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An Analysis of Accounting Through the Use of Case Studies

By: David Tate Fowler

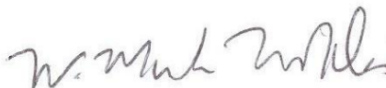
A thesis submitted to the faculty of the University of Mississippi in partial fulfillment of
the requirements of the Sally McDonnell Barksdale Honors College.

May 2021

Approved by:



Advisor: Dr. Victoria Dickinson



Reader: Dean W. Mark Wilder

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David Tate Fowler

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DEDICATION

I would like to dedicate this thesis to my father, David Randall Fowler, for setting an example of hard-work, sacrifice, and love. I will be forever grateful for how he has loved me unconditionally and set an example to follow.

ABSTRACT

DAVID TATE FOWLER: An Overview of Accounting Through the Use of Case Studies

(Under the direction of Dr. Vicky Dickinson)

Over the 2019-2020 school year, I participated in Accounting 420, an honors accountancy class designed to take students through complex accounting topics in the form of case studies. We used a variety of resources, including videos, articles, financial statements, and interviewees. Each case presented a new opportunity to learn a different accounting topic that often had no relation to the others. This class allowed students such as me to gain a deeper understanding of present-day accounting news and trends and reflect on the errors of the past.

Furthermore, we were given significant exposure to many different accounting professionals from across the country. These individuals taught us a wide range of cybersecurity topics to what it is like to work as an auditing professional.

I will be forever grateful for this course and how much it forced me to grow throughout my junior year. Additionally, I think this class helped me start applying what I was learning in the classroom to real-world situations. Ultimately, this prepared me for my internship and will help me for years to come.

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Case 1: A Tale of Two Cities Case

Dallas, TX vs Nashville, TN

By David Tate Fowler

September 25, 2019

Executive Summary:

This case was extraordinarily beneficial to me in that it has helped me begin to look at the bigger picture involved with picking a city of residence in the near future. In the past, I had only entertained Dallas and Nashville as my two top cities because of their fantastic reputations and the endless opportunities and excitement. This information was second-hand, from friends who either live there or are considering living there. However, this case helped me analyze what I would enjoy about each city and the possible opportunities and difficulties that I might encounter upon moving to either city.

The factors of city choice that I discovered were most vital to me pertain first and foremost to the community of people I will have in either city or will be able to find. Secondly, the jobs I will get to work on are of great significance in choosing where I want to reside after graduating. I am unclear on exactly what I want to do with my life; however, I am positive that I want to get my CPA and work for a more prominent firm for at least a few years.

Furthermore, I would like the opportunity to work with large clients in the areas of commercial real estate and healthcare companies to discover if I would want to go into either of these fields eventually. I found both cities also offer great opportunities in both these fields. Through answering these 17 questions, I learned a great deal. Specifically, I learned about overall cost, rent, population size, culture, industry, and many recreational activities. All of these will be extremely important in getting a head start on learning about my hopefully future city of residence.

A Profile of Two Great Cities: Dallas vs Nashville

1. What is the population?

Nashville has a population of 691,243 (2017 census) in the immediate city. The metropolitan area however contains nearly 1.75 million people. The city's population is consistently trending positively. This a population I am extremely comfortable with. I desire many aspects of the big city, but still enjoy a more moderate size much more.

Dallas has a population of 1.341 (2017) million people in the immediate city. The metropolitan area contains an estimated number of 6.8 million people. This is a good bit bigger than what I am used to and would take a great deal of adjustment.¹

2. Describe the climate and seasonal fluctuations. Are you accustomed to living in this weather? If not, describe some of the challenges from this climate.

Nashville's climate is quite moderate as far as the south is concerned. Average temperatures for the year sit at around 59.25 degrees Fahrenheit, with a low yearly average of 28 in January and a high of 89 in July. There is also precipitation on an average of 33 percent days out of the year. Humidity is also recorded to be quite high during summer months. Being from Jackson, MS and having parents that live in Chattanooga, TN, I am quite accustomed to these temperatures and they would be of no discomfort for me.²

Dallas's climate is much warmer and drier than that of Nashville. Average highs reach up to 96 degrees Fahrenheit in August and average lows only get to 37 degrees in January. There is also much less precipitation in Dallas, with only 22 percent of days

¹ https://www.census.gov/glossary/#term_Populationestimates#

² <https://www.usclimatedata.com/climate/nashville/tennessee/united-states/ustn0357>

having precipitation a year. This climate would not be difficult for me to adjust too because of living in Jackson all my life and dealing with the horrible summer heat there.³

3. Describe the city's topography, scenery, and other geographic or geological features of the area in which the city is located. Include pictures where appropriate.

Nashville is located in the central basin of Tennessee, on the Cumberland river, of which is a major river that runs 688 miles long. Furthermore, the city is rimmed on three sides by an escarpment rising three to four hundred feet. The city is also made of many skyscrapers on is consistently growing. I personally appreciate that it is within reasonable driving distance of the mountains and that the landscape it not flat. The river also offers a great deal of activities that could be enjoyable.



The area of Dallas is relatively flat and is made up of many great historical and also many newer buildings. The city itself is located on the Trinity River. Dallas is coined

³ <https://www.currentresults.com/Weather/Texas/Places/dallas-temperatures-by-month-average.php>

for being a concrete jungle because of the massive structures that have been built there and the lack of greenery. ⁴



- 4. What are the individual tax rates within the city (e.g., consider federal, state and local income tax, property tax, and any other taxes you'd be likely to pay? Quantify what this means based on a starting salary of approximately \$55,000/year)?**

In both cities I would not be required to pay state income tax, which is a huge part of why I picked both these cities. The charts below state the tax brackets and the net annual pay I would most likely take home. Because taxes are about the same in both cities this has little to no effect on my decision. The Charts below are on a semi-monthly rate.

Nashville

⁴ <http://www.city-data.com/us-cities/The-South/Nashville-Geography-and-Climate.html>

Gross Paycheck		\$2,292
● Taxes	11.27%	\$258
<small>DETAILS ▾</small>		
● FICA and State Insurance	7.65%	\$175
<small>Taxes</small>		
<small>DETAILS ▾</small>		
● Pre-Tax Deductions	0.00%	\$0
<small>DETAILS ▾</small>		
● Post-Tax Deductions	0.00%	\$0
● Take Home Salary	81.08%	\$1,858



Dallas

Gross Paycheck		\$2,292
● Taxes	11.27%	\$258
<small>DETAILS ▾</small>		
● FICA and State Insurance	7.65%	\$175
<small>Taxes</small>		
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● Pre-Tax Deductions	0.00%	\$0
<small>DETAILS ▾</small>		
● Post-Tax Deductions	0.00%	\$0
● Take Home Salary	81.08%	\$1,858



5

5. What transportation hubs are in the city?

Nashville is known for its great public transportation system this includes a great public bus system of more than 35 bus routes focuses on facilitating the hot spots of for entertainment in the city. They also have Nashville Access Ride of which will come pick you up at any location. However, this must be reserved in advance of when it is needed. Nashville is also known for its international airport which serves over 14 airlines. Lastly in 2005 Nashville opened the Music City Star Rail which services surrounding areas.

Dallas also provides great public transportation of many busses and rail lines that facilitate the heart of the city in an effort to decrease rush hour traffic. Dallas is also home to the Dallas Fort Worth International Airport, the 4th largest Airport in the world in terms of operations and 15th in size. This is an extremely great part of Dallas and

⁵ <https://smartasset.com/taxes/paycheck-calculator#KfqRCm5n3H>

something that would definitely draw me to the city because travel is so accessible and cheap with the over 257 destinations available. ⁶

6. What are the city's prevalent industries?

Nashville's most primary industries are Education, Healthcare, and Trade, Transportation & utilities. These industries make up a combined 41.6 percent of the market. Financial activities are towards the bottom of the list at 7.2 percent; however, this industry appears to be growing with the city. Furthermore, I am quite interested in the business aspects of healthcare which makes Nashville an even more appealing place to be. The largest companies in Nashville are as follows: HCA-Healthcare, valued at 46.68 Billion, HCA-Healthcare- 46.68 Billion, Dollar General Corp- 25.63 Billion, Community Health Systems-14.15 Billion, Dalek US holdings Inc-10.23 Billion, Tractor Supply Co- 7.91 Billion⁷

Dallas is home to many great industries, so options are endless for what to get into, the top industries however are technology, financial services, and defense. These are all fields that sound extremely interesting to me and are something I would love to see the business aspects of. The top companies in Dallas are Exxon Mobil, McKesson, AT&T, Energy Transfer Equity, American Airlines Group. These are companies that are very well known so I find them more interesting than the ones that were in Nashville.

7. Describe the quality of the city's healthcare. Describe the quality of the city's school districts (K-12). Would your children attend public or private school?

