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A SURVEY OF FINANCIAL REPORTING

By

Grace Anne White

A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of
the requirements of the Sally McDonnell Barksdale Honors College.

Oxford, MS

May 2021

Approved by:



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ABSTRACT

This thesis is a series of case studies that addresses multiple accounting topics and issues. Accounting majors in the Sally McDonnell Barksdale Honors College have the opportunity to take two classes during their junior year with Dr. Vicki Dickinson that consist of twelve different case studies. Independently, the case studies vary in substance from an Excel Course and interviews to analyzing a public company's financial statements. One of the twelve case studies was completed during her class held on Wednesday nights. Each case consists of its own title page, table of contents, and works cited. Since each case study is completely independent, it is more appropriate to include the works cited with each case instead of at the end of the Thesis.

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CASE 1: A TALE OF TWO CITIES
BIRMINGHAM, AL VS. NASHVILLE, TN

By
Grace Anne White

September 25, 2019

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INTRODUCTION

With much thought and consideration, I narrowed my two cities to Nashville, Tennessee, and Birmingham, Alabama. I picked these two because I have a sister living in Birmingham and another one living in Nashville so no matter which city I end up, I will have some family there. With that being said, I have visited both cities several times. These two cities have many similarities, both being in the South; however, they also have very many differences. Growing up in small-town Natchez, Mississippi with a population of almost 14,000 citizens, I wanted to move and live in a larger city. Both cities are substantially larger than what I am used too and have many industries, school districts, and activities.

While working on *The Tale of Two Cities* case, I researched and learned about Birmingham and Nashville. This case made me dive deeper than wanting to live somewhere that is “a cool place to live”. I learned about each cities’ industries, geography, tax rates, public transportation, health care, crime, and the cost of living. With both cities being metropolitan areas, it was hard to get exact answers to some of the questions. In concerns to living arrangements and schools, I would most likely move to a suburb to live in a good school district and not pay as much rent as living in the city.

I learned that the state of Tennessee does not have state or local tax. I learned that public transportation is available everywhere. I learned that “Music City” has other major industries. I found organizations to get involved in both cities. I was surprised to learn that Birmingham is much smaller than Nashville and has a higher crime rate.

POPULATION

Nashville is much larger than Birmingham with a little over 660,000 people living in the city limits and more than 1.9 million people living in the Nashville metropolitan area, which includes 14 counties. Birmingham is almost half the size with about 217,000 people living in the city limits and 1.1 million living in the metropolitan area, consisting of seven counties. Both are much larger than the town I grew up in-- Natchez, Mississippi. Growing up, I had to travel out of town for an assortment of things such as going to the orthodontics and other various doctors; in both cities, I will have all the necessities close to me.

CLIMATE AND GEOGRAPHY

Birmingham and Nashville's climate are very similar to Mississippi's climate. In Birmingham, the average summer high is around 90 degrees, while the winter low is around 32 degrees. Like Mississippi, Birmingham has long, hot summers. Unfortunately, fall and spring are not very long; only about four months of comfort climate. During the summer, it is very hot—more than 51 days over 90 degrees a year. Regards to snow, it only averages 1 inch a year which is nice to not have to worry about snow. According to the website Best Places, Birmingham averages 0.1 days where the low falls below 0 degrees. Growing up in Mississippi, I am very used to the hot, humid days so I will not have to adjust much to the climate in Alabama.

Nashville and Birmingham are similar in climate. Nashville's summer high is around 89 degrees while the winter low is around 27. According to the website Best Places, Nashville receives 4 inches of snow, 38 days where the high is above 90, and there are 84 days annually that fall below freezing.

Climate and geography go hand in hand, Tennessee is more north than Alabama; therefore, it gets cooler in the winter. Birmingham is centrally located in northern Alabama and has many hills, mountains, and the city lies in the Jones Valley. Many beautiful landscapes are around Birmingham. Within an hour and a half from Birmingham, you are around Alabama's largest state park, the Sipsey River, the Cahaba River, and Smith Lake. Where Birmingham is surrounded by mountains, Nashville is on the Cumberland River and located in the Central Basin which is a low, flat, and fertile region. Being the capital of Tennessee, Nashville is located in middle Tennessee. In terms of area, Nashville is one of the nation's largest cities. Both cities are beautiful in different ways. Nashville's beauty comes from the city itself, the buildings and lights. While Birmingham's beauty comes from the nature surrounding the city.

PICTURES

On the left is the Nashville Skyline and Cumberland River, and on the right is the photograph *Surreal Sunsets Are Guaranteed at Ruffner Mountain—Birmingham, AL*



TAX RATES

If I worked in Birmingham and made \$55,000 a year, I would most likely bring home \$42,503 after taxes. According to SmartAssets, income tax would be \$12,497; Sales tax \$1,488; Fuel tax \$237, and property tax \$1,623; totaling to \$15,844 estimated tax burden. Federal tax, state tax, and local income tax are 22%, 5%, and 1% respectively. Birmingham's estimated state income tax is \$2,340 (Alabama Income Tax Calculator).

Unlike Birmingham, Nashville does not have a state, or a local tax and federal tax stays the same at 22.00%. If I made \$55,000 a year, after taxes, I would bring home \$45,393. If I was to make \$55,000 a year, I would pay \$13,718 total in taxes--income (\$9,607), sales (\$1,470), fuel (\$228), and property tax (\$2,413) (Tennessee Income Tax Calculator). Overall, I would pay less taxes in Nashville than I would in Birmingham.

TRANSPORTATION

The largest airport in Alabama is located in Birmingham, Birmingham-Shuttlesworth International Airport, offering flights to 48 airports. Birmingham also has rail transportation for passengers. Birmingham offers Amtrak, Greyhound, MegaBus, and MAX transit (Birmingham Transportation & Infrastructure).

Unlike Alabama, Tennessee has five commercial airports—the largest being the Nashville International Airport. The airport operates more than 530 arrivals and departures daily whereas Birmingham only offers 130 daily flights. City buses are the main public transit. Nashville also has a light rail system in the city (Travel and Transportation Information).

For both cities, an airport is located in the city so it will be convenient to travel. Nashville will be able to offer more direct flights, but Birmingham can transport you to major airport hubs like Atlanta. Since I am driving distance to both cities, air travel is more important to me than public transportation because I will be able to drive everywhere within the city.

INDUSTRIES

Over the past several years, Nashville has grown tremendously. While the population steadily keeps rising, the cost of living is 3.3% less than the national average. Many major companies and corporations have headquarters in Nashville. Health care management, automobile production, finance, higher education, insurance, music production, printing and publishing, technology manufacturing, and tourism are major industries in Nashville (Statistics & Facts). A few corporate headquarters in the Nashville region include Nissan North America HQ, Dollar General Corp., Caterpillar Financial, Tractor Supply, and Vanderbilt University (Corporate Operations). The five largest companies include Vanderbilt University Medical Center, Nissan North America Headquarters, HCA Healthcare Inc., Vanderbilt University, and Saint Thomas Health, respectively. The employees hired range from roughly 20,000 employees in Vanderbilt Medical School to about 6,000 employees working for Saint Thomas health (Corporate Operations).

As well as Nashville, the industries in Birmingham are growing. What was once an industry that solely depended on iron and steel, now relies on the medical industry (Birmingham: Economy). Other than health care, Birmingham's industries include trade, finance, research, and government. The five largest companies in Birmingham based on

the companies with the most current employees that are headquartered in Alabama include Encompass Health, Regions Bank, The University of Alabama at Birmingham, BBVA Compass, and Vulcan Materials, respectively (Kolmar).

Being much larger in area and population, Nashville has more industries and corporations than Birmingham.

HEALTHCARE AND SCHOOL DISTRICTS

In concerns to healthcare, Birmingham and Nashville both have highly rated medical schools—The University of Alabama at Birmingham School of Medicine and Vanderbilt University School of Medicine. I would feel comfortable living in both cities because both have reputable hospitals.

