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HONORS ACCOUNTING THESIS:

An Overview of Select Accounting Topics Through Case Studies and Research

by
James Ripley Pugh Jr.

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

Oxford
May 2021

Approved by:



Advisor: Dr. Victoria Dickinson



Reader: Dean W. Mark Wilder

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ABSTRACT

James Ripley Pugh Jr.: An Overview of Select Accounting Topics Through Case Studies
and Research
(Under the direction of Dr. Victoria Dickinson)

During the calendar year of 2020, amongst all the turmoil surrounding our world, I had the privilege of taking part in Dr. Dickinson's Honors 420 course. I will be forever grateful for the fresh and in-depth outlook she imparted on me in terms of my profession and the topic of accounting as a whole. This thesis is an overview of several broad and important accounting topics, along with various world-wide economic and financial reporting issues that have changed the accounting profession. This thesis has allowed strengthen my understanding of the subject of accountancy. The University of Mississippi, accounting students of the Sally McDonnell Barksdale Honors College were able to complete their thesis' by partaking in the honors accountancy class in their Junior and/or Senior year prior to their internship.

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James Ripley Pugh Jr.

Regulation FD Case

January 29, 2020

Case 1

The Regulation Fair Disclosure case involves interesting aspects of accounting principles and presents a sensitive barrier between what should and should not be made public. In essence, any information that is relevant for decision making in regard to the firm and its outside shareholders must be made public. The sensitivity comes into play when certain material information is shared with anyone not directly involved with the company's internal decision making. No one entity should have access to this information over any other entity in the general public, as it provides advantageous economic benefit to certain parties over the rest of the general public. This case has strengthened my knowledge about the responsibility of accountants and their respective firms to provide relevant, nonpublic information to all entities in the general public. The potential legal and financial consequences that can arise from hiding such information from the public have been made clear time and time again; however, it is interesting to see the new challenges that are born from the arrival of social media. It is important for regulatory bodies, such as the SEC, to be forecasting and preparing for such changes. Financial information is one of the most sensitive pieces of information that can be handled, and Regulation Full Disclosure reinforces the protective barriers set in place to preserve ethics in accounting practice.

1. In response to: *What is Regulation Fair Disclosure?*

Regulation Fair Disclosure represents the necessity to publicly disclose material nonpublic information relayed from an issuer to a certain entity or shareholder. In other words, certain relevant nonpublic information that a public company shares

with its respective stockholders, market analysts, and investors must also be disclosed to the public. This ensures that a company fairly reports and exposes any relevant nonpublic information to entities beyond the company's shareholders and establishes a reputable regard to a company's reporting methodology.

Suppression of relevant nonpublic information can violate the Full Disclosure principle and may provide unethical advantages for a company. Regulation Full Disclosure will require the immediate relaying of nonpublic material information to the general public.

2. In response to: *Why does Regulation Fair Disclosure exist?*

Regulation Fair Disclosure exists to ensure that your company does not share nonpublic information to a certain analyst or investor that is not also readily available to other analysts, investors, and the general public. This nonpublic information may provide an analyst the opportunity to privately relay this information to select investors who, in turn, would receive an advantage for their future investing decisions regarding the company. For example, if your analyst caught wind of a potential change in executive operating personnel branching from a nonpublic harassment scandal, he could then provide this information to entities that could receive benefit from pulling stock before the immanent drop in share price. This would provide an unethical advantage to the informed investors, and the shareholders kept in the dark would experience financial detriment. This also could harm your company. Aside from the serious legal consequences to

follow, the public view the company's prospective information as less reputable and likely avoid involvement in future business activity.

3. In regard to the social media actions taken by the CEO...

This information is to be posted to the company's Facebook, and all other necessary forms of media that reflect and relay the standing of the company. This information is limited to certain entities when posted to a personal social media account; therefore, providing potential benefit to these entities over the rest of the general public. The actions taken seem to have been made with a conscious effort to abide by the Regulation Fair Disclosure; however, the information is in direct violation of this regulation until it is made available to the general public. To some regulatory entities, this action could likely even be viewed as a conscious effort to provide close friends, family, and investors (those whom can access the personal Facebook) an opportunity to experience increased economic benefit (from said information) than benefits available to the general public.

4. In regard to the previous response in question 3.

I believe that my answer is mostly correct, other than the notion that the CEO's disclosure on social media may have required a credible backing as well (on their social media or the company's). The information needs to be relevant, and it also needs to have complete certainty that the information is accurate. So, it would be best to also make sure that he knows that any action of disclosure on social media poses a risk in regard to potential legal actions from not only Regulation Fair

Disclosure aspects, but the information also might be picked apart by outside shareholders for accuracy.

James Ripley Pugh Jr.

Case 2: Is it Taxable?

February 12, 2020

Case 2

For this case, we were acting as an accountant for our CEO and when learning more about him, he proudly informed us that his 13-year-old daughter has been a YouTube star for the past four years. Along with this information, he mentioned that his daughter Emma has been earning between \$10,000 and \$15,000 a month since she has become a star. As the accountant filing his taxes, this immediately raised a lot of flags and questions as to whether or not the money his daughter is earning should be taxed. Another question that needs to be answered is who exactly is supposed to pay the tax, if this income should be taxed. It then became our responsibility to determine the answers to these questions and figure out a way to approach our CEO about the situation. After conducting research, we have determined that our CEO should have been reporting his daughter's income from YouTube as part of his income and he should have been paying taxes on this income throughout the past four years.

Research was conducted to determine how YouTube pays its vloggers and from this, we learned that because Emma is underage, her father, our CEO, had to put his name on the account receiving the revenue from YouTube. This means that the income from YouTube is legally under his name and should be recorded in his income for each year, and therefore our CEO should be paying taxes on this revenue. We were able to come to this conclusion by learning about various tax rates and laws depending on dependents ages, amount of revenue, and the year the taxes were submitted. This information about taxes will be beneficial as we become accountants. Even though we both want to pursue

audit accounting, it is still beneficial to at least understand the tax section and to be able to contribute to the conversation when taxes inevitably come up in our careers.

Email to CEO:

Dear Mrs. Watson,

Thank you for the opportunity to complete your taxes once again and for taking me to lunch to introduce me to your brother-in-law. I appreciate your confidence in my abilities and look forward to working with you in the future.

Unfortunately, I have some bad news. During our lunch meeting, you mentioned your daughter Emma and how successful she is with her YouTube channel. As a tax accountant, my mind immediately went to the tax aspect of these funds. After doing research and communicating with my team, we have come to a conclusion that you should have been paying income tax on these funds since your daughter has been earning revenue. Because your daughter is under-age, your name must be put on the AdSense account which is the account used to pay your daughter. This means that although she is the one earning the money, your name is on the account and it is your money. These additional funds should have been included in your income tax for the last couple of years. I suggest that we work together and submit past due tax returns for the previous years and get this situation fixed before it becomes a major issue.

Please let me know your thoughts on this, if you have any questions, or how you would like to proceed.

Thank you,

Sammie Stershic

Ripley Pugh

Dear colleagues,

Today I have come across a rather unique situation concerning one of my client's income. My client's child, a minor, has been earning a substantial amount of income as a YouTube star. This yearly income has been accumulating in the bank since at least February 12th, 2017. Aside from the child's earned income, fashion and beauty vendors consistently send the child products as a potential source of advertising opportunity.

The income is believed to be a yearly amount of at least \$120,000, but that amount may fluctuate up to \$180,000. The principle issue emerges in considering my client's income. Due to my client's child being considered a dependent, the child's earned income is a part of my client's total income. Therefore, the process of applying taxation to income should have included the child's income, and it should not be limited to the income earned by my client. I will attest to the nature of my client's character, and I am willing to assure that the potential covering of this information is completely pure. However, I worry most about the possible implications that may arise from this instance.

The child's yearly income should have been reduced from taxes by at least \$47,520 and up to \$71,280 in terms of 2017's taxation laws. From 2018 on, the income should have been reduced from taxes by at least \$44,400 and up to \$66,600. In regard to the promotional items and products, I have concluded that the items are to be considered gifts. The products are seen as a probable advertising expense in relation to the respective firms, and the products are sent in hopes that they will be used in a vlog. There is no indication that the products are "unearned", as I am positive that there is no existing contract demanding the return of the products if the items are not promoted in said vlog. I felt obliged to inform you all of this situation, and I have already taken steps to ensure my client is fully informed about the situation.

Thank you,

Sammie Stershic

Ripley Pugh

James Ripley Pugh Jr.

Blockchain Case

March 6, 2020

Case 3

In this case, we were able to learn tactically how the blockchain system through role-playing as important pieces of the process. Prior to this experience, I was unaware of any sort of concept like blockchain. My role was taking part in the “cloud” aspect of the system. Our group’s main objective was to create a vast ledger of data relating to the four separate state transactions. In the real world, blockchain makes use of the computerized cloud by processing the transactions tied to each state, and the computer is able to rapidly classify and record each transaction. After seeing a small-scale version of this process play out, I realize how crucial a computerized system is in ensuring the success of blockchain. Recording the transactions by hand was difficult and stressful, and human error is bound to be present. In regard to the how this process can aid me in my career, I believe understanding the importance of this system will absolutely be necessary in order to be an accountant in the modern world. As an accountant in the working world, I will be tasked with not only taking part in these recording and reporting processes, but I will have to know the ins and outs of the purchase and sales processes that create the recording necessity. The cloud will hopefully make sorting through transactions simple and efficient. Having the scenario being represented by a four-game Monopoly match made the process visible in a simple, hands-on manner. I think seeing the small-scale blockchain process emerge so many stressful issues showed us that working as a group is so crucial making the process flow. With so many new forms of currency in the modern world, having a system like blockchain makes dealing with cryptocurrencies a feasible and efficient process. Cryptocurrencies have grown exponentially in the last decade, and

if there were no computerized system to handle these transactions, the process would lead to economic crisis. Blockchain is the absolute best option in place for keeping up with the modern financial world, but that is not to say that IT engineers will be able to rest as the cryptocurrency world continues to adapt and change.