⁶ <https://www.bizjournals.com/nashville/subscriber-only/2019/06/14/largest-public-companies-in-nashville.html>

⁷ <https://realestate.usnews.com/places/texas/dallas-fort-worth/jobs>

Tennessee as a whole rank 43 in health care, however Nashville appears up to date with more than 30 hospitals, medical centers and clinics, including the nationally ranked Vanderbilt University Medical Center. Personally, I would send my kids to private school if I was to live in Nashville at MBA. The public system appears to moderately okay in the suburbs, but inside the city it does not appear to be sufficient. ⁸

Health care in Dallas is absolutely superb, both Parkland Memorial Hospital and Baylor University Hospital receive national and world recognition. Children's Medical center of Dallas is also very highly regarded in the top of the medical field. Public schools are also superb in the suburbs of Dallas in areas such as Highland Park, Katy and West Lake. ⁹

8. What types of crime are common within the city and where are the locations within the city in which to avoid?

The most common type of crime in Nashville is property crime, with over 25,769 cases this year alone. The second most prevalent crime is theft is over 18,943 cases this year alone. The most dangerous part of Nashville is downtown. This area is prone to crime through a mix of poverty and tourism. East Nashville is also known for being dangerous. This area is also associated with low income level. ¹⁰

The areas in Dallas to avoid are Western Park in Southwest Oak Cliff and West and South Dallas. These areas are frequented with Drug crime and a great deal of gang

⁸ <https://livability.com/tn/nashville/health>

⁹ <http://www.destinationdfw.com/Dallas-Fort-Worth-Hospitals-and-Healthcare/>

¹⁰ <https://www.aol.com/2010/10/05/safe-and-dangerous-places-in-nashville/>

violence. However, crime will not be dependent on which city I choose to live in, because as long as I am smart, I can avoid all of these areas.¹¹

9. Based on where you see yourself living for the first three years, how much rent do you expect to pay? Back up this assertion with sample properties from each location (including pictures). Describe the square footage, amenities, need for a roommate, availability of parking, etc.

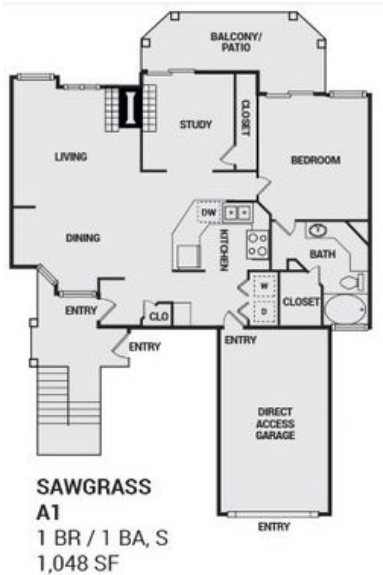
In Nashville I expect to live in an apartment Downtown in the heart of the excitement for around \$900 a month. When I went to find a residence, I came along a condo for exactly around that range. The rent was listed at \$800-\$1000 a month and I would need to find 2 roommates. The roommates is fantastic because being an extravert I love having people around. Parking also would not be a problem because I would have a spot in a garage. This apartment is spacious with 2310 square feet and has amenities such as a pool and workout room. This would save me money on joining a gym.



¹¹ <https://www.smartertravel.com/areas-avoid-crime-dallas-warnings-dangers/>

¹² <https://www.apartments.com/1825-welcome-ln-nashville-tn/sy54616/>

In Dallas I would hope to do the exact same, however as I looked, I discovered that if I desire to live in the heart of everything that the cost would be a couple extra hundred dollars a month. So, I found something a little further away for the same price in budget. This condo was also smaller with the same number of roommates. It too supplies a gym though.



10. What is the typical mode of commuting? Based on your answers identified in the prior question, what are your likely commute times.

In Nashville if I was to live in the apartment, it would be a 6-10-minute drive to pretty much all of my employers of which I would drive, unless I got a road bike.

In Dallas the apartment that I found would be 15 minutes by car, and biking would not be an option.

11. Where will you do your grocery shopping?

¹³ <https://www.apartments.com/the-courts-of-bent-tree-dallas-tx/x0m35qp/>

If I was to live in the apartment in Nashville, there is also a Kroger with 5 minutes of driving. Being Healthy I would also be shopping at stores such as Trader Joe's and Whole Foods. When mapping out my potential residence Trader Joe's was also only 15 minutes away. This is an extremely exciting find for me.

If I was to live in Dallas I would also desire to shop at Whole Foods and Trader Joe's, but with my research of mapping out my apartment I discovered that it is a 30-minute drive to the nearest Whole Foods and I could not locate a nearby Trader Joe's.

12. How will you do your laundry?

In both of my apartments I will have a washer/dryer. Also, I have located a dry cleaner 15 minutes away of which I will take all my work clothes too in Nashville. In Dallas I was also able to locate a dry cleaner 15 minutes away from my apartment.

13. Name at least three civic, religious, or charitable organizations you would like to be active in for each city?

In Nashville I would like to join Christ Presbyterian Church in Nashville of which Scott Saul's is the pastor. Scott had the honor to work under Timothy Keller for a very long time, who is one of my favorite authors and teachers. Through this church I would hope to be involved with the youth ministry there or college and hopefully in time become a deacon or elder. I would also like to become involved with inner city young life in areas of low poverty in both cities. In Nashville I would like to be directly involved in the organization Tennessee Prison Outreach Mentorship program. This is a program my father has worked with for years and is extremely close to my heart.

In Dallas I would like to join Watermark Church. Todd Wagner is the pastor there. This is a church I have a great deal of familiarity with because I know all of Todd's

children from camp and have many friends who are members at this church. I would also like to be involved in inner city Young Life. And lastly, I would like also like to be involved with a prison ministry in Dallas. I am unsure of which one, but Coalition of Churches Prison Ministry would be a great place to start. These organizations in both cities would be a fundamental part of my everyday life and are one of the most important aspects of either city.

14. What are the sports, entertainment, or recreational activities that you would be most likely to engage within the city? Name at least five activities.

In Nashville I would become an avid Predators hockey fan and Titans fan, most likely getting season tickets for both. I would also become very involved with the concert scene. I love new and upcoming artists and would try to support smaller venues. Furthermore, I would join a men's soccer league and join the local climbing gym-Climb Nashville West.

In Dallas I would become a huge Mavericks fan along with tolerating the Cowboys and hopefully get season tickets for both. I would also join a men's soccer league and a climbing gym there-Summit Climbing. Lastly, I would try to attend all the big concerts there also and possibly join a golf club.

15. What are the modes of traveling back to your hometown from this city? What is the average cost you'd incur for each trip back home? How long will it take to reach your home?

From Nashville to Jackson it would be a 6-hour drive. This would cost me a total of \$80 depending on gas. I would never fly. However, my parents live in Chattanooga, so to see them it would only be a 2-hour drive and cost around \$40.

From Dallas I would most definitely have to fly to see my parents in Chattanooga, and after looking up flight prices it would be around \$320 round trip. However, to see my sister and Grandmother in Jackson it would only take 6 hours to drive home and would cost around \$90 in gas.

- 1. Based on your findings, develop a model monthly operating budget for each city for Year, assuming that with bonuses for being a high performer, your annual salary is \$60,000.**

Nashville, TN	
Monthly Salary	\$5,000
Rent	-900
Utilities	-100
Groceries	-400
Gas	-80
Eating Out	-300
Entertainment	-500
Misc. Exp (phone etc.)	-300
Insurance	-200
401K	-150
Savings	-500
Tithing	-500
Investing	-100
Taxes	-866
Left Over for Savings	\$104

Dallas, Tx	
Monthly Salary	\$5,000
Rent	-1000
Utilities	-100
Groceries	-400
Gas	-175
Eating Out	-300
Entertainment	-500
Misc. Exp (phone etc.)	-300
Insurance	-200
401K	-150
Savings	-450
Tithing	-500
Investing	-50
Taxes	-866
Left Over for Savings	\$9

16. Finally, based on your full analysis, determine which one is your preferred city and why?

The city I have decided I would rather live in, from this study, is Nashville.

Nashville has so much of what I enjoy and the close proximity to home is extremely

appealing to me. What Dallas has, however, is fantastic industries, that I am extremely attracted to. So, my conclusion is, from a living standpoint I would choose Nashville every single day and I believe that is where I would be happiest, but from the business aspect I would have to go with Dallas and the endless business opportunities.

Case 2: Excel Study
Certificate of Completion

By David Tate Fowler

October 2, 2019



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

Tate Fowler

*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
13811767*

Tim Vipond
Chair of the Board

Scott Powell
Director

Lisa Dorian
Director

Sep 26, 2019

Case 3: Brexit

British Exit of the European Union

By David Tate Fowler

October 16, 2019

Executive Summary:

Before learning about this case, I knew very little about the European Union and even less about Great Britain's standing within it. After watching the Brexit movie, I found it almost impossible to argue with the case they make to leave the EU. They depict the EU seem as a totalitarian organization whose only goal is total power and control. In many ways, the research indicates that this portrayal is accurate. For example, the EU has 50 laws regulating devas, and sheets seem like a terrifying concept. It is also disheartening to recognize that the British people have little to no say in who represents them in the EU parliament. Also, that parliament has minimal, while appointed officials make all the regulations and laws. Furthermore, the fact the EU frequently protects failing corporations and allows many companies to remain mediocre due to lack of competition from smaller firms is wrong. Such practices also hurt the customer more than anyone else.

With the evidence stated above, it is apparent that the EU has too much power and possesses extreme flaws within its organization. However, after looking at arguments for staying in the EU and avoiding Brexit, I find myself more neutral. Yes, the EU is flawed, but if Great Britain is to leave, their departure would have drastic adverse effects on their economy for years to come. Moreover, if the change is what the people of Great Britain desire, they should first start trying to fix the EU from within. With this approach, they can strive to decrease the EU's power holdings, and instead, reorganize the system to allow the countries apart of the EU to control its outcomes.