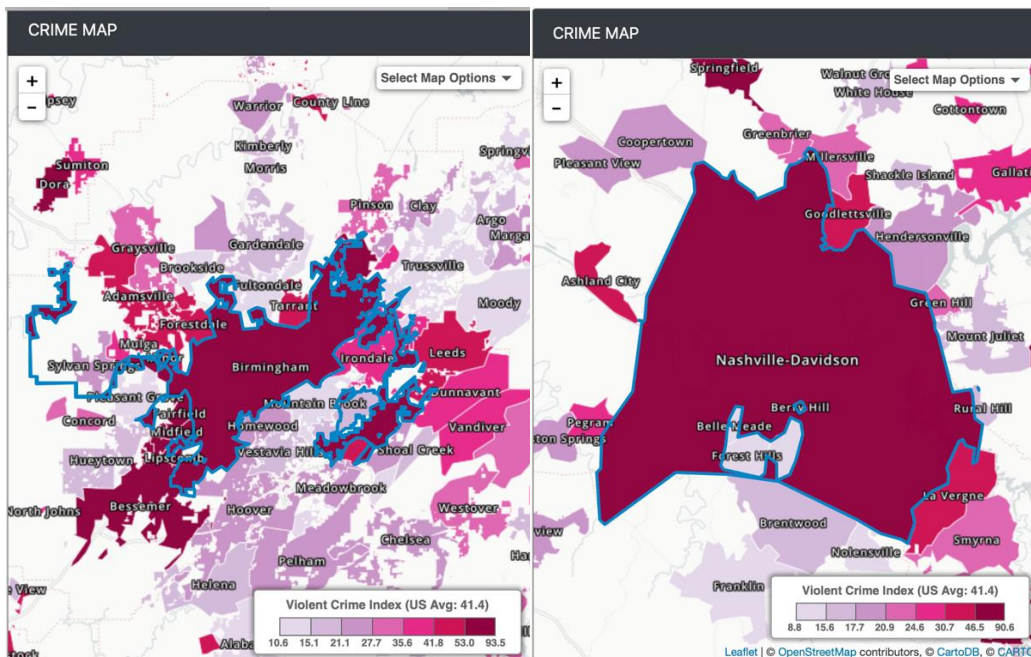
If I was to send my children to school in Birmingham, I would move to the Mountain Brook City District because it has highly rated public schools. Mountain Brook has a public elementary, junior high, and high school. The elementary school averages 75 children per grade; while the high school (10th-12th) averages 354 students per grade. The only negative is that the cost of living in Mountain Brook is 68% higher than the national average; however, it evens out because the cost of living pays for your children to have a good education (Best Places).

On the other hand, if I was to send my children to school in Nashville, I would send them to Christ Presbyterian Academy because it is a smaller, religious private school that starts in Pre-Kindergarten and finishes with twelfth grade. The children will be able to grow up with the same classmates and will be able to know everyone in their grade since it averages 89 people per grade (Best Places).

Since both cities have numerous public and private schools to choose from, I would feel comfortable sending my children to either of these schools. In Birmingham, my cost of living would increase to send my children to Mountain Brook schools, and in Nashville, I would be able to have children attend a Christian, smaller private school.

CRIMES

According to Best Places, the US violent crime average is 22.7 and property crime is 35.4 (1 being low and 100 being high crime). In Nashville, violent crime is 54.6 and property crime is 53.3; while Birmingham violent crime is 75.2 and property crime is 89.0. Below, I have attached two maps of crimes from BestPlaces in Birmingham and Nashville showing which locations to avoid.

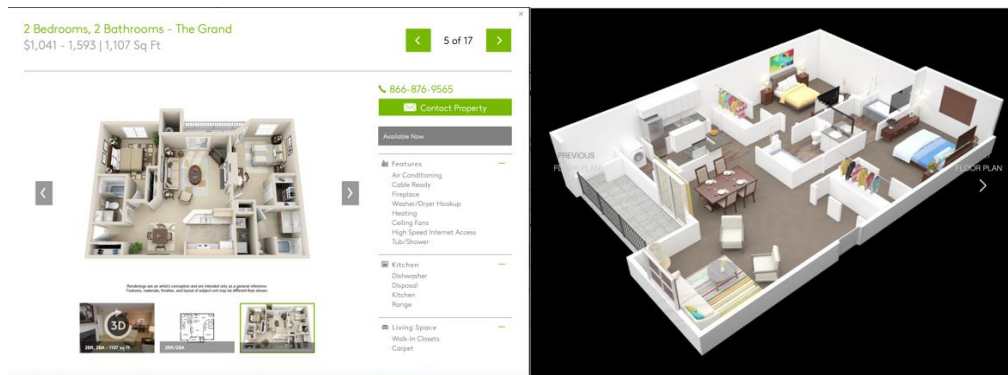


LIVING ARRANGEMENTS

Right out of graduate school from the University of Mississippi making \$55,000 a year, I will need to rent an apartment, and I will need a roommate. Since I want to live in a low-crime part of the Birmingham metro area, I would live in an apartment in Homewood. I found an apartment on Apartment.com that is 1,107 square feet and ranges from \$1,041-\$1,593 with two bedrooms and two bathrooms. The apartment comes with a washer and dryer, ceiling fans, high-speed internet, dishwasher and disposal, a fireplace, and parking. Since it comes with a washing machine and dryer, I will be able to do my laundry in the comfort of my home.

Like living in Homewood because it is a safe part of Birmingham, if I was apartment shopping in Nashville, I would choose to live in Brentwood because it has low crime. I found a two-bedroom, two-bathroom apartment that is 1,176 square feet available for rent that ranges from \$1,590-\$2,211. This apartment complex, The Estates at Brentwood, has a fitness center, a swimming pool, an outdoor entertaining area for all the residents. In each apartment, a washer and dryer, dishwasher and disposal, parking spot, and high-speed internet are included (apartments). Below, I have included pictures of both properties from apartments.com.

Whether I am in Nashville or Birmingham, my typical mode of commuting will be driving to work. In Birmingham, the average one-way commute is 22 minutes, and the average one-way commute in Nashville is 25 minutes (BestPlaces). I will also do my laundry at my apartment, and I will grocery shop at Hometown Supermarket in Birmingham and The Fresh Market in Brentwood.



Birmingham (Homewood)

Nashville (Brentwood)

EXTRACURRICULAR ACTIVITIES

I will never be bored in either city because Birmingham and Nashville both have numerous recreational activities. Just to name a few, Birmingham offers hiking and zip-lining in Red Mountain Park, biking at Oak Mountain State Park, attending Birmingham Barons baseball games, and walking around the Birmingham Zoo (25 excellent).

Nashville is home to several sporting teams the Tennessee Titans football team, the Nashville Predators hockey team, and the University of Vanderbilt sporting events. If I lived in Nashville, I would be able to attend NFL football games, NHL hockey games, and any SEC sporting event. As well as sporting events, Nashville also Nashville Shores waterpark and Treetop Adventure Park and the Nashville zoo (Nashville Music City).

In Birmingham and Nashville, I can get involved in a couple of organizations such as Catholic Charities and Ronald McDonald House. Currently, I am involved in many fundraisers for St. Jude Children's Research Hospital. Although St. Jude is located in Memphis, Tennessee, I can always donate and/or raise money for the research hospital no matter where I am living. In both cities, I would like to be involved in the catholic church. In Birmingham, I can get in contact with the Catholic Diocese of Birmingham, as well as in Nashville, I can get in contact with the Diocese of Nashville.

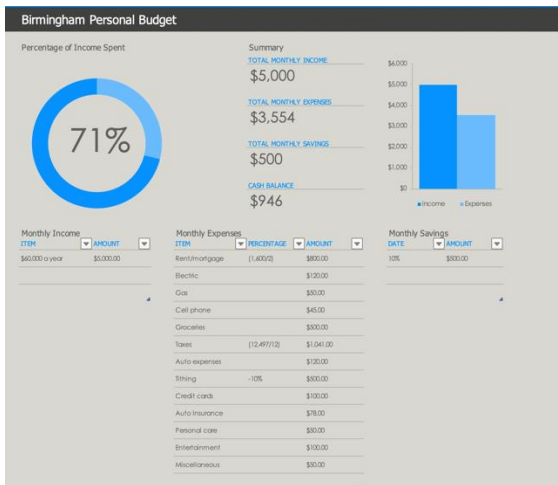
TRAVELING HOME

Currently, my family lives in Jackson, Mississippi which is driving distance from both Nashville and Birmingham. From Nashville, the drive is approximately six and a half hours. From Birmingham, the drive is a little under four hours. I would not incur much cost because I would only have to pay for gas which costs around \$40 at most to fill up my car with gas and drive to Jackson.

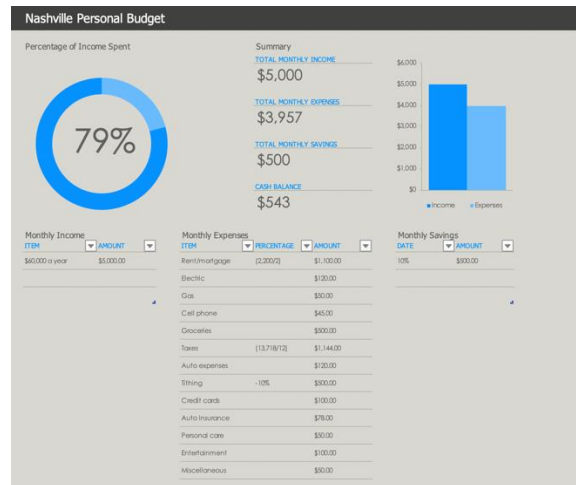
MONTHLY BUDGET

If I was to make \$60,000 a year during my second year of working, I would make \$5,000 a month. To save money, I will have a roommate in both cities. Below, I have prepared two monthly budgets excel sheets for both cities. The data from rent and taxes comes from page 6 and page 10 of this case.