As overwhelming as the concept seemed while trying to be a runner in the Monopoly blockchain game, blockchain is actually a relatively simple concept to comprehend. “Blocks” represent pieces of digital information or data, and the “chain” is the process of transforming and storing this information, so it is relevant to the users of this financial information. Each block is able to carry some different piece of financial information like monetary amounts, dates & times, and types of transaction. These bits of data need to be labeled and categorized accordingly and the blockchain system is able to distinguish these pieces of information at an incredible rate. If it were not for this process, this useful data could be lost or covered and potentially harm many firms and consumers. For example, a company like AT&T offers tons of varying packages involving both services and products. Products and services can be bundled, and they can have clauses indicating a periodic billing process. Without blockchain, these millions of daily online transactions could be muddled together by not correctly labeling dates, amounts, and types of transactions. After reading about the blockchain process, it makes more sense as to how modern world companies keep up with vast amounts of transaction data, and how this recording process helps make them so successful.

In regard to my role in the Monopoly blockchain game, I was a specific type of “runner” in the information storage outlet called the “cloud.” My duty was to act as a computer and to take all the little bits of transaction data and input them into the cloud.

The runner also moves state to state (as E-transactions do in a computer) and relay the cross-state information so that the cloud can put the data into the chain. I personally was incredibly confused and even overwhelmed in the first rounds of the game. I was bombard with tons of data and there was accounting chaos in every direction. However, as the game progressed, I started to understand exactly what my job was. Not only did I need to keep track of all of my records, but I had to ensure that the records were delivered promptly and correctly so the cloud could store thee data. I thought of the game as a multi-city property transaction that involved many sorts of debt, revenues, and payment obligations. As a part of the cloud, we were able to make these hectic situations of property rents and transfers smooth and efficient, and without the runners of data, the transactions would have become lost. This case was very interesting and hit on many key aspects of the online business world, and also aided us in learning how to work as a team with contrasting ideas to achieve the overall goal.

Below, I have attached a sample snapshot of our ledger of financial transactions in the game. We as runners had to record turn number, monetary amounts, key numbers of both parties, the type of transaction, and if applicable, the states of the parties involved.

BIG MAMA/PAPA TRANSACTION LISTING:

TURN #	DESCRIPTION OF EVENT	AMOUNT
1 28	28 Vermont Ave Rent	6
state 4	8 Connecticut Ave	
	16 Connecticut Ave	
	16 Income tax	200
	27 27 Oriental Ave	100
	28 Rent Rev	5
4	16 Rent Ex	10
	20 → 8 Rent Ex	10
	27 Tax Refund	20
state 2	T3 44 → 10 NY Ave	16
state 3	2 25 → ¹⁵ Tenn Ave	14
state 4	4 20 → 28 States Ave	10
total	3 32 → ¹ Tenn Ave	14
S1	3 3 → 29 Kentucky	16
S1	3 35 → 29 Indiana Ave	18
	4 10 → ^{Bm+P} Boardwalk	28
S2	4 44 → ^{Bm+Pues} 43 Marina Gardens	24
S2	4 17 → ^{Bm+Pues} Marina Gardens	
S2	4 14 → ^{Bm+P(7)} Tenn Ave	14

James Ripley Pugh Jr.

Professional Interview Case

April 1, 2020

Case 4

This case allowed me to gain new knowledge by not only learning about a familiar individual's experiences, but also by requiring that I take part in interviewing someone. In this particular instance, I had the privilege of interviewing Jim Pugh, my father. Though I have a homespun grasp on most of my father's upbringing and career accomplishments, I really became engaged with his interview-style responses. I think the setting and interview indication added a more professional aspect to the conversation and allowed me to learn more about his life by approaching it as if I had never heard these stories and opinions before. I think the questions regarding major challenges for our respective generations was very important and beneficial for me. People love to highlight the differences, conflicts, and animosity between generations, and expect the older generations to look down on us as lazy and poorly mannered. In addition, they expect our generation too look at past generations as worn down, boring, and impractical. This predetermined idea will hold my generation back from the knowledge, experience, and perspective that only an older person can provide. If everyone my age was required to sit down and interview someone in a different stage of their respective journeys on the earth, they would have a plethora of new knowledge regarding big life decisions, everyday struggles, and keeping up with the ever-changing world around us. I believe that if older generations could shadow a modern college student during an average day, they would develop an appreciation for the new stresses, distractions, and skills that have emerged in our modern technological world. This project allowed me to develop a better understanding for my father, and the steps he took to end up where he is in his career. However, this project also allowed me to hone-in on the important divisions between our

generations, and it allowed me to ponder methods of bridging the gaps in our perception of one another.

My Father, Jim Pugh, was born in Paducah, Kentucky on June 16th, 1971. He lived a normal life in Paducah with his mother, father, and three sisters. During his youth, he began developing an early appreciation for music and sports. By high school, he would find himself in a new location, Chattanooga, Tennessee at a boarding school. He enjoyed his time here, and he learned many lessons about what it means to be a good man and a good leader. He then attended Murray State where he studied Business Administration and Psychology. After college, he decided to carry on the family business, and worked for a few years at the expansion sites of Golden Eagle Distributing in Herrin, IL. Shortly thereafter, he looked to combine this business in Herrin, IL with other Anheuser Busch wholesalers in West Frankfort and Marion. He finalized this expansion/combination of wholesalers in Marion, IL. Here, he has spent the last 20 years acting as the CEO of Golden Eagle Distributing L.L.C. Golden Eagle has seen success in its years as an active wholesaler, and continually receives awards for its progress in achievement, customer relations, and local community involvement. Outside of work, my Father enjoys playing guitar, spending time with his family, and being by a warm beach. My Father will remain my single biggest influence for as long as I am alive. I hope that throughout my life I can carry his same ability to communicate with others, and his way of making the best out of any situation. My Father has an incredible ability to stick with the task at hand. In the face of adversity, my dad always finds a way to make things work, and he can make light of any bad situation. This interview has giving me an

opportunity to dig deeper into his methods of handling situations, and I've learned so much about how to make the best out of every day by just watching him handle common life.

The interview with my father, Jim, went as follows:

Ripley- “Tell me about your early life before starting college and your career.”

Jim- “I had a great life. I come from a southern background raised by good hard-working parents that went to work every day, and/or stayed at home and worked for us every day, cooking and cleaning and taking care of our every need. I went to elementary school. I was normal kid; I played sports and had hobbies. After junior high I attended high school Chattanooga which was a boarding school. This may be the only strange aspect of my early life. It still was pretty great, and I was a pretty average kid that loved music and to travel and learn new things.”

Ripley- “What about your college years? What were those were like?”

Jim- “Enjoyable. I went to Murray state where I studied Business administration and psychology. I had a few different jobs in this time. I worked at a hotel banquet, I worked at a popcorn factory, and I worked at a library stacking books, and even in my Father’s business delivering beer. Other than that, I was pretty normal; I went to school and had fun meeting people.”

Ripley- “At the time, did you picture yourself working where you do now? Did you picture yourself in this industry?”

Jim- “No, actually. Originally, I studied psychology and felt pretty interested in that subject. I pictured myself maybe working in some sort of healthcare industry where I could apply psychology. Then, around my junior year, I ran into an opportunity that would be incredibly hard for anyone to pass up. My family business was looking to expand into new areas of a different state, and my Dad really wanted me to take part in this expansion. So, I thought taking this opportunity at coming into the family business. Essentially it amounts up to a succession plan my Dad was trying to develop, and he looked at trying to make sure that he had family in place that he could pass this business on to. He wanted to develop a good group of young workers around me also, that would aid me in the future to carry this business on. He thought hopefully that these new assets accompanying me would allow to expand again sometime in the future. So, for many reasons, but mainly because of reasons like financial security, I went with that decision”

Ripley- “I know you already gave indication as to what jobs you had in college, but what were some key learning points you took away from those jobs?”

Jim- “Well, in reference to the hotel banquet, I had to learn how to work for a mean, difficult manager. He was a guy that really did not care about his workers or how they felt or understood what they were doing. He really just cared about the job getting done. So, I really just had to learn to take a step back, and always be a people pleaser. I had to learn to abide by what he wanted first, and then I could do the rest of the job later. My other jobs were pretty simple, so I really just got a better understanding of how to work with others on projects and how to communicate with people in the workplace.”

Ripley- “What’s life been like outside of work?”

Jim- “Great. I’m blessed to have a family that loves one another and does great things. I’m blessed to have good health and good friends. I’m blessed to have found some good hobbies and things that I enjoy doing outside of work to keep my brain content and occupied.”

Ripley- “You like traveling; what has been one of your favorite vacations?”

Jim- “Really anywhere in the Caribbean that I’ve been to has chalked up to be one of my favorite experiences. I have bounced around a lot of different islands and beaches down there, and I just love all of them. I would much rather just be around a clean beach and water to relax.

Ripley- “What are two things that you would change about your life currently?”

Jim- “I think that one thing I would definitely go back and do differently would be trying my hand at a different industry. I love my job, its benefits, and its perks, but I think that I would’ve liked to follow my own route from the beginning. I think I knew in the back of my mind that I may have this opportunity later on down the road; I think that I should’ve maybe tried a different industry from the beginning to see where it would’ve taken me. My other aspect of my life I maybe would’ve changed would be trying to live in a different location. I have lived in the Midwest pretty much my whole life, and even the beer business just led me a tad North, but I am still in the Midwest. I think I would like to try and live in a big city, or in a different area, just to see what it’s like.”

Ripley- “What do you wish you knew when you were my age? What advice would you give to someone my age?”

