

The ABCs of Accounting for Marketing Professionals

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Agenda

- Service Offerings
- The Big 3 Financial Statements
- The ABCs - Accounting Acronyms
- Certifications
- Firm Metrics
- Accounting Industry Trends



Service Offerings



Service Offerings

- Audit & Accounting
- Tax
- Consulting
- Wealth Management
- Information Technology



Audit & Accounting

- Audit
 - Highest level of assurance
 - Includes 401k audits
- Review
 - Some assurance
- Compilation
 - No assurance
- Bookkeeping



Users of Financial Statements

- Investors
- Creditors
- Government
- Bonding companies
- The company



Tax

- Individual/Corporate/Partnership
- Compliance vs. Planning
- SALT
- International



Consulting

- Business valuations (BV)
- Litigation support (“related” to BV)
 - Expert witness – related to financial calculations and valuations
- Merger & Acquisitions (M&A)
- Benefit Plan Administration
- Forensic accounting



Consulting

- Research & Development tax credits
- Cost Segregation Studies
- Sarbanes-Oxley



Wealth Management

- Separate legal entity
- Financial planning vs. asset management
- Registered investment advisor



Information Technology

- Separate legal entity (sometimes)
- Internal network administration and external consulting
- Genesis is QuickBooks



The Big 3 Financial Statements



The Big 3 Financial Statements

- Income Statement
 - Shows historical information
 - Inflows – Outflows = What's Leftover
- Balance Sheet
 - Snapshot of a point in time
 - Assets = Liabilities + Owners Equity
- Statement of Cashflow
 - Explains flow of cash from 1/1 to 12/31



The ABCs of Accounting Acronyms



Accounting Acronyms

- GAAP
 - Generally Accepted Accounting Principals
 - Accounting Rules
- FASB
 - Federal Accounting Standards Board
 - Create GAAP



Accounting Acronyms

- **GASB**
 - Governmental Accounting Standards Board
 - GAAP for state and local governments
- **SOX**
 - Enhanced standards for PubCos
 - Section 404 – controls testing (IT, fraud, etc.)



Accounting Acronyms

- IFRS
 - International Financial Reporting Standards
 - What is convergence (GAAP and IFRS)?



Certifications



Certifications

- CPA – Certified Public Accountant
 - State regulated
 - 150-hours in most states
 - Pass exam and 2-years experience
- CVA – Certified Valuation Analyst
 - CPA and membership in AICPA
 - NACVA training
 - Pass exam



Certifications

- PFS – Personal Financial Specialist
 - CPA and membership in AICPA
 - 250 hours of experience
 - Financial planning for 3 years prior
 - Pass exam
- CFP – Certified Financial Planner
 - CFP registered educational program
 - Bachelors degree
 - Pass exam and 3-years experience



Certifications

- CFE – Certified Fraud Examiner
 - Bachelors degree
 - Pass exam and 2-years experience
- ABV – Accredited Business Valuation
 - AICPA administered
 - CPA and member of AICPA
 - Pass exam and certain level of experience



Firm Metrics



Firm Metrics

- Net Fees, WIP and Realization

Example of Jane Smith:

1600 hrs @\$150/ hour =\$240,000

Firm bills \$200,000

Net fees = \$200,000

Realization = 83% (\$200k/\$240k)

WIP (work in process) = dollar amount in time and billing system between billing cycles



Firm Metrics

- Billable hours vs. total hours
- Utilization
- Net fees per partner
- Ratio of staff-to-partner



Firm Metrics

- Net income per partner
- Partner income as a % of fees
- Service mix



Accounting Industry Trends



Accounting Industry Trends

- Technology
 - Paperless
 - Workflow software
- Outsourcing
 - Myths
- Staffing
 - Layoffs vs. replacing



Accounting Industry Trends

- Succession
 - Fewer than 1 candidate per retiring partner
- M&A
 - Less because of economy
 - Buyers market
- Marketing
 - Over 50% increasing marketing/sales to deal with economy



Questions?