A Study of the British Exit of the European Union

Synopsis of the film:

The movie Brexit covers the call of a great majority of Great Britain's people to leave the European Union, which they believe has hindered their national freedom and economy for decades. The current expected date that Brexit will be voted on is a little under four weeks' time, on October 31. This vote has been in the making for over three years, and if Great Britain chooses to leave the EU, it will mark one of the most important events of British history. The last vote occurred in June of 2016, and an overwhelming 52 percent of the voters voted to leave Brexit. Consequently, it is predicted that the upcoming ballot will likely pass, creating monumental implications for Europe and the entire world. The vast majority of the British people see this event as a fight against regulation and the very essence of democracy as they know it.

The EU was formed in 1993 and was seen by many as a perfect means to ensure that trade in Europe would remain protected from outside world areas. In a way, it operated as many expected it to, providing a strategy for decreasing trade competition from external sources. However, protecting many larger corporations from outside competition has caused decreases in innovation and improvement that comes from competition. This video made quite a compelling argument for the exit of the EU, stating it as a matter of freedom to decide the future of Great Britain for themselves.

Under current EU jurisdiction, The United Kingdom has almost no say in deciding its trade law. Further, their appointed officials within the EU parliament have little influence. It was stated in the video that the EU's parliament does not even have the power to propose, initiate, or deny a law that has been established. Therefore, these facts

ultimately lead one to question the purpose of these appointed officials. The legitimate power to legislate and decide rules comes from EU officials who were assigned to their office. A popular vote did not appoint these men and women, and many times, the British people do not even know who they are. This means that the laws, regulations, and taxes proposed and initiated have been established by individuals who the United Kingdom did not appoint and have no say over. This proceeding appears anti-democratic, entailing total power with zero accountability. For a democratic society to function, the people must possess the ability to have a say regarding the laws under that which they abide. Furthermore, the EU is a massive organization that shelters and dramatically enhances the lives of officials that run it. In Brussels, where the headquarters are located, there are over 90 EU buildings. These buildings are extravagant and offer officials a wide variety of amenities. The paychecks of EU officials are also enormous. It was recorded that over 10,000 EU officials are paid more than the British Prime Minister. These statistics are shocking revelations and lead many to conclude that the EU has too much power in deciding its perks. This information also confirms that the EU officials are desperate to keep their unchecked authority due to its many benefits.

During the first industrial revolution, Great Britain saw economic prosperity like the world had never seen. However, with World War I, government regulation became a significant part of business for the first time. When the Second World War began, it was heightened. Although government regulation for business was good during wartime, it ultimately hurt the prosperity that might have been gained with fewer regulations that would arise in the coming years. Germany is a prime example of such a matter,

prospering greatly, even after their entire infrastructure was destroyed because they did not have any regulations to halt their growth.

Furthermore, Britain's decision to join The EU looked like a fruitful plan.

However, as time lapsed, the EU grew and became more domineering. So and So the state, "The EU become the Elite and the others became the peasants."

Ultimately, the EU is all about regulation. It develops tariffs, quotas, and cleverly crafted and complex regulations. These practices create boundaries for the rest of the world, and the people that suffer the most are the customers. Yet, those who prosper are the large corporations. This success occurs because The EU helps to destroy competition and allows many companies to remain lazy, inefficient, and lack innovation because competition is not a relevant issue. Essentially, protecting these inefficient producers hurts efficient users and is why the EU is the world's only declining trade bloc. In addition, by protecting farmers, the EU has driven food prices up by over 10 to 20 percent on products.

One of the main reasons that the United Kingdom has remained in the EU is due to their fear that leaving it will hurt trade. However, the assumption holds little claim when looking at a country like Switzerland, which is in Europe but not in the EU. Some of Europe's most prominent corporations aren't in the EU but are instead in Switzerland. Switzerland boasts one of the lowest unemployment rates in the world and the highest average income per individual. Switzerland is direct proof that life outside the EU for Great Britain can be much more prosperous than their current conditions. Ultimately, the EU is much more reliant on Britain for continued prosperity than Britain relies on the EU.

The Economic Prosperity and threats that await Great Britain outside the EU vs.

What remains if they Stay?

Deciding to leave the EU, Great Britain would initially save about 9 billion dollars on the front-end fees that they pay to the EU yearly. What the initial fear is, though, that they would be giving up free trade with all other countries that are in the EU. However, this decision would open up further trade with different parts of the world, such as Asia, Africa, and America, with new possibilities for more significant trade with fewer regulations. Great Britain currently exports around 50 percent of its products to countries in the EU. Still, outside of this span, there is a greater possibility to increase that number in the other direction.

Furthermore, they would increase competition within their market, forcing their own companies to increase innovation and reliability, ultimately spurring further growth. One of the most essential elements of the EU exit would be for Great Britain's people to finally regain the freedom to decide their representation, involving decisions regarded to trade. Moreover, in leaving the EU, it is *TheWeek.com* predicts that Great Britain would be able to "compensate for those disadvantages by establishing its trade agreements - and that most small and medium-sized firms, which have never traded overseas, would be freed of the regulatory burden that comes with EU membership." This directly points to the video's assertion that the EU's regulation directly harms smaller firms while allowing larger firms to remain mediocre.

Although there are many calls to leave the EU in The United Kingdom, various individuals believe that it is in the UK's best interest, economically, to remain a member.

These people make a compelling argument. According to BusinessInsider.com, "Brexit would wreck the economy, according to everyone from the UK Treasury, the International Monetary Fund, the OECD, several independent research houses, and the banks." This same article admits that the EU is not perfect, but merely dropping Europe's economy because of unhappiness is not worth the ramifications it would cause. By leaving the EU, the UK's government would be forced to face a significant deficit in the coming years, increasing prices. Furthermore, the EU is the UK's greatest trading partner. Great Britain would still be able to sell to these countries, most likely, but the price of shipping and receiving would likely grow astronomically. The most significant effect Brexit would probably have on GB's economy would be on their most lucrative industry, the service industry. It would directly hurt how residents of GB work abroad. Lastly, one of the main reasons for the United Kingdom is that the EU will continue in its corrupt, ineffective, or unfair operations, even if they leave. Therefore, if the British really want to see change without risking the collapse of their economy, maybe their best course of action is to stay in the EU and work to reform it from the inside out.

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Case 4: Bank of America 10-K Analysis

By David Tate Fowler

October 30, 2019

Executive Summary:

In writing and researching for this case, I got my first small sample of what it is like to analyze a company's financial statements and the entire entity. I found this extraordinarily educational and honestly enjoyable. Bank of America, in the last few years, has been flourishing across the board through increases in data analytics and decreases in governmental regulations. I found the most exciting part to be what Bank of America does and came to find out that although their primary source of revenue is through everyday consumers who open bank accounts and borrow money, they also make a great deal of money through different financial avenues world. Furthermore, the question pertaining to analyzing the increases or decreases in revenues and expenses to be highly educational. It gave me an accurate look at the relationships between increasing certain costs while decreasing others to increase revenue across the board. I saw this directly through the use of growing data analytics expenses. Overall this case piqued my interest much more than any other issues we have done and was a significant growing experience.

BANK OF AMERICA OVERVIEW

Bank of America (BoFA) is a global banking company that was incorporated in Delaware in 1998. Stemmed from a series of different banks including Massachusetts Bank, NationsBank, and Bank of Italy, Bank of America has been passed along through many different owners and titles. Though they are now headquartered in Charlotte, North Carolina, Bank of America conducts business throughout the United States and in an additional 35 countries. Bank of America focuses on financial services and investment banking, and serves individuals, businesses both large and small, government sectors, and

investors. Audited by the Charlotte, NC office of PricewaterhouseCoopers (PwC), Bank of America submitted their latest 10-K Annual Report for Year End December 31, 2018 on February 26, 2019 at a total of 178 pages. The business of banking is vastly different from manufacturing and retail businesses. Part of the financial sector of business, Bank of America drives the majority of its profits from customer interest and service fees. BofA currently sits at number 25 on the Fortune 500 List, due to its large client base and global presence. No matter the economy, people will always need loans, bank accounts, and other financial services. This gives strong stability to Bank of America and allows them to grow during periods of higher interest and lower taxes.

DESCRIPTION OF BALANCE SHEET LINES

Assets

Cash and Cash Equivalents

The assets section of the balance sheet includes many categories of both current and long-term assets. Cash and Cash Equivalents includes cash on hand, cash items in the process of collection, cash segregated under federal and other brokerage regulations, and amounts due from correspondent (other) banks, the Federal Reserve Bank and certain non-U.S. central banks. Certain cash balances are restricted as to withdrawal or usage by legal binding contractual agreements or regulatory requirements. Cash and due from banks is a subcategory which includes Due From accounts which enable the transfer of funds between banks. These accounts are used to facilitate the collection of cash items and cash letters, the transfer and settlement of security transactions, the transfer of participation-loan funds, the purchase or sale of Federal funds, the purchase or sale of

Federal funds, and many other purposes. Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks is another subcategory of Cash and Cash Equivalents. Bank reserves are the cash minimums that must be kept on hand by banks, which is set by the U.S. Federal Reserve.

Short Term Investments

Time deposits-placed and other short-term investments is the next category on Bank of America's balance sheet. A time deposit is an interest-bearing bank deposit account that has a specified date of maturity. These deposited funds must remain in the account for the fixed term to receive the stated interest rate. The short-term investments are debt or equity securities that are expected to be converted into cash in the next three to twelve months. Federal funds-sold and securities borrowed or purchased under agreements to resell (includes \$56,399 and \$52,906 measured at fair value) follows the Time deposits. Federal funds sold are immediately available funds lent under agreements or contracts that have an original maturity of one business day or roll over under a continuing contract, excluding such funds lent in the form of securities purchased under agreements to resell. Securities purchased under agreements to resell, are the securities bought regardless of the maturity date. The next subcategory is Trading account assets (includes \$119,363 and \$106,274 pledged as collateral). Trading assets include but are not limited to U.S. Treasury securities, U.S. Government agency obligations, securities issued by states and political subdivisions in the U.S., other bonds, notes, and debentures certificates of deposit, commercial paper, and bankers' acceptances. They also include the amount of revaluation gains on assets from the "marking to market" of interest rate,

foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes.