Jim- “I wish I would’ve just known the simple fact about what you put into things is what you will get out. I think there are a lot of times that I could’ve pushed myself harder or taken a big risk, and maybe I would have landed in a better spot. I don’t wish that I was in a different place, but I do think that it is important to always give your all at something. It feels much more satisfying at the end of the day, no matter what happens. It feels even more satisfying when you put all that effort forth, and things work out as a great payout or reward. I also just wish someone would’ve told me about how to deal with the little failures, the little hardships, and little difficulties that you’re going to face in life. I think a lot of people naturally make things bigger than they need to be, and it’s important to learn how to cope with these things. I think the way you react to a situation says a lot about you. If someone can immediately react to a situation in the best way possible, by finding a feasible solution rather than placing blame, freaking out, or giving up on something, they will automatically have an upper hand at life. It is better to make use of the failures and to the lowest points of our lives rather than just making it through them”

Ripley- “What are the largest challenges your generation will face?”

Jim- “I think one struggle from my generation is going to be their ability to adapt with these technological changes and exponential growth that’s happening in the modern world. I think technology is just changing businesses so much, and there’s so many rules and regulations that come with these technological changes. This makes it really hard for my generation to grasp such constant change, and it is difficult to save themselves from lawsuits, failures, and from just being left behind in general. Another difficult concept for them is to understand the mannerisms, work ethic, and new skills that this younger

generation presents. They have to understand that this younger generation is going to be more equipped and adapt to keep up with technological advances, and they're going to have to give them more leeway and credibility in the future”

Ripley- “What about some challenges for my generation?”

Jim- “Your generation needs to learn what it’s like to fully invest yourselves in something. I have young guys all the time that arrive expecting the job to be this way or that way, and when it isn’t, they immediately give up, quit, or ask for a raise etc. Your generation is going to face the challenge of having so much information and knowledge at your disposal that they’ll need to try to develop and master a certain skill set. They have to be able to tune out all the noise in the world, and they need to learn to not get overwhelmed by all the new stresses of our modern lives. They have to learn to work, they have to learn to talk, and they have to learn to WANT to gain knowledge from people rather than *google*. “

Ripley- “What are you most proud of?”

Jim- “My kids; the people they’ve become.”

James Ripley Pugh Jr.

Intern Interview Case

April 20, 2020

Case 5

This case allowed me to gain new knowledge about the firm for which I will be working and allowed me to hear first-hand experiences from a future colleague at KPMG, Tampa. This is now the second time I've ever had to do a professional interview, but I still learned so much by having to adapt questions and situations for someone closer to my age and newer in their respective field. I had the privilege of interviewing Courtney Craven, a fellow Ole Miss rebel, and member of the KPMG team. Though it is easy to just ask normal questions and have a casual conversation with a friend, I think these professional interview questions really help me to engage myself and get a grasp on the occupation I will be a part of. It's still strange using video platforms to conduct such interviews, but I think that it gives good experience and preparation for the future in adapting technology. The questions regarding the major challenges for our generation along with the questions about her experiences and ups/downs at KPMG were so beneficial to me. It really made me take a step back, and I started to ponder what I need to prepare for in the coming year when I will be working at a "big four" firm during their busiest season. Sometimes this whole process of recruiting and applying for a job seemed so transparent. You don't really know what you're getting yourself into, but you know that you're going to have a job. You don't really know the people in the office down there, but you know that you want to be in that area. It's kind of like when I first came to Ole Miss, really didn't know anybody, but I knew that it was a big step that I really wanted to take. This case helped me better understand what I am getting myself into. I feel better prepared to plan my day, take on new challenges at KPMG, and make the move to Tampa.

Courtney is from Corinth, Mississippi originally. Corinth sounds much like my hometown. It is small and quaint and has little to do on the weekends. I think that's what makes Courtney have such a genuine way about her. Courtney was very involved in many things in high school. She played golf, and she was a normal kid. She enjoyed her time here, but she was ready to move on into a bigger place with new people. To some people, it may seem like that she didn't really get that far away from home by going to Ole Miss which is only an hour away from Corinth. However, only a few of her fellow classmates attended Ole Miss, so it was really a whole new world for her. She was never really sure that she wanted to be an accountant like her father, in fact she was really interested in real estate. When she entered into the University of Mississippi, she started out with an accounting degree not knowing where it would take her. I can relate heavily to this, as I originally started out Pre-Med, but switched somewhere along the way to accounting just to kind of see where it would take me as well. Courtney has loved her time at Ole Miss. She has been involved in the Kappa Delta sorority, CRU, RUF, The Patterson School of Accountancy, and many other notable organizations. During her internship at KPMG, Courtney learned many life lessons about active listening, long working hours, and a family-like connection at KPMG. She is a hard worker and has a certain twinkle in her eye about the world. She seems to welcome the challenges she has been presented, and she finds the little good things in the bad situations. It has been a pleasure getting to know Courtney, and I look forward to working with her in the future. She has already taught me very much, one of the more notable lessons being about having a positive attitude every day at work. This interview really helped me get to know Courtney a little better, but also learn from her as to how to be the best intern I can be.

The interview with Courtney went as follows:

Ripley- Looks like everything is working. It is nice to meet you. Now, are you in Tampa at the moment? It looks very nice there.

Courtney- It's great to meet you too! No, I'm actually in Jupiter, Florida right now, my family lives here.

Ripley- Ah okay I see, and how long have they lived there?

Courtney- Only just over a year. I'm originally from Corinth, Mississippi.

Ripley-That's awesome, I have some great friends from there. So, I guess we can just jump right in with some of the interview questions I have here if that is alright with you; I'll try to make these structured questions speedy so we can just relax and talk casually.

Courtney- That sounds great.

Ripley - Well I guess I've already learned some about this, but could you tell me a little bit about your life before college and before your internship with KPMG? You know, just like your favorite activities growing up, things your family did together, grade school. junior high, high school, whatever you want to talk about.

Courtney- I grew up moving around a lot. Like I said earlier, I started off in Corinth, Mississippi, which I guess is the main reason I went to Ole miss in the first place because it is so close. I started off in accounting right when I got Ole Miss. It was what my Dad did as well, so I thought why not give it a shot? At first it was really difficult, I really had no idea what I got myself into, but I ended up loving it, and that's why I stuck with it. So, kind of going along with that I also thought that my internship would originally be somewhere in a big city, like Chicago, Nashville, or New York. Then my parents moved

down here to Jupiter, FL and I thought about how much I would rather be somewhere warm like Florida. It ended up working out perfect; Jupiter is about three hours from Tampa, and it is the perfect distance between feeling like you're in the same area as your parents and being able to kind of separate yourself and live your own life. I love my family though so it's always nice having them around. In high school I was very involved; I was hard working girl and really tried to put myself out there and be in many leadership positions. I played golf in high school as well. It's kind of funny looking back on it now because I do not really like plays, but I was actually in a few school plays in the background, believe it or not. Other than that, Corinth was so small it was really kind of quaint and boring on the weekends. My friends and I basically would just try to find something to do together and hanging out amongst one another was our most fun thing we could think to do.

Ripley- I totally understand that, being from a small town is kind of strange because you feel like you know everybody, so it shouldn't be hard to find something to do with other friends. It's just strange talking to other people that come from big cities and hearing the amount of activities that they have at their disposal is mind boggling.

Courtney- Oh my gosh same here. There was literally nothing to do.

Ripley- So kind of branching off of what you talked about earlier, even though you started in accounting, as your father did, did you think that you wanted to end up as an accountant, or was it more just a starting point to see where it would take you?

Courtney- That's actually a great question. No, I did not want to be an accountant whatsoever... even though that was the degree I was taking on. I was really interested in real estate, partially because we moved so much and got to see so many different types of

houses, but I really loved dealing with people and talking about houses and renovating them and stuff. So yes, I totally went into college having a degree in mind but being completely unsure as to what I would do in the future with that degree.

Ripley- Awesome. Well, to keep us on this topic, how would you describe your time at Ole Miss so far?

Courtney- My time at Ole Miss has been awesome. again, it is pretty close to home. When I decided to go to school, only four people from my senior class actually went to Ole Miss surprisingly enough. I had a lot of fun I got to meet a lot of new people. It was nice being able to do my own thing, and not having to follow around my high school friends. I rushed KD, and it was a great decision; I loved every second of that. Other than that, I was involved in CRU, RUF, big event, and other on campus small groups to keep myself busy.

Ripley- That's great. Did you have any jobs during high school or college that you would say gave you some valuable lessons for the future?

Courtney- I really didn't have a lot of jobs. In high school, always around Christmas, I would work at this boutique where I would help wrap presents and help them prepare for that busy season. I didn't really learn much by working this job other than just basic responsibility and making sure that you completed the task at hand. During college I babysat in Oxford for a family. This was a much bigger responsibility and a lot more work than my previous job. I really enjoyed this and loved taking care of these kids and helping them with their homework and stuff like that.

Ripley- That sounds really useful; I wish I'd had a job like that. What about KPMG? What are some things that you love most about working there and the people there?

Courtney- I would say the thing I love most about working at KPMG are the people I get to work around. I had a couple offers from different firms. For me, KPMG just seemed to really care a lot about their personnel and about making sure we were well acquainted with one another before I started or even working there. everyone is so easy to talk to and everyone really cares about me and I can feel that. I got to work on four different teams in my internship and literally loved every single person I met. It's a big deal knowing that you can leave work and hang out with friends that you've met at work. You're going to spend most of your time around these people, so you better hope that you like them, and if you don't then I would recommend looking for somewhere that you do like the people that you work with.

Ripley- That's wonderful. Aside from that, what is maybe something that you would change about KPMG or the place you work if you could put the idea forth?

Courtney- That's pretty difficult, you know working as an intern I really just felt like I was following people's orders, so I don't really know from a real working aspect what the ups and downs are of working at KPMG quite yet. I would say the hours seem pretty tough at times, especially around busy season. Sometimes I wish I had more flexibility.

Ripley- Going along with this comma and I hope this doesn't sound too cheesy ... what are some things that you can change about your life today?