Birmingham:



Nashville:



CONCLUSION

After researching and learning about both cities, my preference in location is Birmingham, Alabama. Not only is it cheaper to live there, but also it is closer to home. Healthcare was not a concern since both cities have prevalent medical schools and hospitals. Transportation was also not a big concern because both have airports. Although Nashville's airport is larger, Birmingham's airport is efficient and can fly me to major connecting airports. Other than Nashville having a little more snow than Birmingham, I was surprised at how similar the climates are since Tennessee is more northern than Alabama.

After preparing a monthly budget for each city, I realized how much money I would approximately spend a month. The cost of living in Nashville is greater than in Birmingham. Despite Nashville not having state or local tax, the tax rates are still higher than Birmingham. Annually, I would approximately spend \$12,500 for taxes in Birmingham and \$13,700 for taxes in Nashville. Apartments are also more expensive in Nashville than Birmingham.

Birmingham is smaller than Nashville; however, it is large enough to have all the necessities. It may not have as many industries as Nashville but has prevalent industries and large corporations for the state of Alabama. With Nashville only being two and a half hours away, I will be able to visit Music City as often as I want.

I look forward to finding an internship in Birmingham this year. Since High school, I have been wanting to move to Birmingham because I thought it was a "cool city to live in." This case study affirmed that it is, in fact, a cool place to live in, but also a feasible place for me to live right out of college.

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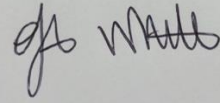
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OLE MISS HONORS CODE

“On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this case study.”

Signature:

A handwritten signature in black ink on a grey rectangular background. The signature appears to be "J. W. White" written in a cursive style.

CASE 2: EXCEL CRASH COURSE

October 2, 2019



*The Board of Directors of the
Corporate Finance Institute® have conferred on*

Grace Anne White

*who has pursued studies and completed all the
requirements for the certificate of*

Excel Crash Course

*with all the rights and privileges
pertaining to this certificate.*



*Certificate number
13853522*

Tim Vipond
Chair of the Board

Scott Powell
Director

Lisa Dalian
Director

Oct 2, 2019

CASE 3: BREXIT

By

Grace Anne White

Honors Accounting 420

Teacher: Dr. Dickinson

16 September 2019

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INTRODUCTION

Before Wednesday, I did not know much about Brexit other than *Britain* wants to *exit* the European Union. I did not understand why the British would want to leave the safety and securities of the European Union until watching *Brexit—The Movie*. This case study had me research about the pros and cons of Brexit and the effect Brexit has on businesses. While *Brexit—The Movie* informed me about why the European Union is “an economic basket-case,” further research taught me that the EU has positives as well.

Before this case, I thought it was unwise for Britain to leave the EU. After watching the film, I learned that Brexit is much more than just leaving the European Union; it is leaving hundreds of thousands of rules and regulations being made by superiors without the say of the people. According to *Brexit—The Movie*, the British are outraged because they do not understand who is in charge; they have no say in the laws being passed, and the people want democracy. Initially, the EU was formed as a trade deal—to abolish trade barriers with twenty-eight European countries. However, the British saw that the EU became more than a trade deal, it was “turning into a dictatorship” (*Brexit—The Movie*). While it may be nice for European citizens to have cheaper international mobile phone bills and avoid customs when entering another European country, leaving the EU has several disadvantages as well as advantages.

According to the movie, the European Union creates barriers to the rest of the world. Instead of wanting the citizens to have better, cheaper products from Japan or anywhere; the parliament issues tariffs, quotas, and complex drafted regulations on foreign products. The people are suffering because they have to pay more for a lesser quality product that was manufactured in the EU.

BACKGROUND INFORMATION

On November 1, 1993, the European Union was officially founded. In 1973, the United Kingdom joined the Union. In June 2016, 52% of the British people voted to leave the EU—17.4 million people (EU Referendum Results). The European Parliament has declined Brexit thrice. After three years of uncertainty, the deadline for Britain to make a deal with the European Union to withdraw is October 31, 2019.

In the 19th century, Britain was the strongest economy in the world. After World War I, industries became restricted. When the war was over, the government removed the regulations because there was no more need. After WWII, the government did not give back the power to the people. Industries were heavily regulated, and competition dissolved. A few regulations include 65 involving a bathroom, 1,246 on bread, 12,653 on milk, 172 on mirrors, 454 on towels, 625 on toasts (The Movie). With these few examples of regulations on household items, can you imagine the regulations concerning a business?

PROS OF BREXIT

Large corporations and firms want to stay in the European Union because the regulations make it difficult for smaller businesses to be successful (The Movie). A recent YouGov poll discovered that 93% of big businesses voted to remain in the EU while small businesses voted 47% to stay in the EU (Thornley 2017). With trade outside the EU doubling than trade within, Britain would be able to compete with the rest of the world. With the EU having no trade deals with Russia, China, or the USA, Britain's "hands are shackled" (The Movie). The movie continually stressed that countries "do not need a trade deal to trade." With the EU issuing tariffs, quotas, and complex drafted

regulations, competition is ceasing. Without competition, there is no growth. If Britain leaves the EU, they will have international competition and will be forced to improve their products to compete.

If Britain leaves the EU, they will be able to give the power back to the people. Britain wants a democracy where no government can pass any law or impose any tax without the people's say. The British are tired of the European Union officials taking money from the general population and giving it to people who work for the system (The Movie).

COMPARED TO SWITZERLAND

When Brexit happens, The Movie hopes and compares Britain's future to Switzerland, which is one of the wealthiest countries in the world and *not* in the EU. In Switzerland, the GDP and average wages are twice as much as the EU. While the European Union's unemployment rate is 10%, Switzerland's is 4.5%. Unlike the EU where Britain does not understand or know who is running the government, Switzerland has a strict democracy. For a law to be passed, the swiss need 50,000 signatures to pass the law. While the biggest issue with Brexit is the trade agreements, Switzerland has several free trade agreements with various countries. Although it may take some time for Britain to advance and recover from exiting the European Union, they wish to become like Switzerland, which is one of the least regulated, most innovative, and wealthiest countries in the world (The Movie).

CONS OF BREXIT

Along with the pros of leaving, it will be a difficult transition once Britain exits the European Union. When that happens, Britain would be subject to pay the taxes and

tariffs to export to the EU. Once Britain leaves the EU, they will no longer have access to several areas:

1. No longer able to freely import and export goods to and from EU countries
2. No longer have state aid
3. No longer able to employ EU citizens in the UK nor UK citizens in the EU
4. Will not be able to live or work in any country in the EU
5. No longer have EU copyright, trademarks, and patents
6. If UK citizens are working in other countries, they may lose their rights and health care coverage.
7. Will not be able to reference EU licensing for packaging and labeling
8. May be blockages at EU ports affecting the imports and exports
9. Business' gas and electricity prices may increase

(EU Referendum Results)

BUSINESSES LEAVING BRITAIN

Most businesses in the UK will be affected by Brexit. Some smaller businesses that only have UK customers may be affected because a part or good the business sells may be manufactured outside the UK. Many major businesses have threatened to leave Britain because of Brexit. For example, Airbus, which employs 14,000 people and supports more than 100,000 other jobs, has left Britain (Mueller 2019). With three years of uncertainty of Brexit happening, many businesses have planned for the worst. Amie Tsang with The New York Times states:

“Many companies, particularly small ones, have not had the spare cash or staffing to prepare for a potential overnight change in operating conditions, and have been

simply hoping that a catastrophic no-deal would not happen. Now that the worst-case scenario has been put off, businesses of all sizes are still pleading for Parliament to give them clarity before the economy slows.”

For example, global banks and other financial services are moving more than one trillion dollars in assets to cities in the EU; Japanese automakers are withdrawing their dealerships in Britain; The European Medicines Agency moved from London to Amsterdam because of Brexit (Goodman 2019). In April this year, more than 275 companies and counting have moved or are in the process of moving from Britain to Europe (Goodman 2019).

CONCLUSION

Since 2016, Businesses in the United Kingdom have been preparing for the worst. On Halloween this year, the world will finally know if Brexit will happen. This decision is one of the biggest decisions in the history of the United Kingdom because once it happens, Britain cannot change its mind. Like most of the world, Britain wants democracy. Britain wants to have a say in the laws of the land.

While several disadvantages exist, I believe the pros of leaving the EU will outweigh the cons in the long run. It may take some time for Britain to adjust and recover leaving the EU, but once they re-establish as a country, I believe the country will thrive once again. Without the EU's tariffs and regulations, the British will be able to control what imports enter the United Kingdom and what exports leave. Without EU's thousands of laws and regulations, Britain will be able to establish their own trade deals with whomever they please.