Other Investments

Derivative assets, the next line on the balance sheet, are most commonly stocks, bonds, commodities, currencies, interest rates, and market indexes. They are assets that derive their value from price fluctuations in the underlying asset. Debt Securities follow and have a few subcategories. Financial assets classified as held-to-maturity, trading, or available-for-sale based on management's intent. These securities must be paid in full before any amount can be distributed to shareholders. The Carried at Fair Value securities are listed at the market value of the debt securities, while the Held-to-Maturity securities are listed at their cost with their fair value also disclosed. Held-to-Maturity are securities that management intends to hold until the specified maturity date.

Loans and Leases

Loans and leases, net of allowance, are comprised of two separate lines. Loans and leases (include \$4,349 and \$5,710 measured at fair value), and Allowance for loan and lease losses. The Loans and Leases line states the gross amount of loans and leases Bank of America has as an asset. Allowance for loan and lease losses represents the amount of loans and leases that are expected to be unpaid, which is deducted from the Loans and Leases line to arrive at the net balance.

Remaining Assets

Premises and Equipment, Net include the cost, less accumulated depreciation, of land and buildings actually owned and occupied right now. Bank premises also include

leasehold improvements. Goodwill is an intangible asset. It is comprised of the company's good reputation, loyal client base, brand recognition and identity, and certain technologies. Loans held-for-sale (includes \$2,942 and \$2,156 measured at fair value) are loans that are intended to be sold in the foreseeable future, including residential mortgages, loans syndications, consumer finance, and commercial real estate. Customers and other receivables include sales receivables and other receivables that are expected to be collected within the operating cycle. The last line, Other assets (includes \$19,739 and \$22,581 measured at fair value), is a grouping of accounts that contain minor assets that don't fit into main asset categories.

Liabilities

Deposits in U.S. offices is the largest liability for Bank of America. It includes money-market accounts, savings, and checking accounts. Specifically, for the U.S. bank offices. The deposits have two subcategories; Noninterest-bearing and Interest-Bearing. Noninterest bearing simply means that there is no interest on the liability accounts, while the Interest-bearing (includes \$492 and \$449 measured at fair value), accrues interest on the liability accounts. The following sections is the same as the previous deposits section, however, is listed separately because it is for Deposits in non-US offices. This section also contains Noninterest-bearing and Interest-bearing subsections. Federal funds-purchased and securities loaned or sold under agreements to repurchase (includes \$28,875 and \$36,182 measured at fair value) follows the deposits. Federal funds-purchased is the amount of short term borrowing a bank borrows, at the federal funds rate, from another bank. Securities sold under agreements to repurchase is the amount of funds outstanding borrowed in the form of a security repurchase agreement. Trading

account liabilities are the amount of net short position in certain securities held for trading purposes. Derivative Liabilities are the net liabilities of Bank of America resulting from a derived price of an underlying liability. Short-term borrowings (includes \$1,648 and \$1,494 measured at fair value) are the amount of debt that is owed to the lender within an operating cycle. Accrued expenses and other liabilities (includes \$20,075 and \$22,840 measured at fair value and \$797 and \$777 of reserve for unfunded lending commitments) include liabilities that don't fall under the major categories. As well as expenses where the service has been performed but the payment has yet to be made. The final line of Liabilities is Long-term debt (includes \$27,637 and \$31,786 measured at fair value), which is the debt that is not due until a time period past the current operating cycle.

Stockholders' Equity

Stockholders' Equity includes stocks, retained earnings, and accumulated other comprehensive income. The first line is Preferred stock, \$0.01 par value; authorized - 100,000,000 shares; issued and outstanding - 3,843,140 and 3,837,683 shares. Preferred stock means the owners receive dividends before common stockholders. The par value represents the lowest value a share could be worth. Authorized is the amount of shares Bank of America is legally allowed to issue. Whereas, issued and outstanding is the number of shares actually issued. Common stock and additional paid-in capital, \$0.01 par value; authorized - 12,800,000 shares; issued and outstanding - 9,669,286,370 and 10,287,302,431 shares. Common stock is the typical shareholder, and they receive dividends after the preferred shareholders. Additional paid-in capital is the value of share capital above the stated par value. Retained earnings represents the amount of net income

left over after dividends have been distributed to shareholders. Accumulated other comprehensive income (loss) includes unrealized gains and losses that are excluded from net income. For the current year, 2018, Bank of America has unrealized losses in this section.

CUSTOMERS AND REVENUE

Bank of America's customer base is made up of individual consumers, small and middle-market businesses, institutional investors, large corporations, and governments. Individual consumers primarily make up Bank of America and are responsible for setting up checking and savings accounts of which most of BOA's income comes from. For example, Bank of America's main sources of income from most lucrative to least lucrative are interest income; service charges, investment banking fees, card income, and investment and brokerage fees. Interest income directly arises from customers taking out loans such as mortgages and having to pay them back plus interest. Service fees come directly from customers such as individuals or businesses open accounts and the charges placed on them for the services required to maintain and use the account. Investment and brokerage services obtain revenue through asset management fees and brokerage fees. Asset management fees are earned from the management of client assets under advisory agreements or the full discretion of the corporation's financial advisors. Brokerage fees come from income earned from transaction-based services that are performed as part of the investment management services; distribution fees, sales commissions. Card income, which comes from the use of debit and credit cards, results from annual, late and over-limit fees as well as fees earned from interchange. Investment banking income comes

from fees earned for the placement of a customer's debt or equity securities and commissions on such placements. Income from financial advisory services are fees earned for assisting customers with transactions related to mergers and acquisitions and financial restructuring. Furthermore, Bank of America does a great deal of global banks, amassing a total income of \$19,644,000 in global banking.

SUPPLIERS

Bank of America generates revenue primarily through financial activities and services. Consequently, this excludes it from having a 'true' supplier for its business. However, in a more general sense the US Treasury Department could be seen as a direct supplier of BofA. It prints and services the currency on which BofA relies. Similarly, BofA lacks a true 'good' with associated production costs, but broadly, one can say that a good equivalent for the COGS would be the interest expenses associated with its service operations. These include expenses stemming from interest-bearing deposits, federal funds purchased, securities loaned or sold under agreements to repurchase, short-term borrowings, other interest-bearing liabilities, trading account liabilities, and long-term debt.

OTHER OPERATING EXPENSES

Bank of America lists eight other operating expense categories on the income statement that are considered noninterest expenses. These include Personnel, Service, Occupancy, Equipment, Marketing, Professional fees, Data processing, Telecommunications, and Other expenses. For personnel, BofA describes its importance as due to the company's success being "heavily dependent on the talents and efforts of highly skilled individuals," and elaborates that, "Competition for qualified personnel

within the financial services industry and from businesses outside the financial services industry is intense.” For service, BofA believes in the importance of adapting and developing their “products, services and technology to evolving industry standards and consumer preferences [as] there is increasing pressure by competitors to provide products and services on more attractive terms, including higher interest rates on deposits, which may impact our ability to grow revenue and/or effectively compete.” For occupancy and equipment, the company refrains from addressing the account, but it can be inferred that having locations and machinery for customers to physically meet with representatives and physically withdraw cash remains a crucial aspect of banking activity. Like any other business, BofA utilizes marketing to target appropriate demographics and spread brand awareness. As for data processing, professional fees, and other expenses, these likely have the least impact on generating revenue; these primarily facilitate general aspects of the business.

I. RECENT REVENUE AND EXPENSE TREND

In the past 3 years income has been growing steadily from 17,822 in 2016, 18,232 in 2017, 28,147 in 2018 in billions. This is the result of expenses dropping in the last 3 years by around 1 billion a year. Expenses dropped almost consistently across the board for all expenses except in the case of expenses for data processing, which went up over 200 million in the past 3 years and occupancy which went up around 20 million. I believe this to be the result of the world-wide increase in need of data processing which ultimately makes the rest of the business run more efficiently. In the case of Revenues, they went up by around 8 billion in the last 3 years. This was mainly the result of net interest revenues and total interest revenues. Total interest revenue went up around 16 billion in 3 years

and net interest revenue went up around 8 billion. In looking for a reason for these increases in income I looked at the articles written by seekingalpha.com. In reading this article I discovered one of the main reasons is because of Bank of America's overall effectiveness in operations. Also, under the Trump administration banks of all kinds have seen a great few years. This is the result of the Trump administration decreasing regulations and helping to increase interest rates.

NET INCOME V. CASH FLOWS FROM OPERATIONS

In 2018, Bank of America's net income was reported at \$28,147,000. This is an increase of approximately \$4,000,000 from 2017 and is largely due to a significant increase in interest income for the year. The Cash Flows from Operations, found in the Statement of Cash Flows, was reported to be \$39,520,000 for the year. This difference between net income and cash flows from operations of \$11,373,000 can be attributed to a variety of factors. The adjustments to reconcile net income to net cash provided by operating activities portion of the operating activities section accounts for the majority of the difference. The net changes in Trading and Derivative Instruments, Other Assets, and Accrued Expenses and Other Liabilities roughly cancel out to cause no overall change to net income. Similarly, the Adjustments for the Loans Held-for-Sale also balance out to cause little difference in the cash flows from operating activities and net income. Under the adjustments for reconciliation, the Deferred Income Taxes and Provision for Credit Losses both account for the largest difference adding \$3,041 and \$3,282 respectively to cash flows from operations.