Courtney- Oh wow that is a good one. Sometimes I wish I had put the books down and had some more fun. There were many times when I felt like I was being the good girl that tried very hard to keep my grades up and stuff, but I knew that I was going to be able to do that regardless. I would put a lot of pressure on myself and over stressed my mind and sometimes I just wish I had relaxed and hung with my friends more.

Ripley- That makes sense, but not the worst problem to have by any means. What would you say a normal day in the life of an accounting intern is like?

Courtney- I actually had a lot of diversity in my days while interning at KPMG. I was hardly in the office at all, usually I was at a client. I mean, yes, there's definitely consistency on when you show up to work, but there were some afternoons where I left at 4:00 PM and there were other nights when I left at 1 o'clock in the morning. One of the great things about working at KPMG though, I guess I should have mentioned this earlier, is the fact that they do not expect you to really know anything except for the basics when you come into this job. You're going to have so many helping hands and people teaching you along the way that really just put so much effort forth and making sure every day is a learning experience.

Ripley- Going along with this, what are some pieces of advice you would leave with future candidates and interns that will be interning for KPMG and other firms in the near future?

Courtney- Great question. Be a sponge. That was the best piece of advice I ever took from a past intern. When you're listening to other staff talk about important topics, listen intently and ask many questions. People love when you surprise them by remembering something you were taught earlier in passing. You're going to be there during busy season and no it's not quite as scary as everyone makes it out to be. However, people love it when they don't have to explain something to you five times after they've already told you what to do. People are going to be under a lot of stress, and they want to know that you also are dialed in and ready to put your best effort forth. Always have a positive attitude. Always be ready to jump at the opportunity to help others. People are

going to assign you with baby tasks and errands tasks, but the people that smile when they're given those orders are the ones who make it further in life. I promise you.

Ripley- That is great advice. What would you say is a major struggle for people in our generation that are entering the workforce?

Courtney- The people in our generation really struggle with communicating with older people that are set in very traditional ways. For example, I had a Managing Partner who only liked to do things in paper. When we were filing a 153 paged W-10, he would make all of his corrections in pen or pencil, and I would have to input all of those corrections into the computer. Every time I smiled at him and said how cool I thought it was that he made all of his corrections on paper, he gained a little bit of pleasure which carried over to make us develop a good relationship. People also need to learn how to be professional. I notice so many first years and interns that are on their phone and end up getting chewed out by a managing partner for wasting the company's time. This just seems like a given. Stay off of your phone and know why you're at work.

Ripley- It sounds like you are very in tune with dealing with people of all backgrounds. I think that you've answered most of the questions I would like to know so I'll just throw out some fun ones to get to know you a little better. Give me your favorite of every one of these: movie, music, food, drink.

Courtney- I love all kinds of music, but I think right now my favorite is country. I love fish now but I'm down here in Florida. I don't know if I could give a favorite movie. I love a classic Margarita.

James Ripley Pugh Jr.

Financial Crisis Case

April 27, 2020

Case 6

This case has opened my eyes substantially to the immensely complex and often greed-ridden industry that is investment banking and stock brokerage. For years we've heard only tidbits of vast amount of information that truly is the blueprint for the buildup, warnings, and fallout in regard to the 2008 housing market financial crisis. During my youth and in my high school years, I was hardly interested in financial concepts, and I surely did not give any care about what was going on in the modern financial world. This case has provided me with a plethora of information that I can now look back on and tie into key moments of my fathers and grandfather's conversations on financial stresses and complications that arose from this incredible crash course. The financial industry, in my opinion, is all about trust. When one is involved in the practice of advising, investing, and monitoring financial resources, there will always be underlying condition of temptation, opposition, and egotistical beliefs that can mutilate a preceding foundation of trust, needed for both parties to mutually benefit. This financial crisis led to circumstances all over the United States where financial advisors, investment bankers, and once trusted stockbrokers were being scrutinized for their malpractice and preventable negligence. This case has reminded me that we as accountants along with other finance based professions should hold ourselves to the upmost standard of integrity, not only to protect the interest and assets of our clients and customers, but we must look out for the well-being of our ever-changing world to better recognize the consequences that can occur when we separate ourselves from this duty. It truly amazes me, the amount of collusion and corruption that coincide with one another across multiple public and private financial organizations, government regulated of such industries, and professional by professional

deceit in action. I hope that I can learn from this case and remember always to be a man of integrity, courage, and dependability in my field, and look to protect the prosperity of those I work with or serve in the future.

When as I begin to piece through the plethora of information that has just been laid out in regard to the practices leading up to this financial crisis, I'm reminded of a quote that emphasizes the first step in moving forward. One of the first sentences to leave the mouth of Dwight D. Eisenhower after witnessing the aftermath of tragedy and horror following the events of holocaust accompanied by the rise and fall of the Nazi regime, was "Get it all on record now - get the films - get the witnesses -because somewhere down the road of history some bastard will get up and say that this never happened." Now, obviously no one could coverup the records that prove the malpractice that occurred and led to the 2008 financial crisis, but Eisenhower does make a great point that outlines the first step in dealing with such a crisis, which is documenting and recognizing the mistakes that were made. What do we do with this information? In comes the next, and evidently most crucial step, following the documentation of mistakes. We must take the evidence and information outlining each mistake, and transform that information into measurable, visible, and comparable terms so we can learn, adapt, and grow from the mistakes. In some ways, the United States has taken incredible measures to regulate these financial markets and to ensure the integrity of credible rating and trading practice. However, the duty to protect the integrity of the industry and the well-being of customers and clients lies in the hands of the professionals employed by their respective financial institutions. This knowledge arising from the documentation of these mistakes and trying to adapt such practices should all amount to an end goal that ensures trust amongst

financial institutions, the government, and the American people. As I mentioned earlier trust is a crucial aspect of financial practices. Following this crisis, the goal for financial institutions should not be to search for ways to override or gerrymander their policies outside respective regulations through methods of crony capitalism and lobbying practices. Instead, these parties should hold themselves accountable for their mistakes, and engage into a new wave honest practice to sustain a balanced economy in the future and create shared trust between clients and marketers.

In regard to my beliefs, focusing on my future professional and personal life, certain values of mine have amplified and others need some adapted after learning about the financial collapse. I have always tried to hold myself to a high standard when it comes to my academic performance and professional performance. These values relate so perfectly to values that should be in practice for investment bankers and stockbrokers. I feel like that these professionals have a duty to uphold the benefits of their client while maintaining a trust that they're putting the best effort forth for what they are being compensated. However, it is evident that these values were put on the back burner when dealing with risk practice and security investments that we're being handled unprofessionally. Obviously, I can look at the information I'm given and determine that all of these actions combined led to an incredible financial collapse. However, my other set of values pertaining to my role in society have had to adapt since studying this topic. I picture myself often, as many do as sort of a tiny ant that will have little effect on the massive forest environment around me. I wonder if I will ever have an impact on the world, at times it seems that my actions are so insignificant that I should only focus on the feats and opportunities that will be beneficial to me. This selfish instinctive

characteristic that clouds my judgment and many other people's persona is something that I really need to recognize and change about myself. This is not to say that I don't try to be the best, most honest man I can be; however, sometimes I just find myself asking "does it really matter?" This case answered that question for me. Yes, it does matter. I'm sure every single one of these professional financial advisors, investors, and brokers thought to themselves "eh, I can do this a few times, it won't matter in the long run" when engaging in risky practice and crooked rating methodology. They knew that they would benefit from the transactions comma and cared little about the significant impact it would have on their client's finances. However, what they didn't know, was that these actions also created a snowball effect of dishonesty in their practice and eventually disrupted the stability of the United States economy. I take away from this an idea that I truly can have an impact on the world around me. I have a choice between making small gains on materialistic value through risky and immoral practice that may harm the financial well-being of clients or to truly put in the honest effort to ensure that both parties mutually benefit from one another and my client remains satisfied. My role as an accountant in society will greatly benefit from learning the simple lessons found in reviewing this case. We are looked upon as professionals of integrity and goodwill, and this case solidifies those values by displaying a preventable, foreseeable, tragic situation that could have been stopped by people like us.

In regard to the current displacement of our economy due to the Corona virus pandemic, I have a strong feeling that there will be many dishonest actions that will be highlighted in the future. Outside of dishonest practice, I had a feeling also that economists, health care administrators, and the government will have a plethora of

information outlining the mistakes that are bound to be made when trying to fix this situation. I am not into politics. I am not a doctor. However, I am very interested in the economy, and I'm very interested in finance. It is clear that there will be significant implications beyond those that are already in place arising from this unfortunate pandemic. The climate will change yet again do to trust. we want to be able to trust our healthcare administrators, our president, and our economic advisors. In years past, officials disregarded the warning signs presented by economic specialists. This situation is in contrast to the financial crisis of 2008, due to the fact that now, even if we listen to the warnings of economic specialists, the best interest of our economy now significantly conflicts with the best interest of the health of American people. The shared forthcoming situation that will arise, mimicking the actions taken following the financial crisis of 2008, will again be one of documenting the steps taken to fix the economy, and then learn, adapt, and monitor those inevitable mistakes to create comparable measures for better repairment of situations like this in the future. There are absolutely lessons to be learned from this, and I think the main lesson is to not only listen to the warnings of the specialists but to translate the warnings into preventative measures for these economic crashes. I think now is not necessarily a time to unwind the status quo, because the months following the close of the pandemic will still be chaotic in trying to repair the losses of businesses and economical displacement. However, I do think that with the proper group of honest and determined officials, financial institutions, governmental bodies, and members of our civilian society, we will have an opportunity bring changes to an unpredictable system, and safeguard our assets with warning to future inevitable financial crisis or unforeseeable acts of God.

James Ripley Pugh Jr.

City Selection Case

September 2, 2020

Case 7

For this assignment, I was tasked with highlighting and analyzing some of the key aspects of living in Tampa. These aspects consist of both exciting new opportunities and some unfamiliar challenges that contrast my upbringing in Southern Illinois. The Tampa-Bay area is considered by many to be a dark-horse candidate for the best overall city residing on the gulf coast. Tampa climbed to the top of my list of possible landing spots for my career because of the experiences I have shared here with my family and general content the local population seems to carry about them. I look forward to expanding my knowledge on the area, and I hope to achieve a greater understanding about the place I will soon call home.