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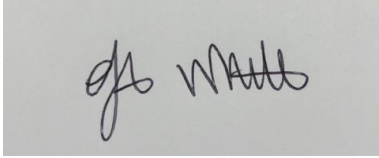
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CASE 4: SYSCO CORPORATION

By:

Grace Anne White

Dr. Dickinson

Honors Accounting 420

30 October 2019

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INTRODUCTION

The company case was an exploration of a specific company and their annual report, otherwise known as 10-k. To complete this case, we utilized the company's search feature of the securities and exchange website. In order to analyze their publicly filed documentation. The company we explored was Sysco Corporation, which is a global distributor of frozen foods, canned foods, dry foods, fresh meat, fresh seafood, dairy products, beverage products, imported specialties, and fresh produce; as well as some non-food products such as paper products, tableware and silverware, cookware, restaurant/kitchen equipment and supplies, and cleaning supplies. We discussed the nature of their business which includes shipping a variety of food products and related goods and services, as well as how this drives their profits and revenues. Sysco is headquartered in Houston, Texas, where it is audited by Ernst & Young.

By completing this case, we developed an in-depth view and understanding of Sysco Corporation's balance sheet and financial position. We also explored how this financial position relates to their business operations and transactions. Their customer base spreads worldwide, and almost a fifth of their revenues come from international operations. They use thousands of suppliers, and none of their purchases from any suppliers are more than 10% of their total, meaning they have a complex and widespread network of operations. They generate extremely large revenues, but they also use a large number of expenses, which cuts into their overall net earnings. However, their net earnings are consistently positive and hold steady growth. Sysco Corporations also disclosed their use of various accounting estimates. Overall, we had the opportunity to read Sysco's financial statements and analyze the official numbers of the firm.

BUSINESS AS A WHOLE

Sysco is the largest global distributor of food and related products primarily to the foodservice or food-away-from-home industry. Sysco distributes food and related products to restaurants, healthcare, and educational facilities, lodging establishments and other foodservice customers. The company is headquartered in Houston, Texas. Sysco's fiscal year ends on the Saturday nearest to each June 30th. Previous fiscal year-end dates are June 29, 2019, June 30, 2018, and July 1, 2017. This year will end on June 27, 2020. Sysco's fiscal year ends in June because restaurant industries tend to reflect relatively flat sales in June. Sysco currently operates in the Bahamas, Belgium, Costa Rica, Canada, France, Ireland, Mexico, Panama, Spain, Sweden, United Kingdom, and the United States and its territories. Their primary operations occur in North America and Europe.

AUDITORS

Ernst & Young LLP. has served as the auditor for Sysco Corporation since 2002. The Houston office completed this 10-K, or yearly report, on August 23, 2019.

BALANCE SHEET

Relevant Accounting policies related to these accounts:

1. U.S. GAAP
2. In accordance with U.S. GAAP, management is required to use estimates.
3. Fair Market Value

Many of Sysco's assets, liabilities and equity are measured at "fair value," which means they are measured at the best current estimate of their value. The estimate is generally an agreed price between two orderly market participants.

I - Assets

Cash and Cash Equivalents

- Cash includes cash equivalents such as cash deposits, time deposits, certificates of deposit, commercial paper, high-quality money market funds and all highly liquid instruments with original maturities of three months or less, which are recorded at fair value.

Marketable Securities

- All derivatives are recognized as assets or liabilities within the consolidated balance sheets at fair value at their gross values.

Allowance for Doubtful Accounts

- The companies' allowance for credit losses.

Property, Plant, and Expenses

- Capital additions, improvements and major replacements are classified as plant and equipment and are carried at cost. For Sysco, these include Building and Improvements, Fleet and Equipment, and Hardware and Software.

Land

- This is the value of Sysco's land.

Accounts Receivable

- Accounts receivable consist primarily of trade receivables from customers and receivables from suppliers for marketing or incentive programs. They are selling food and products to customers and receiving promised cash in return.

Note Receivable

- These are short-term, written iterations of Accounts Receivable.

Inventories

- Primarily finished goods; use FIFO Inventories consisting primarily of finished goods include food and related products and lodging products held for resale and are valued at the lower of cost (first-in, first-out method) and net realizable value.

Prepaid Expenses

- Future expenses that have been paid in advance.

Long-Term Assets

- Management reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Cash flows expected to be generated by the related assets are estimated over the asset's useful life based on updated projections on an undiscounted basis. For assets held for use, Sysco groups assets and liabilities at the lowest level for which cash flows are separately identifiable.

Income Tax Receivable

- Money a company expects from the Internal Revenue Service as well as state, county, and municipal revenue agencies. Cash the government owes a corporate or individual taxpayer who has remitted more money than due.

Accumulated Depreciation: Straight-Line

- It is calculated by dividing the difference between an asset's cost and its expected salvage value by the number of years it is expected to be used.

Deferred Income Taxes

- A Liability recorded on a balance sheet resulting from a difference in income recognition between tax laws and the company's accounting methods. For this reason, the company's payable income tax may not equate to the total tax expense reported.

Other Assets

- A catch-all for any other non-current assets.

Goodwill and Intangible Assets

- Goodwill represents the excess of cost over the fair value of net assets acquired. Goodwill and intangibles with indefinite lives are not amortized. For fiscal 2019, the company utilized a qualitative assessment for certain reporting units. For the remaining reporting units, Sysco performed a quantitative test using a combination of the income and market approaches. The company does not believe the estimates used in the analysis are reasonably likely to change materially in the future, but Sysco will continue to assess the estimates in the future based on the expectations of the reporting units.

II-Liabilities

Notes Payable

- A written promissory note. Under this agreement, a borrower obtains a specific amount of money from a lender and promises to pay it back with interest over a predetermined time period

Accounts Payable

- Money owed by a company to its creditors

Accrued Expenses

- An expense that is recognized before it has been paid

Accrued Income Taxes

- Sysco recognizes deferred tax assets and liabilities based on the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases

Current Maturities of L-T Debt

- refers to the portion of a company's liabilities that are coming due in the next 12 months

Long Term Debt

- Any amount of outstanding debt a company holds that has a maturity of 12 months or longer

Deferred Income Taxes

- Amount, after deferred tax asset, of deferred tax liability attributable to taxable differences with jurisdictional netting.

Other L-T Liabilities

Commitments and Contingencies

- Commitments are the obligation to the external parties of the company which arises with respect to any legal contract made by the company with those external parties whereas the contingencies are the obligations of the company whose occurrence is dependent on the outcome of specific future events.

Noncontrolling Interest

- As of the reporting date, the aggregate carrying amount of all noncontrolling interests which are redeemable by the (parent) entity (1) at a fixed

or determinable price on a fixed or determinable date, (2) at the option of the holder of the noncontrolling interest, or (3) upon occurrence of an event that is not solely within the control of the (parent) entity.

III- Stockholder Equity

Preferred Stock

- Aggregate par or stated value of issued nonredeemable preferred stock (or preferred stock redeemable solely at the option of the issuer).

Common Stock

- Aggregate par or stated value of issued nonredeemable common stock (or common stock redeemable solely at the option of the issuer).

Paid In Capital

- Value received from shareholders in common stock-related transactions that are in excess of par value or stated value and amounts received from other stock-related transactions.

Retained Earnings

- Earnings not paid out as dividends but instead reinvested in the core business or used to pay off debt.

Accumulated Other Comprehensive Loss

- Accumulated change in equity from transactions and other events and circumstances from non-owner sources, net of tax effect

Treasury Stock

- The company records treasury stock purchases at cost. Shares removed from the treasury are valued at cost using the average cost method.

CUSTOMERS

Sysco's customers in the foodservice industry include restaurants, hospitals, and nursing homes, schools and colleges, hotels and motels, industrial caterers, and other similar venues where foodservice products are served. The federal government is also a customer of Sysco. Sysco provides numerous products including: a full line of frozen foods, canned foods, dry foods, fresh meat, fresh seafood, dairy products, beverage products, imported specialties, and fresh produce. Sysco's non-food items include paper products, tableware and silverware, cookware, restaurant/kitchen equipment and supplies, and cleaning supplies. Sysco recognizes revenue when the performance obligation is satisfied. Sales tax collected from customers is not held in revenue, but instead as a liability due to tax authorities. Sysco recognizes revenue when the product is delivered to the customer. Sysco generates revenue primarily from the distribution and sale of food and related products to its customers. Of their total sales of \$60,113,922 (in thousands) for the 52 week period ending June 29, 2019, \$11,493,040 (in thousands) is attributed to their International Foodservice Operations. The international sector makes up 19.1 percent of the total sales.