BALANCE SHEET ESTIMATES

Under the assets section, allowance for loan and lease losses is an estimate of the amount that is expected to be uncollected. There is also an estimate on accumulated depreciation which is used as a valuation method. Given that goodwill is an intangible, there is also an estimable piece in terms of valuing what, for example, a brand's customer base is worth. Allowance for credit losses is also based on an estimate. Estimates are additionally found wherever an asset can be valued at fair value. The liabilities section includes portions of estimates mainly coming from valuing liability accounts at fair value as well.

Conclusion

In concluding this case, overall Bank of America is in a fantastic position for continued growth and gain over the next few years. With their relatively low debt and high incomes, through there many sources of revenue in the financial environment, investing in Bank of America is something I would strongly consider. This case truly opened my eyes to how interesting analyzing a company can actually be and how doable it is for a person with reasonable knowledge of financial statements.

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Case 5: Thomas Sowell: Myths of Economic Inequality

By David Tate Fowler

December 3, 2019

Executive Summary:

In this final case of the semester, we had the opportunity of hearing the unique and controversial viewpoints of a man by the name of Thomas Sowell regarding the current and past issues in regard to the welfare state. Specifically, Mr. Sowell's perspective relates to what he believes to be myths of the reasons behind economic inequality in the United States today. Furthermore, Mr. Sowell, an African American man, points to many issues he sees socially and economically among the African American population that are issues of the government's intervention complemented by unhealthy lifestyle choices among segments of this population. Ultimately, this case dives deep into the root problems of what Mr. Sowell believes to cause many social and economic inequalities. This case material is polarizing but acts to expand the average mind regarding entertaining different viewpoints and causes of one of the most significant issues in our country today, inequality among races.

Thomas Sowell: Myths of Economic Inequality

Mr. Sowell's Argument:

The idea of socialism is fantastic, as Mr. Sowell states; however, it is a terrible reality, as displayed by many of the countries in which it is enacted. Mr. Sowell is quite aware that social inequality is prevalent today. In his argument, he shows that although it is present, this is part of the country and the world we live in. "There is no such thing as an equal opportunity" it is much deeper than this and something the government cannot simply pass laws to fix, as Mr. Sowell argues. Furthermore, the unconstrained view of which was adopted by men such as Lyndon B. Johnson, in creating the welfare state,

acted to further the situation of social inequality, rather than helping it as he and many others hoped and thought.

Main Idea and changing viewpoints:

Mr. Sowell brings an extremely unique viewpoint to the argument of social inequality, in that he delivered himself from a situation as a high school drop out with little to no direction in life to a life as a well-known author and economist. Furthermore, he has been alive and since the creation of the welfare state, which gives him direct insight into the changes he has seen in his community and among the entire African American population.

A frequent argument today is to blame racial inequality on the lasting effects of slavery. Mr. Sowell, however, completely rejects this idea and points to many reasons why he believes this view to be a fallacy. Rather, he believes many of these social inequalities to be directly tied to the welfare state. In regard to welfare, Mr. Sowell states that is caused crime rates to skyrocket, the family structure among African Americans to dissipate, and encourages unhealthy lifestyle choices among this culture. Furthermore, Mr. Sowell points to statistics in showing that before welfare the African American community was slowly but surely improving their lives, but then the government decided to come in and help resulting in the stagnation of these numbers. One of the main statistics Sowell pulls on is the single parent households of which is 70% among the black population. He states that this is directly tied to welfare in that if you pay the family for the father not be there this will result in even less incentive for the father to stay. This further adds to the problem of inequality as the result of poor lifestyle choices.

In addition, Mr. Sowell also goes on to address affirmative action stating that this is indeed illegal, and it adds to systematically mismatching students to schools of which it will be hard for them to meet the requirements. Ultimately, affirmative action, of which is an unconstrained vision, places many black students in schools to where they do not meet the requirements and often times struggle to stay afloat, to where if they were at a school more their academic speed they would flourish.

In analyzing Mr. Sowell's argument, it is hard to disagree with his statistics without looking at different viewpoints. Personally, a good deal of what he stated resonated with me. This past summer I had the opportunity to work on impoverished Indian Reservation in Washington and saw a significant amount of hardship. This viewpoint allowed me to see that by no means is there equal opportunity for all in this country and the idea of this is unrealistic, as Mr. Sowell stated. However, what I also saw was the complete lack of healthy relationship as the result of almost every single family being broken, often times with kids in foster care. Furthermore, this showed me that indeed what Mr. Sowell said is correct in that unequal opportunity combined with unhealthy lifestyle choices systematically oppressed people. However, by creating welfare systems this does not fix the problem as I also saw. Ultimately, as Mr. Sowell alluded to, poverty and social inequality are often times the result of not only the lack of money, but more so the lack of healthy relationships in life.

Case 6: Regulation Fair Disclosure

By David Tate Fowler

January 24, 2020

Executive Summary:

In studying Regulation Fair Disclosure, I learned a great deal about the ethical changes that have transformed the trade of public securities since 2000. Before Regulation Fair Disclosure executives and managers of publicly held companies could be quite selective in who they disclosed pertinent information to. I found this to be extremely interesting in that such borderline ethical behavior went unchecked for so long by the general public and the SEC. Furthermore, I had little idea that such behaviors ultimately lead to such meltdowns as WorldCom. By allowing direct communication between investment analyst and these companies without public knowledge it ultimately allowed these catastrophes to happen through the manipulation of the stock to unrealistic prices. It was also interesting to me that these analysts were given such an upper hand in selecting stocks for themselves and their clients creating further unethical behavior. Regulation Fair Disclosure acted to change all of this, creating a system that was much fairer to the general public. It was believed before the passage of Reg FD that the common investor could not make use of the knowledge that was shared to analyst and firms. However, this was not the case and has been shown by studies since the passage of Reg FD. Ultimately, it is my opinion that Reg FD preserved the integrity of the entire market and without it the market would remain unstable, only truly rewarding the biggest players in the game.

Regulation Fair Disclosure

1. In essence, Regulation FD acts to promote equality among the general public and market professionals in a means of receiving equal amounts of information from publicly run companies, in regard to their disclosure practices. More simply stated it demands publicly run companies to disclose the same pertinent information to regular, everyday investors as the big-time traders on Wall Street and other large investment entities. Often times Regulation FD is displayed in that publicly traded companies conducting earnings and forecasts calls or statements, to inform investment analyst of future development, must also be made accessible through simultaneous press releases to the general public. Furthermore, the calls and statements between executives and analyst must also be released. Regulation FD was put in place in 2000 to decrease actions that mimicked insider training. In regard to my client's reporting actions, Reg FD requires my client to be much more transparent in all its disclosure practices. It is also important that my client establishes specific review protocols and trains all key employees in Reg FD so as not to accidentally violate Reg FD. Ultimately, Reg FD requires more of publicly run companies by increasing their financial communication to all parties.

2. Before the creation of Reg FD executives and managers had unregulated flexibility in sharing pertinent information with those, they deemed worthy, such as many Wall Street Analyst. This was the result of poor judgement in thinking the general public was to uninformed and uneducated about investment strategy to make use of this information. This led to many analyst and firms often times being able to manipulate stock prices, through the information they received. In the case of companies such as

WorldCom, this led the average investor into a poor outcome in thinking the stock was worth more than it actually was.

With overwhelming support from the general public, in 2000, Reg FD was passed to put an end to the lack of disclosure among publicly held companies to the general public. Ultimately, this did away with the almost insider trading knowledge that was being passed from public companies to a select group. Furthermore, Reg FD created a system, in which legally, anything that was stated to analyst over the phone, in shared reports, or in conversation legally had to be disclosed in up to date reports to the general public. Reg FD acts to create a safer and more fair system, that gives no one the upper hand in making trade decisions through selective knowledge.

3. Yes, it is my belief that he violated Reg FD. Facebook is a platform in which you can post and then choose unto whom sees your posts. So, the result of him posting this information lead to only a select group of people seeing it directly violates Reg FD in that it was not made public and displayed important information about investment decisions. However, if he made the post public to all, and not just his immediate friends then I could see an argument for saying he did not violate Reg FD.

4. In reading this article it did indeed change my stance, but only if the information was open to all. By posting sales reports and traffic to his Facebook this was obviously a ploy to increase investor morale, in the process raising prices. Furthermore, if this information was indeed true then following the Reed Hasting's precedent then it would not be illegal if viewed in the same way. In what Mr. Musk did, in regard to Reg FD, it may not be illegal, but it was not ethical. So, he did not violate Reg FD in my eyes but what he did was not ethical.

Case 7: Is it Taxable?

By David Tate Fowler

February 12, 2020

Executive Summary:

The case we were given depicts a conversation we, the tax professional, had with a very important client over lunch. During the conversation, he mentions that his daughter has become quite successful off of YouTube, making several thousand dollars a month and investing it. This then raised into question the legality of such a large amount of untaxed income. After the conversation, we had to think through the situation and find a way to go about handling the situation.