This case has allowed me to develop a keen insight into the pros and cons of moving to the Tampa-bay area. Though I have visited Tampa during a few different phases of my life, there is no way I could have obtained such a broad spectrum of familiarity without the help of this assignment. During such a strange and exciting era of technology development and world crisis happenings, the uncertainty of the near future can enhance one's indecisiveness when attempting to make decisions on their future. Luckily, this project has given me a new outlook on many aspects of the area. Concerns about safety, security, taxes, activities, housing, healthcare, and education are no longer weighing heavy on my mind. I am privileged enough to say that I have had the pleasure of exploring the city in which I have secured an internship with my accounting firm, KPMG. Thankfully this class has aided me in determining whether or not I chose the right city, and I now feel comfortable knowing I'll have a steady work environment with hundreds of activities at my disposal. If I were to leave Tampa one day and move to a

new location, I feel certain that I will be able to use the resources and knowledge I have gained from this assignment to choose a place that truly suits my needs and desires.

Tampa has a population of 413,704 (2020). This number can be misinterpreted at times due to the size of the accompanying cities that make up the Tampa-Bay area. For example, Clearwater and St. Petersburg have individual populations of 116,478 and 265,098 respectively, and both border the city of Tampa. The United States Census Bureau defines the Tampa-Bay Area as the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA). This area has an estimated total population of around 3,195,000. The city of Tampa has been growing at an average of 2.33 percent since 2015. The population of Tampa itself seems perfect for me because I feel like its size leaves an opportunity to make a difference. Though the Tampa-Bay area as a whole can appear a bit daunting, I look forward to making use of this vast space and its offerings.

Tampa is generally known to be sunny most of the year. On average, the sun is out in Tampa for about 246 days a year. However, the typical rainfall averages range between 51-54 inches per year which is higher than the U.S. national average of 38 inches per year. Temperatures yearly can range from about 95 degrees Fahrenheit in July to 50 degrees in January. The winter season in Tampa is very mild, and the temperature holds steady at a range of about 50-70 degrees from December through February. I am certainly not accustomed to this, as my hometown of Marion, Illinois has a much longer winter season, and temperatures drop below freezing at varying times throughout this period. I have always longed for this sort of change, and I will be glad to know I won't have to face the various nuisances that accompany a harsh winter any longer. Spring in Tampa usually sees a steady climb in temperature until reaching the mid-summer highs of 90-95 degrees. This

is also not a summer season I'm entirely used to, with a constant fluctuation of high heat and increased rainfall. However, Illinois' used to have some strong humidity that came with its hottest days. Currently, I reside in Oxford, Mississippi, and had personally never felt such intense, suffocating, humidity that hangs around throughout the summer prior to my enrollment at Ole Miss. I believe I will be able to handle summer in Tampa which is surprisingly labeled by most of its population as the hardest months of the year. The UV index in Tampa is also much higher than any place I have lived before, and I will have to be conscious about the amount of time I spend in the sun without protection. Hurricanes will serve as one of the few unfortunate aspects of the climate I can expect to face. My town in Illinois often went through Tornado scares, and I know many people who have been affected by these powerful forces of nature. However, from what I can observe through news sources that cover the destruction left from seasonal hurricanes, the threat posed by tornados in my past pales in comparison to the absolute crisis that can emerge from a colossal tropical storm. I am willing to accept these challenges that I am sure to face in my transition to Tampa, as I have always loved being somewhere sunny and near the ocean.

I've had the pleasure of visiting Tampa four different times in my life. The scenery surrounding Tampa is absolutely gorgeous. Tampa-Bay offers clear blue waters and many breathtaking beaches scattered throughout the Clearwater and St. Petersburg area. The topographical features of the Tampa Bay area consist of the city of Tampa residing slightly North-East of its bordering cities, Clearwater and St. Petersburg. These two cities stretch down a small peninsula that creates the Tampa Bay, connecting the three cities by land and water. The prettiest scenery can be found along this peninsula down the coast, and the bay,

which harbors many industrial and passenger ships in passing. Below the gorgeous downtown skyline there comes the Tampa Riverwalk, stretching through downtown Tampa to Bayshore Boulevard, which is the largest continuous waterfront sidewalk in the world. Here I can visit many interesting restaurants, bars, museums, parks, and stadiums that give life to the excitement of this area. From personal experience, one always finds the most relaxing and enjoyable scenery in the southern sections of the Tampa-Bay area.

Map of Tampa-Bay Area:



Tampa's downtown skyline:



With regard to the taxes I will face when working in Tampa, there is no state income tax in Florida. However, this idea can be deceiving as Tampa makes up for its income taxes through sales and property taxes. The state sales tax rate is six percent. Property taxes usually amount to an average of 3.38 percent when accounting for state and national property taxes. The table below depicts the quantification of this effect with a given starting salary of \$55,000 a year, assumed to be the primary and singular source of income.

Tampa Taxes	Income Tax Rates	Monthly: \$4,583	Yearly: \$55,000
Federal Income tax	(Schedule) 22%	(\$559.60)	(\$6,715.50)
State Income Tax	0%	(\$0)	(\$0)
Local Income Tax	0%	(\$0)	(\$0)
Property Tax (City/County/zip avg.)	3.38%	(\$155.00)	(\$1860.00)
FICA	7.65%	(\$350.50)	(\$4,207.50)
Take Home Pay	-----	<u>\$3,517.90</u>	<u>\$42,217.00</u>

Commuting often seems like an overwhelming task when arriving in a new city. Luckily, Tampa offers many convenient alternative methods of transportation then one would find in a rural or suburban location. The TECO Line streetcar provides a connection between the historic Ybor City to Channelside Bay Plaza which is essentially the hub downtown area of Tampa. There are also over 200 bus services in the Tampa Bay area. Tampa Union Station offers the best opportunity for those that prefer to commute by rail. As for me, I will likely be driving most of the time, but there are plenty of parking garages and designated lots for those who work near downtown. I plan to make use of bicycling when I am near downtown or along the waterfront area. Depending on where I live, I could even see myself bicycling to and from work, or to the destination of some other source of secondary transportation. I can also travel by boat or ferry to different parts of the Bay. I'm sure at some point during my stay I will make use of each one of these various modes of transportation, in hopes to explore as much of the city as possible while taking advantage of these transportation hubs.

Tampa has a wide range of industries aligned with many of the geographical features and demands from its population. Some of its most prevalent industries consist of avionics, defense and marine electronics, marine sciences, business and information services, financial services, manufacturing (microelectronics and medical devices), harbor services, ports, and tourism. These industries are incredibly interesting to me, as I myself wrote on a paper in first grade that I wanted to be a marine biologist. I've always had a special connection with water and sea life, and I would be really interested to serve a KPMG client that manufactured or sold some sort of marine related device. It can be a blessing and a curse to have tourism as one of your major industries, and though it is good to be known as such a beautiful area, there are numerous challenges one can face during the busy seasons of a tourism hotspot. The five largest companies in Tampa are 1.) Tech Data Corp. (microelectronics and data research), 2.) Jabil Inc. (manufacturing for numerous industries), 3.) WellCare health plans Inc. (health insurance), 4.) Raymond James financial Inc. (financial services), and 5.) Roper technologies (technological manufacturing and engineering). These companies are a prime example of the major industries that Tampa prides itself in, other than marine related industry.

Major factors that can affect the decision of choosing where to live is the quality of health care and education. Health care is one of the major industries in Tampa, with one of its largest companies being an insurance provider and many other large companies that manufacture medical devices. There are over 13 hospitals labeled in the Tampa-Bay area, and numerous health care facilities and specialist centers are scattered all over the city. Though many reviews and experiences can be found amongst various sources online, I find it hard to tell the quality of health care until I seek out help at one of these facilities. Yes,

an area might have the latest and greatest technology and medical research occurring, but there is no use in perfecting technology without exceptional personnel. From what I can conclude from skimming across reviews on Google, it seems like most people have had pleasant experiences even when facing horrific circumstances. With regard to education, U.S. news rank's Florida's high school level education at sixth in the United States. Tampa is home to many great public and private high schools with Pine View public high school ranking at 24th in the United States top 100 public high schools, according to U.S. news. Tampa's public kindergarten through eighth grade educational institutions rank lower than its high schools. However, some of the top private schools in the nation reside in the Tampa-Bay area for this age group. For this reason, I see myself sending my children to private school, preferably with a Christian foundation, for the grades K-8. I followed this same path in my childhood attending a Catholic school through 8th grade and then transitioning into a public high school. I found the transition easy and exciting, and it seems like Tampa will offer a similar yet better experience for my children.

Like any big city, Tampa does have areas that are less safe than the relaxing Riverwalk. Tampa has a crime rate that is higher than 61 percent of the state's cities and towns of all sizes. Tampa's violent crime rates are seven percent higher than the national average, but 19 percent lower for nonviolent crimes. Crime dropped by six percent last year in Tampa, and I will be interested to see what that statistic looks like next year. The likelihood that an individual will become a victim of a violent crime in Tampa; such as armed robbery, aggravated assault, rape, or murder is 1 in 229. The safest parts of the Tampa-Bay area reside in the North-eastern side of Clearwater, in between downtown Tampa and downtown Clearwater. The roughest parts of Tampa are located South of

Clearwater in between St. Petersburg and Largo, on the eastern side of the Peninsula along the Bay. This particular stretch of land will not be entirely difficult to avoid, as most of my time will be spent near downtown Tampa and the western shores along Clearwater and St. Petersburg. I am pretty comfortable with these statistics because overall, Tampa *is* safer than many other massive cities.

