We explained to the students that we have had many success stories where students have attended our dinner meetings and student workshops, and when it came time to interview, for either an internship or a permanent job, many of the people that were interviewing them they had already met at an IMA meeting. It is always better that the first time you meet a potential employer is not on the job interview.

We look forward to an exciting year with many student activities events.
Young Professionals Bowling Night Event held November 29.
Thanks to Berdon LLP, Deloitte, Grassi & Co. for Sponsoring this Great Event.
On Tuesday, September 11th, we hosted our inaugural dinner meeting of the 2018-2019 chapter year. The CPE presentation was entitled “CFO Panel – A Discussion on Working Together with other Key Departments”. Our panelists included Diana Cecchini, CPA, MBA, Chief Financial Officer and Vice President of Finance, Korg USA, Thomas P. Pohmer, CMA, Vice President and Chief Financial Officer, P.C. Richard & Son, and Vincent Palazzolo, CPA, Chief Financial Officer, CPI Aerostructures, Inc.

It was a very interesting discussion, as our panelists represented different ownership structures, industries and business models: a family owned Japanese musical instrument and equipment distributor, a family owned regional electronics and appliance retailer currently under the leadership of the fourth generation, and a publicly owned defense contractor, respectively.

The presentation was conversational in nature and we spoke about numerous situations requiring the need to communicate and work across departments, all while remaining flexible and able to adapt, in order to ensure a successful resolution of the issues. And while healthcare costs and the changing rules of compliance continue to keep CFOs up at night, coming as no surprise, we can add the ever increasing threat of a cyber security breach to the list as well.

We wrapped up the evening with a robust Q&A from the audience. The main takeaways were the need for open communication, flexibility and continuous learning, not only in the specific area of accounting and finance, but also the issues, systems and processes relevant to the organization, both internally and externally.
September Dinner Meeting
What Accounting and Finance Professionals Need to Know About Disruption and Emerging Technologies

The October 2018 dinner meeting titled “What Accounting and Finance Professionals Need to Know About Disruption and Emerging Technologies” was presented by Michael Baccala and Pierre-Alain Sur from PWC. A Washington University Study estimates that 40% of Fortune 500 and S&P 500 companies won’t exist in 10 years. This staggering statistic forces us to examine how we look at the disruption of current business models. The three pillars of successful disruption in the model are emerging technologies, disruption business models and unskilled people. There are many forms of emerging technologies including Virtual Reality, Blockchain and Robotic Process including Automation and Artificial Intelligence (AI).

The hot topic of AI was discussed in greater depth. AI has the ability to Sense, Think and Act. AI has the ability to see, hear, speak, smell, feel and understand gestures amongst other skills. It has the ability to think and by doing so it helps us to do tasks faster, better and cheaper. It assists in helping us make better decisions. AI is also equal to or surpassing humans in other tasks including game playing and driving cars.

AI is becoming an essential component in data analysis. AI can be used to analyze historical data to summarize what happened. It can further use this data to identify causes of trends and outcomes. In looking to the future, AI is used to predict future outcomes based on the past and future simulations. Using this data, it can recommend the option actions to be taken. AI has the ability to analyze transactions in just milliseconds, identifying areas of greatest risk. One example given was a leasing application developed which combines several technologies to address data challenges in reviewing large leases. This application is a workflow enabled mechanism used to extract, review, analyze and action of unstructured data. It has been found that by using this application there is a 50% reduction of information extraction in reviewing the document.