The case is more difficult because of Emma's, our client's daughter, age. Emma is only 13. While she is obviously still being claimed as a dependent on her father's returns, she is making a substantial amount of money. Does this money count towards her father's income or her own? We had to look into different sections of the tax laws to discover the correct way to classify the money at question. Because the income is earned, the money all goes to Emma's gross income. The amount earned surpasses the standard deductions for single filers, meaning that Emma is required to file.

When Emma brings the money in, she invests it all in an interest earning securities. This brings unearned income into question. Because of Emma's age, we then have to look at kiddie tax. This portion of her income then has to be taxed at her father's rate. Having not realized the liability that began to accrue, David, my client, and his daughter never filed taxes.

The case challenged us to think through a difficult situation, apply it to a complex tax system, and predict how we would handle the difficult scenario of informing your partners and client of the potential liability. It challenged the application of tax law as

well as challenged us to think of how we would potentially handle a tough client interaction.

YouTube Tax of a Minor

Partners,

Recently, it has come to my attention in filing a client's tax return that there is a substantial amount of earned income in his home that has gone untaxed for years. This is the result of his child superstardom on YouTube. According to David, my client, his daughter's income has ranged from \$10,000 to \$15,000 a month through advertisement revenues as a result of her online channel. Averaging this monthly income out, his daughter is bringing in \$150,000 in potential taxable income annually.

Although, his daughter is bringing in a substantial sum of money she still qualifies for child dependency status by fulfilling the age, residence, relationship and support tests. As explained by my client, his daughter is not spending any of her money and therefore passes the support tests, which came directly into question when I first heard of this.

Under current tax regulation, Emma, my client's daughter, is required to pay taxes on the income she is earning of any amount exceeding the \$12,200 standard deduction. Because the nature of the income is earned, it is included in Emma's gross income and not that of her father. However, because of her failure to pay, under her dependency status, Emma's father may be liable for the \$30,174.50 owed per year.

I am writing to inform you of the situation and to ask for guidance going forth, because I truly believe that the situation came to be from lack of understanding rather than

intentional evasion. In many cases of ignorance that payment of taxes is owed, the IRS has been found to waive tax penalties. This is encouraging, but ignorance must be proved to abate large fines that are owed on Emma's taxes. In analyzing intent vs ignorance the IRS looks at multiple factors including: including the education level of the taxpayer, if the taxpayer had ever been subject to the tax before, if the taxpayer had ever been penalized before, if there were changes to the tax forms or law that a taxpayer could not reasonably be expected to know, and finally the complexity of the tax or compliance issue.

In addition to Emma's evasion of income tax as the result of ignorance, she has also been acquiring unearned income over the \$2,200 exemption amount given under the kiddie tax. The kiddie tax acts to keep high wealth individuals from passing unearned income down to their children so that it will not be taxed. Unearned income over \$2,200 is therefore taxed at their guardians' rate. In Emma's case, she has roughly around \$13,909 of unearned income from interest on her securities. As the result of her father being in the highest tax bracket this unearned income will be taxed at 37%. This results in Emma having a tax liability of \$4,332.3 for unearned income. This was calculated by subtracting \$2,200 exception from \$13,909 then multiplying the resulting number by 37%.

In closing, it is my belief that this error will have no ramifications on us. At first I believed negligence on our part could be an issue, however, it is apparent through all our past filing that this is not the case. Going forward, I will be in contact with Emma's father on the proper steps to take in reporting this to the IRS so that no further evasion takes

place. I am overjoyed that we caught this when we did so that no further damage was done.

All the best,

Jim Allen

Case 8: Block-Chain

By David Tate Fowler

March 8, 2020

Executive Summary:

Blockchain was something that I was completely unfamiliar with before this case. However, it is something I am immensely grateful for having been given the opportunity to study and learn about.

Technology has been an area in my life that I have always been uncomfortable with. Growth, however, only comes through pushing through discomfort of which this case forced me to do. Blockchain is slowly but surely going to revolutionize the way the world works, especially that of financial accounting and banking, two future job interests of mine. Therefore, it is imperative that I develop skills related to this area study, of which up to this point, I had no idea I needed to obtain and would not have if it weren't for this case study.

In the last few years, it would have been pretty hard not to hear about the Bitcoin craze that enveloped the world. Understanding it, however, was an entirely different story of which until now, I did not myself. Cryptocurrencies and Blockchains are indeed complex, but when broken down to simple levels and the functional usage explained, it is impossible to refute the benefit that this technological advancement may bring to our world. Yes, there are risks and costs involved, but from my viewpoint, the benefits of limitless and safe connectible networks outweigh everything.

Ultimately this case acted to change my perspective about technological advancement and the impact it will have on my career, of which I am extremely grateful. It is evident to me now that whatever field I decide to go into Blockchain will affect and improve it in some nature as it continues to progress. I am just excited to see how it does.

Block-Chain

Innovation-the act of constantly trying to improve one's life, industry, or society through intelligent ideas, insights, and products-is what keeps us moving forward as a society. Complacency has never been an option, especially in the last 40 years. With the creation of the internet in 1983 and the web revolution that followed, everything changed for individuals and organizations all across the globe. Ultimately this forced everyone, almost everywhere, to remodel the way things had been done for all of history into more efficient means through the avenues the internet has created. Excluding communication, no greater impact was had on any other area than that of informational storage. However, over the years, with exorbitant amounts of information being stored, related anywhere from private clientele info to that of transactions, the door has often been left open for hackers across the globe to easily access this information, hurting many consumers and organizations. Many actions have been put in place to avert this, however widespread success, in the instance of multiple parties writing the same data, has not until recently been feasible, hallmarked by the creation of Blockchain and the exciting functionality of the digital currencies that sit atop of it.

In discussing Blockchain and cryptocurrencies, a couple of questions must be answered: What is the functionality and purpose of it? And How will it affect the business world, specifically financial reporting institutions? However, to answer these questions, I first must start with what Blockchain truly is in its simplest form and how it functions.

Blockchain, essentially, is a record-keeping technology. However, what separates Blockchain from that of its counterparts is that it is based around a decentralized network,

resulting in what appears to be limitless future opportunities and benefits. Some of which are highlighted by improved accuracy by removing human involvement in verification, cost reductions by eliminating third-party verification, decentralization making it much more difficult to manipulate, and transactions becoming much more secure, private, and efficient.

Surprisingly enough, Blockchain structure is made up of none other than a bunch of blocks strung together. These blocks usually contain at most one Mb of similar data and are identifiable by a hash, which are codes created by algorithms. However, to be added to a blockchain, information must first be verified by the entire network, and after must be stored in a block where it will join thousands of similar transactions like it. Furthermore, the entire blockchain is visible to each computer in the network, maintaining security by storing each new block in chronological order. This process makes it very difficult and strenuous for any party to go back and alter the contents of a single block. Specifically, this is so because each block, identified by its own hash, which is created by algorithms that turn the information into numbers and letters, change if that information is manipulated by hackers. Each block containing its own hash and that of the block before it, however, does not change. Meaning anyone who acts to tamper with the information of a previous block will also have to change that of all the subsequent blocks. This would be rigorous and exhausting for even the most technical hacker in most scenarios. Theoretically, it is still possible for a hacker to take control of a blockchain. However, they would have to possess over 51% of computers on the network. Which in bitcoin or other similar large blockchains case is nearly impossible.

Functionally speaking, we have now seen how Blockchain operates to create a decentralized, secure network of data. Diving in deeper, though, Blockchain has much further and profound application in that of revolutionizing cryptocurrency, contracts, banking, record keeping, supply chain, voting, etc. Ultimately, Blockchain creates a systematically decentralized "middle-man," which could help each of these areas thrive and become more efficient on the world stage with much less risk.

In regards to banking, incorporating Blockchain will have, and has been having, one of the most profound impacts of that on any industry. Specifically, blockchain will positively affect banks in that it will allow them to verify transactions, such as check deposits, at an extremely rapid pace. It will also give them the opportunity to exchange funds rapidly and, most importantly, in a secure manner. In a means of security, *Santander*, a European bank, put the savings at around 20 billion a year from incorporating Blockchain technology. However, with the increasing popularity of cryptocurrency, which is still in an almost socially experimental phase, banks, along with other credit entities, will have to find new ways to reinvent themselves in an effort to not get cut out as middlemen in many transactions.

Oftentimes cryptocurrencies, such as that of Bitcoin, and blockchain are seen as synonymous. However, it is crucial to understand that this is not the case in gaining a greater knowledge of the functions of cryptocurrencies. Jeff Garzik, a blockchain and Bitcoin expert, describes Block-Chain, specifically Bitcoin as, "'an organism.' It has layers, like other software. On top of the public Bitcoin blockchain sits billions of dollars' worth of cryptocurrency, but beneath that is a ledger just like any other blockchain."

Furthermore, cryptocurrencies such as that of Bitcoin and Ethereum expand Blockchain functionality, taking it to new heights of usefulness. Ultimately, cryptocurrency's offer the first practical way to do business over the internet without using a central administration or hub of trust. This is monumental and far surpasses payment systems such as PayPal. Transactions without a central hub of trust is a little frightening to think about. However, cryptocurrencies, being built on the backs of Blockchains, offer far more security than that of normal cash transactions. The reason being these are irreversible guaranteed payments, and every payment is broadcast throughout the entire network, making this a shared validation system for transactions and impossible to manipulate. In Bitcoins instance, there is a maximum of 21 million bitcoins that will ever be in existence. Meaning supply cannot be inflated or counterfeited.

With all these security measures put in place, still, sadly nothing is untouchable if it is not used for its intended design. This has been displayed in practically every cryptocurrency heist up to date, organizations trying to centralize some that is decentralized by design.