Tampa has a plethora of housing options in any direction leaving the downtown area. I could see myself living somewhere like the Coopers pond apartments or The AVA in my first years working in the city. At either of these locations I could rent a one-bedroom one-bathroom apartment within a range of \$750- \$950 per month. These apartments range from around 600 square feet up to 850 square feet. Both of these facilities have laundromats, pools, and exercise facilities. There is security on staff at all times, and plenty of parking at your designated lot. I am comfortable with living alone or living with roommates. Finding a roommate would be great for splitting living expenses and commuting to work. I will likely be driving to and from work in my first three years. Having a roommate would help with this task by carpooling daily. If I decided to live at Coopers Pond, my commute would be about 17 minutes to the KPMG office. If I decided to live at the AVA, my commute would be about 13 minutes. These times could certainly be altered during times of high tourism, or during any typical busy workday. I will surely have to get used to allotting time for cushion if traffic did become unpredictable. There are numerous grocery stores around my assumed apartment complex and on the route to and from my office. I will likely do most of my grocery shopping at one of these stops along the way; including Kroger, Publix, Whole Foods, and even Walmart. Even if the apartment complexes I chose did not have a laundromat, they also offer spaces for personal laundry

utility in apartments that are two bedrooms or larger. I would prefer having my own laundry machines, but I would also be fine with using the laundromat at the apartment complex.

Coopers Pond apartments:



Church has always been a consistent part of my life and upbringing. There are many other civic and charitable organizations I would also like to get involved with Saint Joseph's Catholic Church; the parish seems like a great community for me to continue practicing my faith. I have always had a particular soft spot for those with special needs and for children. Going along with that, I could see myself taking part in assisting the operations of the Special Olympics Pasco locally held in Richey, FL. Hopefully I could make a difference by helping out at Hope children's home by organizing fundraisers for their

continuous good work. Outside of community organizations, I look forward to taking advantage of the recreational activities, sports, and entertainment that Tampa Bay has to offer. I will really enjoy having an NHL and NFL team at my disposal. I have always been into sports, and I look forward to cheering on the Tampa Bay Lightning, and the Tampa Bay Buccaneers when I am able to see them live. Hopefully Tampa offers some sort of recreational men's soccer league; I think I would really enjoy staying active by participating on some sort of sports team. In my life, I have never had convenient access to any sort of mixed martial arts gym, and I have always dreamed of learning judo or Brazilian Jiu jitsu. Though this can be a demanding commitment, I truly believe I would find another level of confidence and happiness while participating in such an art. Obviously Tampa offers numerous beaches along the western coast of the peninsula, and many hubs for entertainment in the Bay Area. I hope to spend a lot of my time taking part in water sports, bicycling along the coast, and deep-sea fishing.

When it comes time for me to return to my hometown, I will most likely have to fly back to Marion. Driving would take twelve hours and thirty minutes (not including stops) and would likely cost around \$200 for food and gas combined. If I were to fly back, my total cost of the trip would be around \$550. I estimate that normal ticket prices will be between \$350-\$450 round trip, and I would likely require some food along the way. It would take me about two hours and twenty minutes to fly directly from Tampa to Saint Louis, but I also have a two-hour drive from Saint Louis to Marion. If there was one stop in between flights, my total travel time would be around six hours, and would still require the two-hour drive from the airport.

Below I have developed a model monthly operating budget for Tampa, assuming that my salary, including bonuses, is around \$60,000.

Tampa Monthly Budget		
Category:	Item	Amount (Monthly)
<u>Income:</u>		
	Salary	\$5,000
<u>Expenses:</u>		
	Rent	(\$900)
	Utility (Electric, Water, Gas)	(\$450)
	Wi-Fi + TV services	(\$150)
	Phone	(\$50)
	Food and Drink	(\$650)
	Gas (car)	(\$125)
	Car Insurance	(\$75)
	Misc.	(\$300)
	Taxes (Adj. Total from Tampa Tax Table)	(\$1,020.91)
End Cash Balance		\$1,280.09

James Ripley Pugh Jr.

Financial Statement Concepts Case

September 16, 2020

Case 8

Summary:

The Financial Statement Concepts Case is the second case that we will complete for ACCY 420 as a part of the Sally McDonnell Barksdale Honors College Thesis at the University of Mississippi. In this case study we were asked to analyze suggested changes to the Generally Accepted Accounting Principles (GAAP) and decide which suggestions we were most in agreement with.

The first question in this case study had two different viewpoints discussing the primary goal of financial reporting. The first viewpoint states that the proper valuation of assets and liabilities is the primary goal of financial reporting, with income concepts occurring as the result of changes in asset and liability values. The second viewpoint states that the determination of revenues, expenses, and especially earnings is the primary goal of financial reporting, with asset and liability values being updated by changes in the income statement accounts. After analyzing both of these statements we were easily able to choose which one we agreed with.

The second question in this case study gave us two more viewpoints, this time about how assets should be valued. Viewpoint One states that assets should be measured as “value-in-exchange.” This differs from Viewpoint Two that states assets should be measured as “value-in-use.” While analyzing these viewpoints, our group had to take into account the different types of assets and their uses. Choosing a viewpoint for question two proved to be substantially more difficult than for question one.

The final question of the case required us to make journal entries implementing the suggestions from each viewpoint we selected. We made these new journal entries by

changing either the account used, or the amount used in each entry in accordance with these new principles.

Throughout this case our group was made to evaluate the current rules of accounting as entailed by GAAP and contrast them against the suggestions proposed by the viewpoints in the case. As we were going through this process, our group learned that the governing bodies of accounting, namely the Financial Accounting Standards Board (FASB), must consider a variety of factors when writing and reevaluating the rules of accounting.

Question 1:

Viewpoint 1

Question One of this case asked us to analyze two different viewpoints regarding the FASB's focus in promulgating new standards. Viewpoint One states that firms are essentially "asset greenhouses." This viewpoint believes that the growth of assets represents the earnings for the company, and that the company should focus on acquiring and growing their assets. Listed below are some pros and cons of this viewpoint.

Arguments For

Acquiring, storing, and growing assets are critical to compensating for liabilities. Additionally, storing assets such as PPE is necessary for the expansion of companies. These two points line up well with the "asset greenhouse" concept of Viewpoint One. Analysts and investors often rely on financial ratios when evaluating a company. A large portion of financial ratios depend on the measurement of a company's assets and liabilities; therefore, it would be prudent to make sure that the way we measure assets and

liabilities remains consistent and does not change the meaning of these ratios. We believe Viewpoint One would allow that.

Arguments Against

First, this viewpoint basically sounds like the definition of a balance sheet. While that is not necessarily a bad thing as a goal of financial reporting is to give a picture of where the company stands at a point in time, there should be major emphasis on the operating ability and going concern aspects of a business. We don't believe that Viewpoint One portrays that emphasis. Second, since periodicity is one of the primary assumptions of financial reporting, we believe that it should be thoroughly incorporated into GAAP standards. This viewpoint does not account well for periods of time which makes it not ideal. Third, Viewpoint One states, "where the primary mission of the firm is to *earn* money by *acquiring* assets, *storing* and *growing* them, and earnings represents the realized or unrealized growth in these assets." This statement is only partially true because one must first pay or trade another party before acquiring an asset, which is not the primary goal of a firm. Generating earnings in this manner gives the impression that we are talking strictly in terms of an investment agency or a bondholder corporation. Growth in assets is great, but without certainty that the assets will increase in value, there should be some source of regular income that can help counterbalance unpredictable losses and spontaneous liabilities.

Viewpoint 2

Viewpoint Two states that firms are essentially "asset furnaces." This viewpoint believes that assets should be continually transformed for a larger goal of producing revenue and earnings, whether they are acquired assets or internally created.

Arguments For

During our discussion, it seemed that the group immediately developed a strong conclusion that this viewpoint more closely aligns with the primary goal of financial reporting. Our group is equally divided into those that hope to pursue a career focusing in audit and those that are looking into tax. From our group members who shared an audit perspective on the matter, it seemed like this viewpoint also aligns more closely with audit objectives and acceptable audit risk. If an auditor tries to determine which viewpoint has greater significance in terms of materiality, Viewpoint Two contains the most important aspects. When performing an audit, one is less concerned with the labeling and balance-related misstatements than those concerning income, trends in cash flows, and targets set by the firm. Just like the difference between a balance sheet displaying a “point-in-time” and an income statement displaying a “period of time”, the users of financial statements are more concerned with a period of time due to its reliability and inferential data. At the end of the day, where you stand at a point in time can only be backed up by what actions were taken during the preceding period of business operations. Additionally, we like that Viewpoint Two paints the picture of an “Asset furnace” which depicts assets as something a firm makes use of, rather than holding them for future use or sale. This better captures the big picture of a business’s mission and encapsulates the basic assumption of going concern. Firms acquire assets, so they can use them to generate earnings and retain the consideration exchanged over time. This goes for both long term and current assets. Long term property and equipment is used and worn over time in the hopes that the assets achieve the goal of allowing the firm to profit from their usage. Supplies on hand are also to be used in business operations for

that same function. Viewpoint Two adds emphasis on earnings. This is important because it highlights how you made use of your assets over a period of time to generate revenues and minimize expenses, once again relating to the asset furnace view of firms.

Arguments Against

_____A drawback to this viewpoint that our group considered is that it regards assets as tools that should be “sacrificed or transformed” in order to generate revenue for the firm that owns the asset. This view of assets is difficult to apply to long-term assets such as land and patents because these assets are helpful to the firm without being sacrificed or sold. These assets are critical to continuing the business operations of the firm that owns them, but under this viewpoint, it is presumed that they would be valued strictly by the revenues they generated and be subjected to changes in the income statement. Yes, it is important to realize some value provided directly from the use of an asset, but it is difficult to quantify the earnings with so many other factors affecting the earnings made. If sales revenues slightly drop, does this mean that a business should automatically assume that assets designated for assisting in the production of merchandise sold become less valuable to the firm?