SUPPLIERS

Sysco purchases from thousands of suppliers, both domestically and internationally, with none of those individual purchases amounting to over 10% of their overall purchases. These suppliers sell mainly brand name merchandise. Substantial portions of their foodservice and related products are obtained from third-party suppliers. Cash discounts are generally taken, the time frame for which range from weekly to about 45 days. Costs of Sales was 81% of total sales for 2019 Year-End. Cost of sales primarily

includes our product costs, net of vendor consideration, and includes inbound freight. Sales within the U.S. generally amount in a lower gross profit for the company.

OPERATING EXPENSES

Other Operating Expenses include:

Impact of Restructuring and Transformational Project Costs - This operating expense account represents the company's expenses resulting from major company projects. This expense will help improve company infrastructure and image, indirectly resulting in revenues.

Impact of Acquisition-Related Costs - This operating expense account represents the costs Sysco incurs from acquisition and other related business events. These expenses allow the company to acquire other companies in order to expand their business and ultimately generate revenues.

Impact of MEPP Charge - This operating expense account represents costs incurred from Multi-Employer Pension Plans. This operating expense pays employees' pension plans. This helps improve customer and former employee loyalty, which will result in higher company value and eventual revenues.

REVENUES

Revenues have grown steadily each of the past three years, from \$55,371,139 in 2017 to \$58,727,324 in 2018 to \$60,113,922 in 2019. Meanwhile, expenses have also grown, from \$44,813,632 in 2017 to \$47,641,933 in 2018 to \$48,704,935. On Seeking Alpha, Valentum analyzes Sysco and describes their positive ability to generate returns and revenues off of invested capital (Valentum). Their steady growth is also reflected in

a MarketWatch article by Philip Van Doorn where he lists Sysco as one of the least volatile stocks in the S&P 500 (Van Doorn).

NET INCOME AND CASH FLOWS

Sysco's net earnings in 2019 was \$1,674,271,000. Net cash provided by operating activities was \$2,411,207,000. Sysco added back (In \$ Millions): 763 in Depreciation, 21 in Amortization, 246 in Increases in Accounts Payable. Sysco lost cash on various expenses including the Impact of Gain of the Sale of Iowa Premium; the Tax Impact of Reconstruction and Special Projects; the Tax impact of Acquisition-Related Costs; and the Impact of Foreign Tax Credit Benefit, which combines to \$262,651,000 dollars in expenses. At the end of 2019, Sysco had \$606,908,000 cash on hand.

ESTIMATES

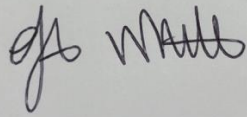
Sysco notes that estimates affect their assets, liabilities, and equities sections. Allowances, Cash flows expected to be generated from long-lived assets, goodwill, and income, and non-income tax expenses are some of the balance sheet categories stated to be presented off of an estimation.

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“On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this case study.”

Grace Anne White

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CASE 5:
IN CLASS ACTIVITY

By:
Grace Anne White

Dr. Dickinson
Honors Accounting 420

CASE 6: THOMAS SOWELL

By:

Grace Anne White

Dr. Dickinson

Honors Accounting 420

4 December 2019

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INTRODUCTION

Unlike any other case, this case was watching an episode of *Uncommon Knowledge* which was an influential interview between Peter Robinson and Thomas Sowell. Thomas Sowell is an American economist who is currently a Senior Fellow at the Hoover Institution, Stanford University. Sowell dropped out of high school and served in the United States Marine Corps during the Korean War. He received a bachelor's degree from Harvard and a master's degree from Columbia.

In this interview, Sowell brings the world into a clearer focus through a basic understanding of the fundamental economic principles. His book, *Basic Economics: A Common Sense Guide to the Economy*, was the basis of most of his insights. Originally Thomas Sowell believed in Marxism which is a type of economic system where there are no classes; the government would be in full control over resources and means of production. In other words, Sowell states that the basis of Marxism was “the rich had gotten rich by taking from the poor.” When Sowell was a boy, a summer internship changed his mind on Marxism because he learned that the government has its own interest instead of the people's interest.

After watching the interview, I could not figure out if I agreed with Sowell or not. Throughout writing this case, I agree with most the topics he discussed. Specifically, he believes the world was a better place before the United States became a welfare state. Consequently, some people have stopped working hard, getting married, and receiving an education.

ANALYSIS

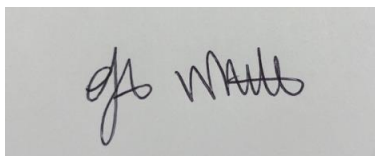
Sowell mentioned how socialism is a great idea, but that does not mean it is a great reality. Back to Sowell formerly believing the Marxist theory, socialism is a transitional social state between the overthrow of capitalism and the realization of communism. Whereas most people think of socialism being that the government controls everything, instead of the people. I agree with Sowell that, in theory, socialism is a great idea. However, socialism, in reality, has turned more into communism—where the government is the central decision maker in all matters. For example, Cuba is a socialist state. The Soviet Union was also a socialist state before it become Russia which is now a republic.

In the interview's conclusion, Sowell left the audience with “get an education, stay married, and do your job.” Sowell argues that if we stand up to the welfare state, we can go back to the world of hard work. After Sowell dropped out of high school, he started working, later graduating from Harvard. He mentioned how back then, people were expected to work; jobs were there for you. Reasonably to understand, Sowell thinks that “it does no good having teenage boys hanging on the street and doing nothing.”

He emphasizes that family structure is important. One of the flaws with our government is that the illegitimacy rate is high—with white being a third and African Americans being at 70 percent. He notes this is another governmental flaw. With the government handing out welfare to single mothers, it gives the man no incentive to stay. When you pay people not to get married, more people do not get married. Sowell believes that people, even poor people, were leading fundamental lives until the government started to help them. I agree with him because why get a job and work hard if

the government pays you anyways? Why get married if the government gives you money to care for your child?

“On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this case study.”

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CASE 7: REGULAR FAIR DISCLOSURE

By:

Grace Anne White

Dr. Dickinson

Honors Accounting 420

29 January 2020

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INTRODUCTION

Before this case, I never heard of Regulation Full Disclosure—Reg FD. After learning about it through various articles, I understand why the regulation needs to exist. This case asked me to assume I was talking to my public accountant client and explain to him what Regulation FD means and answer any of his questions or concerns. My client, also the CEO of the company, told me he posted some of the company's current nonfinancial performance metrics and asked if he violated Reg FD. His nonfinancial performance metrics included number of customer orders, magnitude of web traffic, etc. After developing my own informed opinion about the Facebook scenario, I read a *Fortune* article about how social media can align with Reg FD and the Reed Hastings Rule.

Keep in mind, when Reg FD was issued in 2000, social media was not nearly as influential as it is today. This case taught me about Regulation Full Disclosure, the Reed Hastings Rule, and how they deal with protecting both companies and investors. Without Reg FD, small investors would not stand a chance against Wall Street investors. After Reg FD was passed, companies no longer were able to discuss with external parties, specifically analysts, about material nonpublic information. When I am a public accountant, I now know not to ever discuss critical information about any company with anyone before it is publicized. I assume, very soon, the Securities Exchange Commission will release a new, more specified rule about social media. For now, as long as you do not want the whole world to know, do not tell anyone.

REGULATION FAIR DISCLOSURE

Since October 23, 2000, the Securities Exchange Commission passed the Regulation Fair Disclosure—which forbids public companies to exchange important information with external parties before the information is made public. Officially, according to the SEC:

“Regulation FD (Fair Disclosure) is a new issuer disclosure rule that addresses selective disclosure. The regulation provides that when an issuer, or person acting on its behalf, discloses material nonpublic information to certain enumerated persons (in general, securities market professionals and holders of the issuer's securities who may well trade on the basis of the information), it must make public disclosure of that information” (Final Rule).

In other words, if the corporation does not want the entire world to know, it should not share important information to anyone, specifically a financial analyst. This regulation prevents analysts from passing on vital information to investors.

Reg FD exist to level the playing field. Investors and analysts will receive the information at the same time when the financial statements are published. Small investors were finally able to compete with big time Wall Street investors.

FACEBOOK

Since the CEO has already posted nonfinancial performance methods on his personal Facebook wall, I would need more details in order to decide if this post has violated Reg FD. To reiterate, Reg FD does not allow companies to share information before it is announced publicly. In my opinion, Facebook *may* be considered public, depending on how many friends/followers the CEO has and the Facebook settings he has

selected. Public means almost anyone can access the information. For example, if the CEO's Facebook page is private and only has a couple of friends, he may have violated Reg FD because not everyone can view the company's information. On the other hand, if the CEO's Facebook page is public, I believe he would be following the regulation because anyone with a Facebook has access to some of his company's nonfinancial information. Another main point, if the number of customer orders, magnitude of web traffic, and other nonfinancial information is immaterial (not significant), it does not matter if the CEO posted the information on Facebook. I would tell the CEO, "If you or the company has any questions or concerns about this—please let me know, and I can personally look at the Facebook post and draw a conclusion."