Besides that, of cryptocurrency, one of the most exciting future functional uses of Blockchain is that of Smart Contracts. These will act to automate all contractual management practices. Ultimately, if Block-Chain is to be implemented across all sectors, smart contracts will be a key backbone, allowing data exchanges and programming the rules by which each code-triggered agreement functions. Furthermore, smart contracts will oftentimes be able to act as the Blockchain middleman for a wide array of transaction and verification processes. One interesting example of functionality Jerry Cuomo, Vice President of Blockchain Technologies at IBM, mentioned is that of

managing verification of citizen's identity. Another example further shows how smart contracts could even revolutionize supply chain management through the tracking and management of physical assets. In the world of business and finance, other functions also include cutting time on deal closings, banking and security, and global trade finance from weeks to minutes. Essentially, options remain limitless for the practicality of smart contracts, allowed through Blockchain integration, in business and everyday life.

One indirect impact Blockchain is having is that on the world of financial reporting, specifically the audit, raising questions about recognition of digital assets. In recognizing digital assets, "control" of the asset will be used to show who needs to record digital assets and the liabilities associated with them. Much easier to value and recognize, is the asset cryptocurrencies provide because their value is based on an active trading market price. The challenge, however, begins with that of recording illiquid assets. Furthermore, the issue is raised by finding effective means of tracking these assets for impairment to adjust these assets for cost basis when recording them on the balance sheet. Currently, no effective process is available. Audit teams, themselves, will also be affected by Blockchain. Each member should be expected to have a deep understanding of what a digital asset is, and the risks associated with it. Additionally, most teams will be forced to add on a cybersecurity expert, making specialized skills even more valuable in tomorrow's work environment.

Blockchain is still quite young in its existence, and to see it continue to expand and elevate the world around us, we must see widespread adoption on all fronts, starting with governments across the world. It is also imperative to blockchains widespread usage that open standards are created to tie the entire network together. The ultimate hope is

that of "connective intelligence," allowing us to power the next generation of the web moving us to new heights of connection and productivity, previously not thought possible. Blockchain is going to revolutionize the world; all we need to do is say yes.

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Jeremy Goss, Jagruit Solanki, and Amy Steele

Case 9: Business Interview

By David Tate Fowler

March 31, 2020

Executive Summary:

It has always been my belief that knowledge learned outside of the classroom is exponentially more impactful and useful than that learned inside it. This is not said to discredit all the valuable skills and knowledge that I have learned in school, because obviously, I would not be where I am today without my fantastic instructors leading me forward and inspiring me to better myself through education. However, without practical ways to apply this knowledge in your life, post-graduation, it is often rendered useless. Chris Langan, child prodigy and considered to have one of the highest IQ's in the country is a prime example of this. Although Chris has a complex academic knowledge of various topics such as quantum physics, as highlighted in the book *Outliers* by Malcomb Gladwell, he has never reached even the slightest bit of his potential. This is not the result of a lack of preparation educationally, but rather of having the right experiences and people guiding him forward that no amount of studying can make up for. This is why I believe this case, and experiences like it, are a fundamental part of any student's growth. Furthermore, the most essential thing that can prepare a student for the business world, or that of any other career, is learning from those that came before us.

During the interview for this case, I learned a great deal that I found to be applicable knowledge going forward of which I do not think I would have gained without this conversation. Furthermore, Mr. Patterson highlighted areas, not only where I should aim to shoot for with my career, but also that I can focus on how to enjoy the journey, just as much as the destination. In the write up below, I have acted to display all the useful tips and even entertaining tangents that have made Mr. Pat Paterson's entrepreneurial career extremely worthwhile.

Business Interview

Mr. Pat had a trialing childhood growing up in Oxford, Mississippi, raised by his single grandmother in a small middle-class home. His junior high and high school years were highlighted by Brown vs. Board of Education that effectively desegregated all schools in the Oxford community. According to Mr. Pat, at the time, many of the prominent white families began pulling their children out of the public-school system as a result of desegregation practices, placing them in private schools. However, his grandmother chose to keep him in the public-school system of which he stated he is extremely grateful for. He pointed to this being a fundamental time in learning and growing with many individuals who had different backgrounds, which broadened his horizons from the all-white schools that many of his counterparts went to during the time. During Mr. Pat's college years, he was unsure of what he wanted to do but was increasingly interested in science, so he studied biology and chemistry. However, he stated that he was not much of a student because it was always hard for him to focus as a result of him being interested in entirely too much at one time. At first, he thought he wanted to be a teacher or game warden. This was the result of his grandfather having been one of the first sixteen game wardens in Mississippi. However, his career took a different path.

Mr. Pat's first job after college was as a water analyst and part-time running concessions for the Oxford baseball park. This is where he states that he began planning a different path from the ones he had previously sought after. Being a water analyst and concessions manager taught him one thing that he stated as a pivotal turning point in his career, that he wanted to be his own boss.

This ultimately spurred him to start his first business, which was a liquor store at the end of Fraternity Row. As a liquor store owner, he learned for the first time that being his boss and that of others, was much more difficult than he had previously thought, but he also found it to be extremely rewarding. So, as a result of his growing entrepreneurial spirit, he began to open other businesses such as two laundromats and began buying rental property. Furthermore, today Mr. Pat's business has exponentially grown since that first liquor store, to that of University Sporting Goods, the Post Office, and many other businesses and property in the Oxford area. He also had the opportunity of serving as the Oxford Mayor for two consecutive terms. This experience, however, he did not want to discuss in further detail. One of the highlights of Mr. Pat's career though, was serving as part-time, "on-call", Federal Marshall. He stated that this job helped propel him to where he is today through the discipline and teamwork skills, he gained through it.

Outside of work, Mr. Pat's favorite hobbies are going to Ole Miss sporting events, specifically baseball (RIP to our wonderful season). He also loves to "eat, drink, and do more work." Mr. Pat has seen a great deal of the world through his many wonderful vacations, but he says his favorite one has been a cruise he took to New Zealand two years ago. He talked about the amazing landscape, being like nothing he had ever seen before.

In a means of changing something about his life, Mr. Pat said he has no complaints and doesn't believe he would change anything. Because even his mistakes have helped him see parts of his life he needed to fix, getting him where he is today. I found this piece of advice to be extremely beneficial for myself because frequently I tend

to focus on the mistakes I've made, rather than learning from them and pushing forward. This is something I am going to actively try to change about myself now.

Although Mr. Pat said he wouldn't change anything, he did offer me some helpful advice on going forward. Specifically, he talked about making sure I am living in the present and not worrying too much about the future. He also told me to focus on my relationships, because they are the most important thing in your life and always will be no matter what. Furthermore, he went on to say, though often unintentional, many of these relationships will also help you along your journey, and you will be able to help many of them along with theirs also. This was undoubtedly the most important part of the conversation for me because it really put everything into perspective. Yes, I want to be successful in business, but more than anything, I now know that I want to be successful in my relationships above all else. That is what will be most important to me in my career.

In closing our conversation, Mr. Pat said he was most proud of recognizing who he is and the relationships he has. He also stated that the biggest challenge of his generation was adapting to the technological advancements over the years. He also talked about Vietnam being a scary time for the country and something they all had to battle through together. In regard to our generation, he talked about bouncing back from this pandemic and entering the workforce in a possible recession. Also, he stated that letting our technology control our lives too much is a major issue with the generations to come.

It was my absolute joy to interview Mr. Pat. I had worked for him in the past, but this conversation allowed me to get to know him on a different level. I cannot stress it enough that conversations such as these are critical to growing as a person and

businessman. Wisdom comes from knowledge, and true knowledge cannot be gained without the help of others.

Case 10: Internship Interview

By David Tate Fowler

April 19, 2020

Executive Summary:

Throughout my entire accounting educational at the University of Mississippi, I have been working towards one main goal-that of preparing myself sufficiently to enter the business world and take on the many opportunities and challenges that will await me. As I close in on this goal, one last crucial learning experience sits before me and that of my fellow accounting classmates before hopefully receiving jobs: The internship experience with a public accounting firm.

Over the years, I have had the opportunity to hear of the learning and growing opportunities these internships offer accounting students, through my sister, my professors, and the firms that are offering them. However, until I received offers, I paid little attention because I saw the information, they provided as only useful in the distant future. As it has become more real to me, though, I have sought guidance from not only my family but also students who have just completed their senior year internships. This case is one example that helped to spur a conversation that benefited me greatly in educating me about the experience I am to embark on in this coming year. Furthermore, my discussion with Birajit Nepal gave me a much clearer idea of the exact type of work I will be doing in audit. He also offered a great deal of advice involving things that he learned along the way that he believes will benefit me greatly. This conversation was such a blessing, especially in these quarantined times, where it has become increasingly more challenging to connect with different individuals.

Internship Interview

Birajit Nepal is a senior at Ole Miss and is originally from Nepal. Birajit decided upon attending Ole Miss because he knew he wanted to come to the United States for school and was specifically attracted by the opportunities he saw that the Patterson Accountancy School could offer him. Throughout his time at Ole Miss Birajit has worked diligently to balance part-time jobs and the rigorous academic responsibilities placed on all accounting students. Birajit believes this experience benefited him greatly in his internship because he was no stranger to hard work and found the transition to long workdays quite easy and eerily familiar. One nice thing he even highlighted about the internship being even better than being at school was that although frequently you can work seventy-hour weeks once you get home, you are done unlike whereas at schoolwork frequently follows you wherever you go.