Conclusion

Our group came to the consensus that Viewpoint Two better captures the main objective of financial reporting. This viewpoint won the debate for reasons concerning the use of an asset and the overall mission of a business entity. Assets should not be acquired with the notion that they have an indefinite life span. Most acquired assets are expected to be used in regular business activities and should be considered expendable if a liquidation were to occur. The overall mission of a business is to provide value to its

consumers and the economy whilst maintaining a steadily realizable profit for its shareholders. In order to retain some sort of return from purchases, assets must be used, replaced, updated, and transformed so the consideration transferred in the acquisition of such assets is not wasted. If a firm wants to provide value to its consumers, they must first create the object of value through use of an asset.

Question 2

Viewpoint 1

In Question Two we were asked to analyze and evaluate two more viewpoints. These viewpoints discussed how assets should be measured and valued. Deferring the topic to an emphasis on how to *value* an asset, rather than what an asset's *role* is in the objective of financial reporting, posed more difficult and tedious discussions within the group. Viewpoint One conveys the idea that assets are valued on a standalone basis in exchange for cash, or other liquid assets. Their use in combination with other firm assets generates little or no incremental firm-specific value. Listed below are some arguments for and against this viewpoint.

Arguments For

Our group brought up many key aspects when considering the justification for this viewpoint. For one, this viewpoint is similar to current accounting principles. It states that assets are recognized at a specific point in time, which is how assets are valued on the balance sheet. The historical cost principle is not compromised by this viewpoint, and the argument considers specified dollar amounts that are recognized in the exchange of an asset that may be more or less valuable than the other. This viewpoint also supports having assets held for sale and predicts that the user will look to principles of historical

cost and current market values when determining what gain or loss is to be recognized in the exchange of an asset.

Arguments Against

_____The members in our group also disliked aspects of this viewpoint. One major point of discussion in our group was about the statement, “use of assets in combination with other firm assets generates little or no incremental firm-specific value.” While thinking of examples of using combinations of assets, there may be instances where one asset can help slow the deterioration of another asset. Assets can generate incremental value through the prevention of deterioration (lengthening the life and use of an asset). Assets also can create incremental value in manufacturing or adapting parts of the firm or another asset which can create new value.

Viewpoint 2

Viewpoint Two conveys the idea that assets realize their contribution to firm value by being consumed or used in combination with other assets. Use of these assets in combination is expected to generate firm-specific value incremental to the sum of the assets’ individual values-in-exchange. Listed below are some pros and cons of this viewpoint.

Arguments For

_____When considering this viewpoint, our group liked that it recognized the value of assets over a period of time rather than only during a moment in time. This would allow for a firm following this viewpoint to account for gains in the value of an asset through improvement or other increases in valuation. A firm following this viewpoint would focus on planning for future events and valuing their assets based on predictions of what

could happen in the future. This viewpoint supports the use of short-term assets, such as prepaid expenses, that are expected to be used up in operations.

Arguments Against

When considering this viewpoint, our group thought of drawbacks that would make it difficult to implement. One drawback is that this viewpoint does not give consideration to assets that are held strictly for sale. Assets such as debt securities or available-for-sale securities are not held for continuous use, and as such it would be very difficult to value these assets from the perspective of Viewpoint Two. Another drawback from this viewpoint is that it is difficult to quantify the potential value of assets in combination with other assets. While it is possible to rely on depreciation, market valuation, or other trends to predict the future value of an asset, there is not an objective way to find the potential value of an asset. The use of the historical cost principle allows for a clearer measurement of the value of an asset than an estimation of the hypothetical use of an asset can.

Conclusion

Our group came to the conclusion that Viewpoint One better captures how assets should be measured. This viewpoint won the debate for reasons concerning the valuation of assets and the feasibility of future valuation. Assets on the balance sheet are valued at a specific time rather than by their potential value, and this viewpoint was in agreement with the balance sheet presentation of assets. Viewpoint One gives consideration to assets that are held for sale, and the idea of “value-in-exchange” is consistent with the historical cost measurement when valuing assets. While it does not give consideration to the potential value of assets or the value of assets when used in combination with each other,

this viewpoint provides a feasible view of assets as standalone items that can be easily transferred within and between economic entities. Viewpoint One allows for a clear valuation of assets that is objective and reliable rather than a prediction of the potential value of an asset in a hypothetical situation.

Question 3

For this question our group decided to implement the suggestions from Viewpoint One of Question 2. Current accounting would hardly have to change to accommodate the “value-in-exchange” valuation of assets, due to the fact that current accounting standards clearly define principles like historical cost and revenue recognition which aid a firm in determining the appraisal and gain/loss that would be recognized in an acquisition or sale of an asset. However, this viewpoint disregards the notion of manpower value and potential value created by combining the value of assets as they are used in combination with one another. The examples below illustrate the changes that could be suggested in terms of journal entries, values placed on abstract assets, and values assumed to be gained or lost when using assets alongside others. Each example gives a scenario, and then displays sample journal entries in general compliance with current accounting standards followed by the adjustment to the entries that would be made in conjunction with the adapted valuation methods.

Journal Entries: Examples

Example 1: An At&t service representative is installing a cable box for a consumer.

Current method:

A/R	600	
Service Revenue		600
COGS	400	
Inventory		400

Adapted method:

Aggregate Accounts Receivable	600	
Service consideration		600
COGS	400	
Inventory		400
Manpower Expense	50*	
Field Labor		50*
Receivables Yield	150	
Material Revenue		150

*Estimates based on economic opportunity forgone.

Example 2: A firm maintains a production line machine by using internally owned power tools to clean and preserve the machine

Current Method:

Machine	100	
Accumulated Depreciation-Machine		100
Depreciation Expense		100

Miscellaneous Maintenance 100

Adapted Method:

Machine	200
Accumulated Depreciation-Machine	100
Depreciation Expense	100
Miscellaneous Maintenance	100
On-Sight Labor	50*
Gain on Repair	50**

* Assumes that manpower and labor costs are considered in terms of opportunity cost as the laborer could have spent his time making the product.

** Assumes that the firm recognizes a gain on the value from the prolonging of the life of the machine in comparison to what they would have sacrificed for a third party to repair the asset.

Example 3: A firm purchases a trademark for its slogan.

Current Method:

Accounts Payable- Trademark Registration Fees	500
Cash	500

Adapted Method:

Trademark	300*
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Accounts Payable-Trademark Registration Fees	500	
	Cash	500
	Unrealized Gain-Establishment of Trademark	300

*This estimate is based on the current value the trademark presents to us by preventing it from being stolen while also solidifying the assumption that the slogan directly correlates to more sales.

James Ripley Pugh Jr.

Presidential Debate Case

October 14, 2020

Case 9

This case allowed me to expand my knowledge on the election and debate process while also providing me with a new attitude toward both candidates involved. The main objective of this case was to challenge the students to predict what the country would look like if President Trump or Joe Biden were to win this year's race. However, the most special part of this case was the call to be unbiased in our work while doing thorough analysis of each candidate and their proposals. The purpose that each of the given guidance's serves is to encourage these free-thinking students to envision how our country can get a step closer to achieving unity, and to spark a sense of unbiased, compassionate perspective to achieve some sort of compromise in the future. I have gathered a fresh opinion on matters that currently keep our country in turmoil whether due to the uncertainty of the future or because of a division amongst two opposing groups. At times throughout this case, I struggled to remain unbiased, and I reluctantly swallowed my pride to ensure that I gave all proposals an open-minded approach. Looking back on this challenge, it is clear that I have been guilty many times of conjecturing on matters that I didn't fully understand, and I have failed to have an unbiased perspective on many elements regarding political platforms. This case has made me realize that the media is partially to blame for this, in that they highlight the wrong in their opposing party before even offering their own proposals. This culture now exists where people are interrogated and forced to give their opinion on certain issues, only to be attacked and humiliated if the opinion doesn't fit the other party's agenda. My hope for the future is that the American people, myself included, can achieve unity amongst

one another by choosing to love rather than to hate, and instead of looking for the wrong in the other side, we can focus on the good that both sides can achieve together.

For this case, we were tasked with three major requirements regarding the ongoing Presidential election and the first debate between the two candidates. Our first requirement consisted of writing a brief statement regarding our thoughts on what currently unites us as a country, and to really dive into what we believe is the main idea, value, or goal that allows us to be considered the *United* States of America. The requirement that follows this statement was to simply watch the first 2020 Presidential Debate, and carefully analyze the key aspects of the debate that may aid in formulating our last requirement. The last requirement instructs us students to then reflect on our first statement, and to thoroughly analyze and highlight some key points of each presidential candidate's philosophies and how each of their proposals might affect the country's future. I will highlight President Donald Trump's current accomplishments, proposed philosophies, and ideas highlighted in the debate itself, followed by the same analysis points and predictions for presidential candidate, Joe Biden. The bipartisan system of our country has never been as separated as it is today, and many people wonder how we've become this divided and wrapped up in the political system. Most people consider this as the "most important presidential election in the history of the United States", and there are many questions from both parties about what will happen once the election is over. I too am a citizen, concerned for the nation's health, but my concern does not come from my worries for the future regulations, laws, and proposals that either candidate may enact. Rather, I have a general concern for the future of our nation in terms of unity,

integrity, and compromise that all seem to be values we as a country lost somewhere along the way.

Requirement: Pre-Debate

The United States of America originally developed its name to display a sense of unity and equality amongst the colonies and states. In this case, unity meant all being one nation under a democracy and breaking away from hierarchical values. In recent years and especially in light of recent major political discrepancies and social turmoil, our minds have become poisoned by these screens in our faces. This negativity has made it difficult to determine what unity means to us today? Republican vs Democrat, Blue Lives vs BLM, White Nationalist vs ANTIFA... it seems like everyone wants to be a part of a group without analyzing what values they think that group offers. To me, the United States remains united in spirit and in will. We have always been “That Country”, *the* world superpower, the doers, the achievers, and at times, the standard setters. We help countries in need, we amend unfair laws, we demand that every voice should be heard, we believe that success comes through hard work, and we have the right to speak freely. The one thing that unites us is this spirit and this enthusiasm that we have been lucky enough to have been born in the greatest country on earth. We also remain united in our will to do what is right and to push ourselves to new limits.