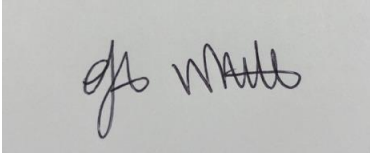
REED HASTINGS RULE

After further research and reading the Fortune article *Can Elon Musk Tweet That? The SEC May Have an Opinion*, I stand by my opinion that Facebook should follow the regulation as long as the information is accessible to anyone, especially investors. Keep in mind, when Reg FD was passed, social media was not a huge concern like it is today. Due to the rise of social media, in 2012, the SEC made the Reed Hastings rule which allows companies to disclose important information on social media "as long as investors are alerted, and access isn't restricted" (Bloomberg).

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CASE 8: TAX CASE

By:

Grace Anne White

Jack Houston

Dr. Dickinson

Honors Accounting 420

12 February 2020

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INTRODUCTION

The objective of this case was to analyze a tax situation of a CEO where his daughter was earning unreported income that should have been taxed. After analyzing the tax situation, we wrote two letters, one to our client and one to the partner group. The challenge of this case came from researching a rare tax situation. A situation where a nine-year-old was earning \$150,000 in a year. We learned that there are many factors that go into determining taxable income. Also, how complicated correcting a past error in taxes can be. Through the process of researching how to report a dependent's income we learned about penalties and interest from unpaid back taxes.

One of the greatest skills we gained from this case was articulating complicated information in a way that is understandable and professional. One of the key aspects of accounting, and business in general, is being an effective communicator. Finding the best deductions might be a way to be an average accountant, but one of the ways to excel is to maintain good client relations. This case is a great challenge to maintain client relations as we were tasked with presenting information that is very costly to our client. We learned about the effects of unearned income, as well as earned income. It was interesting to look at taxes from a YouTuber's perspective, specifically a nine-year-old.

It is also interesting to learn about how unexpected situations can arise from clients that you have been working with for years. Also, this case was beneficial to working in a team setting, specifically in the tax field.

LETTER TO PARTNER

To Whom It May Concern:

At lunch today with David Smith, a situation I was unaware of arose resulting in possible tax ramifications approximately over the past four years. One of our long-term clients informed me, for the first time, that his thirteen-year-old daughter has been a YouTube star for four years—making roughly \$150,000 a year in advertiser revenue. As well as the money she is making, she also gets dozens of packages from fashion and beauty vendors every day. In that four-year span, Emma, the CEO's daughter, owes \$266,400 dollars in taxes. Since Emma makes over \$12,200 a year, she will need to file a tax return as a dependent. Before 2018, she was supposed to file under her father's tax bracket of 37%. In 2018, she was supposed to file her own tax return under her own tax rate, which is 24% because she makes more than 150,000 dollars a year, but less than 160,725 dollars.

We will need to amend taxes on form 1040X. From our calculations, we expect the unearned interest, over the past four years, to be \$32,462 based of a 3% interest rate. Due to Mr. Smith's eighteen years of business with this firm, to maintain good customer relations, I recommend that we pay the penalties.

Sincerely,

Jack and Grace Anne

EMAIL TO CLIENT

Hello David,

It was great having lunch with you today. Thank you for your offer to arrange lunch with your brother-in-law, I am really looking forward to it. On another note, I wanted to bring something to your attention. After you mentioned Emma earning such large amounts of advertising revenue, I realized that there are potential tax ramifications. As you know, laws and tax codes are constantly changing. Before 2018, Emma should have filed under your tax bracket. After 2018, she should have filed under her own. From our calculations, we expect the unearned interest be \$32,462 based of a 3 percent interest rate and \$266,400 in her earned taxes. Since you have not filed yet, the firm can still amend your taxes for the past three years and file your taxes this year. The firm will take partial responsibility for missing this important information. As a result, the firm will pay for the penalties and make sure to get these tax returns and amends into the IRS as soon as possible. I am deeply sorry for bringing this bad news to you, but rest assure, we will make this right.

Sincerely Yours,

Jack Houston and Grace Anne White

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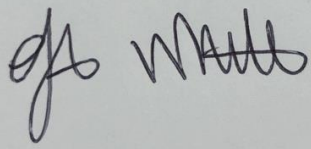
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HONORS CODE

“On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this case study.”

Grace Anne White and Jack Houston

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CASE 9: MONOPOLY BLOCK CHAIN

By:

Grace Anne White

Dr. Dickinson

Honors Accounting 420

6 March 2020

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INTRODUCTION

Unlike any other case, this past Wednesday, Dr. Dickinson had us play a game of Monopoly. Not just any game of Monopoly, but *Monopoly Meets Blockchain*. Dr. D selected two people to be Big Mama and Big Papa, several consultants, three Blockchain Auditors, and the rest were business managers—I was a business manager. Around the room, there were 4 boardgames going on simultaneously. Essentially, the rules of Monopoly remained except there was no buying each other properties. In accounting terms, the cash, properties, and buildings in the game were our assets. A mortgage would be a liability, but I did not mortgage any houses. Equity was common stock and earnings. Each person started the game with \$1500 digital currency (like bitcoin).

Before this case, I did not know what a Blockchain was. After this case and some research, now, I am aware of Blockchain and how it may become the future. In the beginning, no one in class knew what was going on. Later, it became more organized—still unclear if we understood the game or if everyone gave up. Like blockchain, the game relied on everyone's honesty about what properties they landed on and who they owed money too. For example, I only knew to pay rent once. I probably landed on someone else's property that was playing on another board game, but I had no idea who owned what property. Although the game was chaotic, it really helped me visualize the components of a blockchain.

After reading the article "What is Blockchain Technology?", Blockchain sounds like the future. After playing this Monopoly game, I am hesitant about sharing a distributed ledger with the rest of the world. Thinking about the chaos this game brought

to my class of 40, I cannot imagine the chaos of the whole world switching to a Blockchain.

WHAT IS A BLOCKCHAIN?

Blockchain allows digital information to be distributed but not copied. It is decentralized, meaning information is not stored by one single entity. According to Ameer Rosic on Blockgeeks, “A blockchain is, in the simplest of terms, a time-stamped series of immutable records of data that is managed by a cluster of computers not owned by any single entity. Each of these blocks of data (i.e. block) is secured and bound to each other using cryptographic principles (i.e. chain).” Essentially, there is no central authority. In other words, only you are in charge of your money; you can send money anywhere without going through a bank. Blockchain is very transparent and “everyone involved is accountable for their actions” (Rosic).

The Blockchain is free; it replaces the small transactions fees. It cuts out the middleman that processes fees. Not only can it transfer and store money, but also can “replace all processes and business models that rely on charging a small fee for a transaction.” For example, the music industry. Blockchain may cut out music companies and distributors, like Spotify, because the amounts charged will be so small. Streaming services may even become irrelevant. With Blockchain being able to store the songs in a cloud, and consumers being able to directly purchase songs, the artist would be more profitable, and the consumer would save money. According to this article, “Almost every financial institution will go bankrupt [...] once the advantages of a safer ledger technology without transactions fees are widely understood and implemented.”

Once I read this article, Blockchain sounds great, right? However, after playing Monopoly, I see the disadvantages and how it seems next to impossible to implement.

THOUGHTS

If there was one word to describe this case, it would be chaos. Originally, no one knew what was going on. Towards the end, people still did not really understand what was going on. For the Business Managers, the rules were that once you rolled and landed on a space, you could choose to buy the property if available or had to pay rent. If you went to buy the property from “Big Mama” and “Big Papa.” Each of the four boardgames going on represented a different state. So, once you purchased the property, Big Mama and Big Papa would roll a dice (1-4), and whichever number it landed on, that is what state the property was in. It was unlikely that you would purchase a property in your state. In the beginning, it was extremely crowded when people went to buy a property. Towards the end, we decided to slow the game down and allow only one person from each state (4 total) to be in line to buy a property. Whenever you landed on a property and had to pay rent, you had to tell a Blockchain runner. The runners were in charge of recording the rent expenses. This made it difficult. I was in state 4 and had no idea who landed on my properties on the other 3 boards. On the other hand, I had no idea whose properties I landed on unless they were in my state.

Like Blockchain, everyone involved is accountable for their actions. Surely, a real blockchain system would run smoother than our Monopoly game night did. However, this game did put into perspective how it may be difficult for Blockchain Technology to be accurate. In a perfect world, where everyone is honest and knows what is going on, maybe. However, people need help; especially with their finances. As nice as it would be to eliminate the “middlemen;” we need banks to keep track of everyone’s money. The game really helped me visualize the components of a blockchain.