There is so much more to learn about AI, PWC concluded with its AI predictions for 2018:

- AI will impact employers before it impacts employment
- AI will come down to earth – and get to work
- AI will help answer the big question about data
- Functional specialists, not techies, will decide the AI talent race
- Cyberattacks will be more powerful because of AI – but so will cyber defense
- Opening AI’s black box will become a priority
- Nations will spar over AI
- Pressure for responsible AI won’t be on tech companies alone

We thank Michael and Pierre for sharing their extensive knowledge on the subject.
October Dinner Meeting
November Dinner Meeting

Managing Partners Discuss Challenges in Today’s Economy and Workplace

Our November dinner meeting held November 13, 2018 at the Woodbury Country Club, our last at this venue, was attended by approximately 120 people which included 20 students who stayed for dinner following our annual student event. Our panelists Carolyn Mazszenga (Marcum), Michael Sabatini (Citrin Cooperman), Thomas Novak (Sheehan & Co) and Andrew Kubrick (Marks Paneth) provided insight to the challenges they face. In the area of acquiring talent, the Managing Partners discussed how the see saw has changed. Instead of employees adapting to their employer, the employers are adapting to their workers. Work life balance, full and part time, benefits and working remotely were the primary items shared by each firm. The firms selected were diverse as to size, footprint and areas of expertise.

The scariest portion of the program came when the partners discussed the responsibility of maintaining security of the data in their possession belonging to their clients. Mike Sabatini stated, “that after human capital and rent, IT is their next biggest expense.” So, in addition to keeping current on IT and Cyber Security to advise their clients, they must invest in their own infrastructure to protect client’s data.

The panel discussed the reduction in audit services as a percentage of total revenue as advisory services increases. Audit fees are very competitive and tied to compliance issues. Advisory services present opportunities that are endless and have gone outside the box of accounting and tax.

We hope to see you next month on MONDAY, December 10, 2018 at the Heritage Club in Bethpage.
Understanding the Impact of the New Revenue Recognition Standard

By: Ian Alberts, CPA and Marcy Greenfield, CPA from Berdon LLP

The biggest change to accounting rules in over a decade is on the horizon and most privately owned businesses may not be prepared for new converged revenue recognition standards, Accounting Standards Codification, Revenue from Contracts with Customers (ASC 606), and International Financial Reporting Standard (IFRS) 15.

IS YOUR COMPANY READY?

BACKGROUND BRIEFING

After 12 years of collaboration, the Financial Accounting Standards Board (FASB) and European counterpart, the International Accounting Standards Board (IASB), realized that there were significant differences in the way each accounted for revenue and that both systems of revenue recognition needed improvement. As a result, the FASB and IASB determined that both systems would benefit from fewer inconsistencies, as well as standardization across industries and jurisdictions, with the issuance of converged revenue recognition standards ASC 606 and IFRS 15, in September 2014.

The FASB and IASB set forth five goals for the new standards:

- Removal of inconsistencies and weaknesses in revenue requirements.
- Delivery of a more comprehensive framework for addressing revenue issues.
- Comparability improvement of revenue recognition practices across entities, industries, jurisdictions, and capital markets.
- Provision of more useful information to financial statements users, through improved disclosure requirements.
- Simplification of the preparation of financial statements, by reducing the number of requirements to which an entity must refer.

According to the FASB, the new standard’s core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standards took effect for publicly held companies for annual reporting periods after December 15, 2017. Currently, reports indicate that implementation has been, according to Hortonworks CFO Scott Davidson, “a heavy lift” that has been costly and has required changes in systems and internal and external reporting.

WHY?

The FASB and IASB efforts to streamline the process of tracking revenue was in need of standardization, given the variables involved (differing subscription models, warranties, product and service bundling, rebates, and termination fees, just to name a few). The FASB explains that previous revenue recognition guidance consisted of broad revenue recognition concepts with numerous requirements for different industries and transactions. The new standardization makes it easier to compare reported revenue on financial statements across companies and decreases the differences in accounting for economically similar transactions.

Nonpublic companies should apply the new revenue standards to annual reporting periods after December 15, 2018, as well as for interim reporting periods within annual reporting periods after December 15, 2019. These accounting changes are reputed to be the most significant accounting reforms since the Sarbanes-Oxley Public Company Accounting Reform and Investor Protection Act of 2002, wherein the major difference is that Sarbanes-Oxley applied only to publicly held corporations and these new standards encompass private companies.