The firm which Birajit worked at is named Deloitte and is one of the biggest four accounting firms in the world. Specifically, he had the opportunity to work in the Dallas office; however, as an auditor, he noted that he was barely in the office, except for training days. This was his first office job, stating he enjoyed the professionalism that he experienced. Specifically, he highlighted the amazing work ethic that was instilled in almost everyone he worked with.

In Birajit's first week in Dallas, they primarily trained all the incoming interns on Deloitte's: policies, technologies, mindset, and auditing skills. He stated this was a valuable time because not only did they learn about how to do their jobs, they were also getting to form relationships with the people they would be working with, helping their time to be much more enjoyable.

One week in, well trained, and eager to start, Birajit was put on his first client, a publicly traded data center real estate company called CyrusOne. Quickly Birajit felt the pressure of the busy season, specifically because his senior appeared always stressed out, which trickled down to make the rest of the team around him stressed out also. Although the team in which he was placed was often unenjoyable, he stated he learned a great deal, because a great deal was expected of him. Birajit did most of his work doing tie-outs, network papers, and updating memos. He said he specifically enjoyed doing the tie-outs because it allowed him to gain a much broader understanding of all the statement's connection with each other. Furthermore, he also said it allowed him to ask many questions because he was getting to look over everything.

On Birajit's second client, he was placed on a privately held oil and gas company for a week. He found this experience to be much more enjoyable, not just because of the work, because of the team he was with. He stated this was a much more relaxed experience because the team members he was working with acted less stressed and enjoyed working together much more. Furthermore, because it was a privately held company, the work was much less complex, and they did not have to follow strict GAAP guidelines. Although he stated this client was more enjoyable to work on, Birajit said he would much rather work on public clients in the future because he believes it offers him the greatest growth opportunity.

After taking the time explaining his experience as a whole, Birajit graciously offered me a great deal of advice and further discussed areas of his internship; I was specifically interested in it.

Something I have been increasingly anxious about is getting to my internship and not know how to apply anything I have learned in school. In talking to Birajit, though, he quickly calmed this fear by discussing his own experience with this. He stated that one of the best parts of the internship is getting to learn, and that is pretty much all you are there for. Furthermore, he went onto to say the only thing that the people above you truly care about is that you have a good attitude and are willing to learn from your mistakes and that they don't expect you to know much and don't care about the overall accuracy of everything you are doing. Also, he focused on that Ole Miss has prepared us better than just about any other school, and I will have much greater knowledge than that of my counterparts. Lastly, Birajit went on to discuss how the team placed around you will continuously build you up, but also that I better get ready to take a lot of coffee orders.

I also asked Birajit if there were any useful skills that I could act to gain or improve on now that would help me throughout my internship. The first thing he talked about was learning Excel, of which I'm thrilled we had a case this year. He went onto say you will use this constantly, and it is essential that you get a basis of knowledge before you start. Also, something I was not as aware of and that he stressed is the importance of competency in writing, and that it is one of the most important skills I could have because you write a great deal and want to sound as educated and clear as possible. Lastly, he talked about the ability to ask questions straightforwardly. By this he meant, explaining your thought process instead of just asking how to do something.

This conversation truly was such a blessing, and I learned a great deal that I will take with me as I prepare for this experience. There is truly no greater education than

learning from the experiences of others that have come before me and wish to help me push me forward.

Case 11: The Financial Crisis

By David Tate Fowler

April 27, 2020

Executive Summary:

Up until this case, I believed I had a decent knowledge of the perils and causes of the financial crisis of 2008 and 2009 through watching movies such as *The Big Short* and conversations with my father. However, I was surprisingly mistaken by learning more of the depth of this crisis and the greed that caused it. The financial meltdown and the recession that ensued are quite personal to me in that my dad was laid off as a result of them, and my family struggled financially for years following. In this struggle, though, I know we weren't alone as many families across the country, and the world, fell victim to the greed of a few.

In analyzing these videos and articles for this case, I was deeply discouraged, and subsequently, a feeling of rage crept up upon me. However, as I let all the information sink in over the following day, my rage at these injustices calmed and allowed me to look at the information from a more objective viewpoint, not just emotion.

Furthermore, the questions I was required to answer helped me to think broader than just the effects the financial crisis had on my family. Ultimately this case forced me to develop opinions and beliefs on topics that I had not previously thought about, such as government regulation, corporate greed, and my ethical responsibilities as a future businessman. Also, I was given the opportunity to develop ideas and insights into what the United States' current health crisis means for our country politically and economically going forward. Finally, I expanded my personal thoughts and convictions into a conclusion about how we might act as a society to learn from our mistakes, establishing a new status quo.

The material that I watched and read challenged my beliefs, but I also think it reinforced ideologies that I already cling to. Specifically, I believe, as many do, that the system of capitalist democracy has many faults. However, as highlighted in a quote by Winston Churchill. "Many forms of government have been tried and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of government except for all those other forms that have been tried from time to time..." it still remains the best option for our fallen world. That is not to say that we cannot act to improve the government we live under, but rather the opposite. In an ideal world, democracy allows us to fix problems as we see fit. Sadly, though, often time this is not an ideal world. Therefore, resolving problems requires great influence, of which weakest among us often have none, and continually pay the price for the actions of those at those that do. Moreover, this reinforces my belief that those of us that are fortunate enough to be placed in positions of prestige or power must fight for the vulnerable.

The material presented by the sources around the financial crisis of 2008 and WallStreet's power and corruption is quite daunting and disheartening for the common man. It appears as if many on WallStreet essentially run our country, making decisions that ultimately only benefit themselves at the expense of others. And to a certain extent, I believe this to be true. Direct evidence of this is shown in the financial meltdown of 2008 in which large investment banks essentially created a bubble through the underwriting of technology companies' stocks using laddering techniques and through the housing market by selling billions of dollars' worth of subprime mortgage bonds rated at AAA, by unethical rating agencies, ultimately leading to the crash.

It is my belief, though, that vast majority of employees of these large corporate banks remain blameless, oftentimes through pure ignorance; however, there is no doubt that many top executives across the board knew the unethical risks their firms were taking, and did nothing about it, but rather furthered risks to make more money at the expense of others. This emphasizes that greed unchecked oftentimes wreaks havoc. So, the question remains how do we combat this as an American society?

Normally speaking, I am not a fan of massive government intervention, but if the government (taxpayers) is going to be called on to bail large banks out after they have essentially buried themselves, the federal government must act to further regulate those on WallStreet from causing yet another meltdown. I do not mean to say that the banks should be constantly scrutinized and tightly watched, because I believe this would hurt economic growth. Rather, I think the federal government must act to create greater visibility and credibility through requiring proper disclosure of derivative functionality and that of rating systems for bonds and the underwriting of stock. This is all easily said, but action must be taken; the American people are owed this by the representatives we elect and must be called upon do so, or I believe history will continually repeat itself.

In looking at the crisis of 2008 from a career perspective, having my sights set on the world of finance as that of a public accountant or an investment banking analyst, gives me a great deal of anxiety but at the same time hope. Anxiety, because I fear that I will not make a difference to combat the injustices that often result from the actions of the financial community. Hope, because I know I can at least try to make even the smallest difference in helping those in need and by dedication to upholding ethics in whichever career path I take. I know it is unlikely that I make a world of difference in my

career. However, if I do not try, after all the information that has been presented before me, I would be a hypocrite, knowing all too well the stress and heartbreak that results in the unethical actions of others.

The escalation of the COVID-19 situation is affected the country and the world a significant amount economically. Politically, I see little change. However, I believe a vast majority of public opinion is easily swayed and controlled by the media, which at times on both ends of the political spectrum, lacks credibility and chases ratings. In regard to the virus's economic effects, it is having a significant amount of influence on the stock market, making prices extremely volatile and unstable. This has acted to unnerve many investors, resulting in them either taking their money out of the market or buying more stable commodities such as treasury bonds. Furthermore, with the volatility of the market and uncertain future revenues, it is extremely difficult for investors to gain knowledge of the true intrinsic value of many securities, making the market even more unstable. As quarantine hopefully comes to a close in the coming months, it will be very interesting to see how the market reacts and the economies flexibility in bouncing back as a whole. With all this being said, banks that often times have a great deal of insider trading knowledge will look to benefit greatly from the mass selloff of securities at greatly discounted prices.

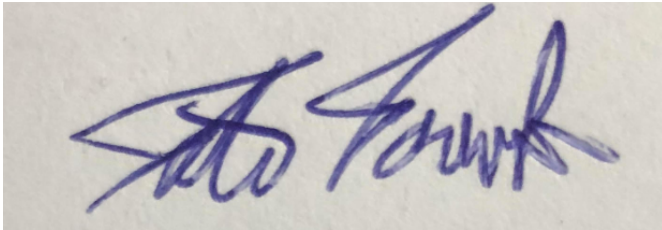
The lessons to be learned from all of this information are vast and must be analyzed as not to repeat upon the mistakes we have already made as a country. Democracy is founded on a belief that power unchecked is often easily corruptible and self-serving. These massive investment and corporate banks have become prime examples of this: unchecked and free to embark on the most lucrative and risky of

schemes in the past 30 years lead to an economic crisis the wrecked United States and most of the world economically from the inside out. In an effort to not repeat this, we must act as a country to create a greater level of credibility among these institutions to serve the common good, not just the pockets of the executives that run them. If we do not do this history will surely repeat itself.

Honor Code

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

Signature:

A handwritten signature in blue ink, appearing to read "St. Frank", written on a light-colored, textured surface.