FINANCIAL STATEMENTS

YOUR NAME: Grace Anne White
Income Statement
For the First Period of Operations

REVENUES	<u>352</u>	
minus		
EXPENSES	<u>(25)</u>	
equals		
NET INCOME	<u>327</u>	(If this number is negative, you have a NET LOSS)

YOUR NAME: Grace Anne White
Statement of Retained Earnings
For the First Period of Operations

Beginning Retained Earnings		\$0	
plus			
NET INCOME	<u>327</u>		← Enter amount from INCOME STATEMENT here
minus			
Dividends		\$0	
Equals			
Ending Retained Earnings	<u>327</u>		

YOUR NAME: Grace Anne White
Balance Sheet
TODAY'S DATE: March 16, 2020

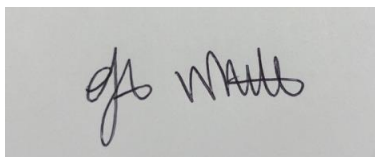
ASSETS:			
Cash	<u>427</u>		
Properties	<u>1,250</u>		
Buildings	<u>150</u>		
Total ASSETS:	<u>1,827</u>		← Total of CASH, PROPERTIES and BUILDINGS
LIABILITIES	<u>0</u>		
EQUITY:			
Stock	<u>1,500</u>		
Ending Retained Earnings	<u>327</u>		← Enter amount from ENDING RETAINED EARNINGS from Statement of Retained Earnings here
Total LIABILITIES PLUS EQUITY:	<u>1,827</u>		← Total of LIABILITIES, STOCK AND ENDING RETAINED EARNINGS

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CASE 10: PAIGE PLASH'S BIOGRAPHY

ENCORE REHABILITATION

By:

Grace Anne White

Dr. Dickinson

Honors Accounting 420

1 April 2020

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INTRODUCTION

Under the unprecedented circumstances, Dr. Dickinson wanted us to reach out and interview someone in the business community. This case began with sample questions; about childhood experiences, previous jobs, college, and ultimately how he got to where he is today and what advice he has for me and my classmates. While we are all in quarantine because of COVID-19, I interviewed Paige Plash. He owns *Encore Rehabilitation* in partnership with Paul Henderson. Paige Plash has been involved in the Physical Therapy world, mostly owning his own practice, for 39 years this past January. Not only is Mr. Plash one of the best men I know, but also does an excellent job in owning and operating 120 Physical Therapy practices in Alabama and the coast of Mississippi.

I really enjoyed this case because it is not every day that you get to interview someone you are close to. Without this case, I would not have learned as much about *Encore* and Mr. Plash. Because of this interview, Mr. Plash taught me some valuable lessons. He went after Physical Therapy because he felt God kept leading him there. He was not chasing after the money. Being as kind as he is, Mr. Plash cares for his patients and wants everyone to be as good as they are physically capable of being. He taught me the valuable lesson of hard work, and that I can do whatever I put my mind too.

It was so nice to interview Mr. Plash. He is such a wonderful man with a large presence in my life. It is inspiring that he went after Physical Therapy instead of being a dentist. At the time, he was turning down the job that made the most money. He felt God was leading him down the PT road, and he followed, and became more successful than any dentist could imagine.

BIOGRAPHY

Growing up in a lower-middle class family, Paige Plash was born in 1957 in Mobile, Alabama. When he was growing up, no one around him became doctors and lawyers, mostly just blue-collar jobs. Starting at the earliest age of 10 years old, Paige made a lawn mowing business by himself. Not just mowing your parents or grandparents' houses, Plash went door to door in his neighborhood and mowed everyone's yard. He owned his own tools and mowed yards until he was out of high school. While he was in college, every summer and winter breaks, Plash worked at Mobile Area Water and Sewer Service which consisted mostly of labor—painting pipes, mowing grass, chopping down trees, etc.

For the first year of college, Mr. Plash played football for Livingston University. At that time, he was torn between majoring in accountancy or pursuing becoming a Physical Therapist. One of his professors encouraged him to aim to go to dental school. Once Mr. Plash started observing dentist, he quickly realized that it was not for him. He felt like God kept leading him to practice Physical Therapy. Mr. Plash thought it was better to do what you are meant to do, instead of just chasing money. After his freshman year of college, Mr. Plash transferred to South Alabama and got married. During the school year, Mr. Plash worked half days as a PT Tech at South Alabama Medical Center. He enjoyed what he did and learned a lot while doing it. To him, college was strictly going to get an education, get in PT school, and get out.

Mr. Plash knew he wanted to go into Physical Therapy because he always loved sports and people. He always wanted people to be as good as they physically can be. No matter if it is an athlete who is recovering from an injury, an older man recovering from a

stroke, or someone recovering from an amputation—Mr. Plash’s goal was help people return to whatever their top potential was. It is so important to him that when you are hurt, that you get back to how you were used to being.

After college and PT school, Mr. Plash worked as a Physical Therapist for Mobile Infirmary and also did home visits on the side. Eventually, Mr. Plash started doing home visits full time and started *Plash and Associates Physical Therapy*. During the time, he did not have any associates, just thought the name sounded better. On January 20, 1981, Mr. Plash did his first home visit in George County, Mississippi. He became busier and busier with home health and eventually, hired associates. He contracted with home health agencies and hospitals who ran all their Physical Therapy through him, no one else.

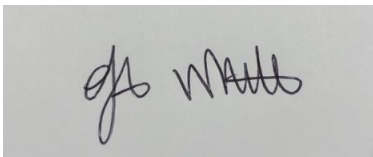
In 1986, Mr. Plash started *Sunbelt*, a physical therapy practice in partnership with Paul Henderson. For ten years, they grew *Sunbelt*. In 1996, Henderson and Plash sold *Sunbelt* to a publicly traded health care facility and went to work for them. For three years, Mr. Plash worked for them. The publicly traded health care facilities were in financial trouble, so Plash and Henderson bought it back and named in *Encore Rehabilitation* in 1999. Plash and Henderson were back and better than ever. Today, there are 120 *Encore* locations, and Mr. Plash has 1200 employees. *Encore* offers Physical Therapy, occupational therapy, speech therapy, and sports medicine through athletic trainers.

Outside of work, Mr. Plash says God has blessed his life. He has the most amazing wife and children. His oldest daughter is a Physical Therapist working for *Encore*; his other daughter is an Anesthesiologist in Seattle; his son is an Emergency

Room doctor in Cincinnati; and the youngest is a junior at Ole Miss majoring in Biomedical Engineering and playing football. Mr. Plash says the best vacation he has ever taken was taking his children to Disney World. When I asked Mr. Plash for advice, he said to always put God and family first, no matter what. He said nothing is more important than leading your life by the golden rule. He also wishes that we enjoy the simple things in life and to never be afraid of failing. The biggest challenge for his generation, he thinks, is COVID-19. No one has ever experienced anything like this before, and it is really damaging businesses. He thinks the biggest challenge for my generation will be dealing with scientific and technological advances and keeping up with them. He is afraid technology may take away some of the social aspects in life, especially with this social distancing place in practice currently.

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CASE 11: INTERNSHIP INTERVIEW CASE

KPMG NASHVILLE TAX

By:

Grace Anne White

Dr. Dickinson

Honors Accounting 420

9 April 2020

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INTRODUCTION

Amidst the pandemic, we were not able to have the internship panel in Dr. Dickinson's class. Normally, Dr. Dickinson has her previous students who just returned from their internship to join our class and tell us about the internship. The seniors usually give advice and comfort to us about our internship. Since we are all quarantined in our house, Dr. Dickinson paired each junior honors student with a senior honors student to interview. Beforehand, she asked us what city, firm, and line of work we wanted to work in, and she paired us accordingly. I have an internship with KPMG in their State and Local Tax (SALT) practice in Nashville, Tennessee. I interviewed Alexander Watkins. He just returned from his internship with KPMG in Nashville in their Business Tax Services (BTS) practice. I was excited to talk to Alex, and I really learned a lot.

This case really prepared me for my future career. I learned many things from Alex during this interview. Although we are in two different tax practices, I still learned more about KPMG, Nashville, and the Tax services offered. I enjoyed learning about the culture of KPMG in Nashville. I think this case will definitely help me in my future career because I can keep in mind all the advice and tips Alex gave me, like prioritizing task.

Alex reassured me that he did not work crazy hours a week, like so many people say. Normally, his weeks were about 40 or 45-hour work weeks. With the office being smaller, it was comforting to know that it is easy to get to know everyone fairly quickly. This case was extremely beneficial and made me really excited to start working for KPMG in Nashville.

INTERVIEW

During our interview, Alex told me that the Nashville office is not very big so my experience will probably be different than other people's who will be in Dallas or New York. KPMG's Nashville office has around 120 people total. Last year, there were only eleven professionals in BTS, three interns. For SALT, there are around eight professionals and only one intern. Since the office is smaller, KPMG had the most tax interns last year totaling to four people. In the beginning of Alex's internship, he said had some downtime because they did not have much work to do. Where audit's busy season is during our internship, tax busy seasons fluctuate and are not nearly as drastic. Contrary to popular belief, he did not get coffee or food for the professionals very often. Mostly, he filed large companies tax returns and filed extensions so they can file at a later date. The work he was doing was very repetitive.