Since the new standards directly affect revenue—the lifeblood of every company—they will have a significant impact on financial statements, and potentially, your bottom line.

In addition to the toll that implementation of these standards will have on compliance and accounting departments, there is potential for the impact to extend to legal and human resources, as well as sales, marketing, and IT departments.

THE FIVE STEPS OF ASC 606

In order to comply with the new revenue recognition standards, companies should take the following steps:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when or as the entity satisfies a performance obligation.
Additionally, when transitioning from ASC 605 / SAB 104 to ASC 606, it is essential for companies to review their existing sales contracts to ensure that they are legally enforceable.

Since we have covered the basics, we will now look at how these new standards play out in practice—from customer contracts to warranties.

**CONTRACTS**

The first thing to keep in mind is that while the new revenue standards apply to all customer contracts, they will not affect financing arrangements, insurance contracts, or leasing agreements, which are already covered under existing FASB and IASB standards. However, the new revenue recognition standards will apply to contract modifications, such as a change in the scope and/or price of a contract that is approved by the parties to that contract.

Under current generally accepted accounting principles in the United States (GAAP), little guidance is provided on how to account for changes in contracts. The primary change under ASC 606 is that a contract modification may now be treated as a separate contract, when both the scope and price of the contract are increases for distinct goods and services which are added to a contract at the vendor’s stand-alone price.

**VARIABLE CONSIDERATION**

ASC 606 does away with the “sell-through” method that was commonly used under GAAP to account for variable consideration (i.e., how discounts, credits, rebates, refunds, or price concessions can affect transaction price).

Under ASC 606, businesses will use either the “expected value” or the “most likely amount” approaches, allowing manufacturers to account for revenue from distributors earlier than would have been under the “sell-through” method, whereby manufacturers had to wait to record revenue until their products were sold to end-users.

**WARRANTIES**

Products are often sold with warranties that promise protection in the event they are defective during a set time frame after the customer’s initial purchase. Under the new revenue recognition standards, manufacturers will be required to distinguish between assurance warranties (i.e., those that provide a guarantee that the product will work) and service warranties that represent a potentially additional service the manufacturer must provide to the customer (i.e., an extended warranty that provides the customer with a repair guarantee should the item malfunction).

Under current GAAP, warranties that are not independently priced are generally not accounted for separately. Under ASC 606, a distinction must be made between warranties that obligate the manufacturer to provide an additional service (i.e., service warranties), which must be accounted for separately, and assurance warranties, which do not.

Enough emphasis cannot be placed on the fact that the changes required for ASC 606 are far-reaching. With only a month to go before the new revenue recognition standards go into effect, now is the time to act.
The Long Island Chapter of the Institute of Management of Accountants was charted in 1951 by the then National Association of Cost Accountants (“NACA”). Over the years the name was changed to the National Association of Accountants (“NAA”) and now is known as the Institute of Management Accountants (“IMA”). Harold Nohe was the first President of the Long Island Chapter.

In 1970 the Long Island Chapter was split into two Chapters, one in Nassau and one in Suffolk. The first President of the Suffolk Chapter was Paul Urban. The two Chapters co-existed until 1986. The two Chapters met the second week of the month with Nassau meeting on Tuesdays and Suffolk meeting on Thursdays. There were numerous members who attended both meetings.

In 1984 and 1985 both Chapters experienced a decline in membership and meeting attendance. A committee was formed of Donald Green and Marc Palker from Nassau and Eric Perlman and Charles Schreiber from Suffolk. In 1986 with the permission of the National Office and the Board of Directors, the two Chapters were merged to reform the Long Island Chapter. Donald Green was the first President of the reformed Long Island Chapter.

In 1987 the Past Presidents met to decide how best to help the Chapter prosper and grow. From these meetings the Financial Executive of the Year Award was born with the first recipient being Sanford Weintraub, CFO of Independent Election Corp of America. This award still exists today and is named after the man whose idea became the finale of our Chapter year, The Milton Zipper Financial Executive of the Year Award Dinner.

As they say, the rest is history………………..