During the internship, Alex said he was always learning. When asked what he would have done differently, he advised me to sharpen my Excel skills. He said they will teach us, but it would be helpful to learn it beforehand. He also mentioned to me how he learned the way to ask questions. The professionals we are working for are extremely busy and you do not want to bother them. He realized that they do not care; they want us to ask them questions. He advised me to ask the professions the way they want to be asked questions—before you start the assignment, ask them how they like to take questions (all at once or throughout), how often to ask, and to run your thought process to them so they know what to help you with. Most importantly, do not be afraid to ask questions. I thought this was very interesting because I realize how busy they are, I can imagine that it is hard to interrupt them to ask them for help.

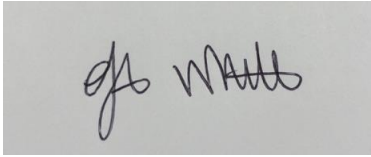
With the pandemic interrupting our socials with KPMG and their Summer Leadership Program, I asked Alex if he knew many professionals before he started working. Like me, he did not. He only knew Betsy Sights, the Nashville office recruiter. Alex said everyone was “super nice, very helpful, and extremely smart.” It was encouraging that all the professions took good approaches to teaching you; they are patient with you and understand that you are learning. The Nashville office is growing so rapidly that they are getting another floor in their office. I really enjoyed hearing Alex talk about how it was easy to get to know one another because the office is small. He said every intern has a peer mentor and a transitional coach. These are two people that you get to know and ask questions.

I enjoyed learning from Alex’s experiences. He told me it is important to “grow a thick skin” before you go. Undoubtedly, there will be times where you do not know how to do something and mess up. The professionals will correct you, and you cannot take it to heart. They are teaching you and helping you improve. KPMG has engagement reviews where the professionals will tell you what you did well and what you can improve on. Alex also said do not take offense to these because, again, they are trying to better you and help you learn from your mistakes. It is also helpful to know that quality is better than quantity. The professionals would rather you take your time and finish the assignment correctly, than rushing through and making errors. Another piece of advice I received was to become good at prioritizing tasks. For example, if you have multiple assignments, do not be afraid to let the professionals know you are working on an assignment and cannot do it right now, or ask which needs to be done first.

As I said earlier, Alex said he has some downtime during his job when they did not have anything for him to work on. He told me to make good use of that time. He would ask for work. If there was no work for him to do, he would go to the KPMG website and participate in their trainings—excel tutorials, how to do tax returns, etc.

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CASE 12: FINANCIAL CRISIS

By:

Grace Anne White

Dr. Dickinson

Honors Accounting 420

27 April 2020

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INTRODUCTION

During some of our last weeks of online classes due to Covid-19, this case we received five sources that we needed to watch in order and then, we answered three questions. While researching this case, I learned about the Financial Crisis of 2008 and about many investment banks. The articles and films were very informative because I did not know much about any of this beforehand.

First, I was given a YouTube video title *What is Crony Capitalism?* In essence, this was a short clip about Crony Capitalism which is when the government spends too many unnecessary tax dollars for political gain—basically corruption. Secondly, I watched the film *Inside Job*. This was a 2010 documentary about the global financial meltdown in 2008. It talks about the events that took place leading up to the collapse of the stock market—identifying key financial and political players. Thirdly, I read *Wired's* article “Recipe for Disaster: The Formula That Killed Wall Street”. This article was posted February 2009 and discusses David X. Li’s formula known as Gaussian copula function. According to this article, “people used the Gaussian copula model to convince themselves they didn’t have any risk at all.” This article discusses how the financial system had too much faith in this formula that was a “very inexact science” and how it basically is the cause behind the financial crisis of ’08. Fourth, I read a *Rolling Stone* article titled “The Great American Bubble Machine” that was written April of 2010. In summary, this article criticizes Goldman Sachs and discusses how banks are getting billions of tax dollars bailouts. Lastly, I read the *Vanity Fair* article “We Don’t Want Him to Have the Self-Satisfaction: Why Wall Street Hates the Trump Economy” that was written in July 2018. This article bashes President Trump and discusses why Wall Street hates him.

Question 1: How did the materials watched/read change your beliefs and what do you think this knowledge means for the future?

All of these articles made me skeptical of investment banks. The part that most disturbed me was how much tax money was given to these banks, then just to pay the extraordinary salaries of CEOs and managers. In the *Rolling Stone* article, it goes to say that President Bush's secretary, a former Goldman CEO, had a "suspiciously self-serving plan to funnel trillions of your dollars to a handful of his friends on Wall Street." More examples from *Rolling Stone* include the "\$300 billion taxpayer bailout from Paulson," and "at least \$13 billion of the taxpayer money given to AIG in the bailout ultimately went to Goldman." It is maddening how much money was given to these investment banks that ignored the numerous warnings of the crash and, ultimately, the banks benefited personally from the crash. When the firms went bankrupt, the CEOs and managers were able to keep their millions of dollars earned.

These articles make it out to believe that it is inevitable for financial crises to arise by saying "in a society governed passively by free markets and free elections, organized greed always defeats disorganized democracy" (Taibbi). With previous presidents giving tax dollars to these banks, I believe the future will be better with Trump's goal to "drain the swamp." It makes sense why Wall Street hates President Trump because these articles seemed to have a common theme. In the past, other presidents seemed to turn a blind eye to the investment banks, and even hire the CEOs to be treasurers and secretaries for our nation. In the end, some people let greed take over their lives and cloud their judgement. Hopefully, those people are not in charge of your hard-earned money.

Question 2: How did the materials watched/read change your beliefs about your role in society, both professionally and personally?

Professionally, these materials showed me how important it is to be ethical. As accounting students, we have it drilled into our heads how important, in our field, it is to be ethical. We could potentially go to prison if we are not ethical. According to these articles, many of these investment banks did not care they were selling useless bonds to their clients, as long as they were making millions. For example, in the *Rolling Stone* articles, it describes how investment banks turned “junk-rated mortgages” into “AAA-rated investments.” Bonds are rated, and the ratings are supposed to be reliable. For example, a AAA-rated investment should mean no risk. In the movie, it shows how the investment banks’ defense lawyers continued to say that the ratings were “the banks’ opinions” and the people should not rely on them. The managers of these banks ignored the warnings of the financial crisis because “they were making too much money to stop” (Salmon). I have no idea how these banks are still operating because if I ever lost my money because a bank advised me wrongfully, I would never trust that bank again. This case showed me how important it is to be ethical and to always have the client’s best interest at heart. It is not worth it to manipulate people’s financial for your own personal gain.

Personally, this case made me skeptical of investment banks. This case showed me that you need to trust whomever is investing your money. Also, it taught me not to believe everything you are told. Although you are supposed to trust your investment bank and their bond ratings, you may want to do some research before you invest your savings. Honestly, it made me never want to put my money in the stock market.

Question 3: How, if at all, will the current virus crisis change the economic / political climate in the United States? Are there any lessons to be learned from our recent financial history? Is this a chance to unwind the status quo?

Unlike previous crashes, the current fall in the stock market prices has nothing to do with investment banking. It resulted from a global pandemic that the world has never faced in our lifetime. I think many things will change because of Covid-19. For one, I think people are going to be more health conscious. I believe this pandemic has changed some people's minds about restaurants' cleanliness and coming into contact with people. Business have changed and will continue to change. While some businesses are thriving during this time, others are steadily failing. One drastic change that many businesses have undergone is the start of curbside service. If curbside pickups become the new normal, businesses may be able to cut their cost of having a store—electricity, air conditioning, hiring numerous employees, etc.—and only have warehouses and online purchases.

Economically, this crisis has put uncertainty in the market. This virus has made our economy unstable; as a result, people may be more hesitant to invest their money in the market which would greatly affect businesses. Although the market has plummeted during this time, I believe it will return to normal, if not skyrocket, when our world returns to normal. For college students, this may be a difficult time finding jobs because so many businesses have not been able to afford their employees.

Politically, who knows what is going to happen. Republicans are pushing to support small businesses, so they do not collapse, and Democrats are pushing to support individuals directly. Only time will tell how the bipartisan \$2 trillion economic relief plan will affect our economy and our politics, especially concerning inflation. Our recent financial history

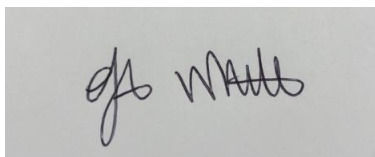
shows that financial crises are bound to happen. This is the second financial crises that my generation has faced. Hopefully, there will not be a third.

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