Requirement: Post-Debate

President Donald J. Trump will forever be known as one of the most controversial and unexpected presidents to be elected in our country’s history. From the day he was elected he has been a major target for criticism from the general media. If one were to

simply glance at various media sources to gain an understanding of his accomplishments and plans, they would obtain a cluttered and distorted image of the President whether in fact or fiction. In order to gain an understanding of the President's plans for the future, it is necessary to look at his past accomplishments to form reasonable opinions on any sort of prediction or anticipated effect these proposals may have on our nation. Some of the main accomplishments, followed by nation-wide effects emerging under his current term include a variety of aspects relating to the workforce, international involvement, immigration issues, economic growth, etc.... There are currently more Americans employed right now than have ever been recorded in our nation's history. Economic growth hit 4.2 percent in last quarter alone. New unemployment claims are at the lowest frequency in 49 years, and median household income is its highest ever recorded. Nearly 3.9 million Americans have been lifted off food stamps since the 2016 election, and women's unemployment is at its lowest rate in 65 years. President Trump signed the largest package of tax cuts and reforms in the nation's history, and nearly 300 billion dollars trickled back into the hands of Americans within the first quarter following the cut. He revoked Obamacare's individual mandate penalty and signed the VA Choice Act and VA Accountability Act which expanded VA telehealth services, walk-in-clinics, and same-day urgent primary and mental health care. Coal exports have increased by 60 percent, and the nation reached an agreement with the European Union to increase U.S. exports. The proposed "Wall" along the U.S.-Mexico border is still under construction, in hopes for reducing illegal immigration and human trafficking. The previous list depicts a glimpse into the many accomplishments our current President has completed in the past

four years; this will aid in forming a thorough prediction about what is to come if President Trump secures a re-election. President Trump's promises for the future include similar ideas to his previous campaign. He hopes to create millions of jobs for Americans, cut more taxes, eradicate COVID-19, end our country's reliance on China, and continue abiding by his "America First" foreign policies. During the debate, President Trump added on some of these points, while also responding to many other questions on varying topics.

In a near future in which President Trump is re-elected, I feel that the country will see similar regulations and policies building on the previous matters enacted during his current presidency. In terms of the job market, I think President Trump's re-election would create a plethora of job openings for small businesses and large corporations. This is made possible by pushing for minimum wages to remain low and cutting major taxes that hinder businesses in their expansion. As we graduate and enter the workforce, I think it will be much easier to find an occupation while our country is in a business cycle of expansion. During periods of expansion businesses are able to take on more manpower whether for adding further infrastructure, taking on more clients, or being able to manufacture more goods. I believe that companies will be pleased to avoid major adaptations to tax reform and wage reform because they will have a lesser chance of reaping the consequences created by information asymmetry and inherent risk. Both of these negative aspects of business are reduced when there are fewer adjustments to their planning and operating methods. This also means that accounting firms will have a higher

acceptable risk in their practice because clients will have limited opportunity to see new material misstatements in their work.

President Trump will continue to push for “draining the Swamp”, meaning that he will attempt to expose members of congress that he finds corrupt or unfit. This also means that he will make every effort to fill Supreme Court seats and other seats for the lower courts, while trying to ensure that the Republican party controls either the House of Representatives or the Senate. This is a method used by both parties because our exceptional government made its of three branches provide a system of checks and balances. Having Congress members and Supreme Court justices that favor to one’s party creates certain privileges or loopholes for the President to achieve their plans and accomplish their objectives. Keeping the Supreme Court and Senate filled with members in favor of the Republican party would basically indicate that more conservative ideals will be kept in any law that is passed. There will be a heavy focus on reducing taxes and unnecessary spending while also promoting small business in America and heavily regulating illegal immigration.

In terms of healthcare, I believe President Trump will look to continue abolishing Obamacare and the Affordable Care Act in order to minimize excessive spending while we are in a period of substantial national debt. As depicted earlier, he already revoked the Individual Mandate penalty. It seems obvious that there were other branches involved in the prevention of Obamacare being erased as a whole, but President Trump seems determined to abolish the act entirely. I think this would create substantial benefit to our national budget by reducing spending on nationwide provisions that continue to raise the

national debt and protect private insurance. This would also allow further spending in areas regarding security, environmental protection, and healthcare innovation. However, there would be an adverse effect on the ability for families in poverty to receive ample healthcare. With regard to the most recent development in public health, the coronavirus pandemic has caused massive implications on safety, day-to-day freedoms, and the economy. President Trump is often criticized for his attempts to keep the workforce in motion by reopening many aspects of our general business economy. I believe that he will look to find a vaccine and try to ensure that every American has access to the vaccine. I also think that he will remain focused in trying to keep American's working. This in general is a case of picking one's preferred poison. The nation will either continue to see private small businesses struggle and have many rights and privileges stripped in order for the public to have less of a chance of spreading or contracting the virus. On the other hand, the number of cases will continue to drop at the cost of the mental health and job security of our nation. This leads into President Trump's proposals on the economy. His plans depict general ideas of tax cuts, reduced spending on healthcare and infrastructure, and looking to improve America's exportation of goods. I believe that President Trump will continue cutting taxes on millions of Americans for them to be able to save or spend their money more freely. Lower taxes create less revenue for the Federal Government which means the American people will have more opportunity to expand their businesses and expand their wealth. America in the recent past relied heavily on China among many other countries for imports of natural resources and manufactured goods. If President Trump gets the opportunity, I believe he will continue advocating for

America to resolve its roots in industry, and he will try to continue changing our reliance on outsourcing into self-reliance and sustainability.

In direct contrast to many of the aspects depicted in my prediction for President Trump's actions, Joe Biden will focus his attention to issues regarding sustainable infrastructure and clean energy, the minimum wage, firearm reform, healthcare, and tax expansion. If Biden were to be elected, I believe the job market would be undergoing such significant tax reparations and wage fluctuations that the certainty of securing a long-term position would be unpredictable. The heads of major companies along with private business owners will be bombarded with a plethora of new taxes, paid leave requirements, and mandatory wages that will create significant issues. This also means that these people will have less time to worry about hiring new employees while instead focusing on revamping budgets and forecasts to determine if the business can justify expanding its workforce. This is especially true for my employers, because major firms will have huge tax implications; therefore, there will likely be less availability for them to take on too many new hires. For clients, there will be a greater concern for accounting firms to further reduce the risk of information asymmetry and inherent risk for material misstatement. Anytime major economic changes are introduced, businesses run the risk of leaving certain parties out of the loop when enforcing new policies which in turn creates significant chances that these parties will make material misstatements in their work.

Moving into my predictions for how Biden's presidency will affect our country based on many points he hit on during the debate, I think that his policies will drastically

differ from President Trump's, especially in areas regarding healthcare, governmental spending, taxes, and immigration. Focusing on healthcare, Biden argues that there should be an expansion of coverage in his opposition of the "Medicare for All" policy which basically aims at reducing private insurance. This would indicate that the government would be using a lot of tax revenue and money supply to provide more health insurance to those below the poverty line. Under these circumstances more citizens would have access to affordable health care, but they would be giving up a lot of their wages through new taxes. To many Americans, this would provide them ample ability to receive care in the midst of the ongoing pandemic. Biden constantly argues against reopening the economy, and he feels that the health of the American people should be prioritized against the wealth of the American people. Biden believes that the government should be responsible for providing every necessary protective element in combating the coronavirus. He also believes that the government should be consistently delivering sums of money to those that are unable to work. In this case, the government would be spending money on gear and also giving money to people that are out of work, but the country would continue drowning in its national debt. If there are no businesses able to supply goods and services and no consumers to purchase these goods and services, the economy will immediately reverse its expanding business cycle and enter into a period of recession. There are many pros associated with prioritizing the health of the American people because if citizens are concerned with their health, they lose confidence in the government that is sworn to provide them with safety. On the other hand, an economic

downturn creates numerous issues for the American people if they are unable to pay for necessities like health care, food, and their monthly bills.

In terms of governmental spending, Biden's proposal for increased taxes will allow the government to spend more money on nation-wide healthcare, infrastructural expansion, clean energy, and outsourcing of manufactured goods. Infrastructural expansion is great for ensuring the safety of the American people when traveling while also making it more convenient to get from one point to another. This convenience will greatly reduce the amount of hazardous gas emissions and consumers spending on fuel. This process would also require a significant amount of time to be completed and would likely result in unfinished and ongoing construction for years beyond the end of his presidency. Improving the infrastructure goes along with the idea of clean energy and environmental protection, with its roots in reducing natural gas emissions by reducing the time spent traveling and using alternative energy sources to power vehicles. He also hopes to create a large tax on carbon emissions, eliminate new oil and gas leases on Federal land, and to end offshore drilling. Taxing carbon emissions will again bring in more revenue for government spending but will have consequences for manufacturing businesses as they seek alternative methods for their production processes. Eliminating new oil and gas leases on Federal land and ending offshore drilling will positively impact the amount of pollution that is currently being put into the atmosphere. However, The United States would then be more prone to importing oil and gas thus eliminating their own opportunity to remain as a worldwide provider of these products. Though our country would see a positive impact on the environment and atmosphere after a long

period of time, our ability to continue generating a substantial amount of gross domestic product from these items would be hindered.

Immigration is a perfect example of the line that is drawn between social and fiscal issues. Biden aims to protect immigrants by relaxing the requirements for citizenship and hopes to give leniency on penalties so they can continue to earn money. Socially, this concept strikes the heart of many Americans that believe everyone deserves the right to pursue a life of liberty and happiness. The very founding of the United States has its roots based in granting freedoms to those who seek opportunity and security. The fiscal principles accompanying are often overlooked and seen as an acceptable consequence. It is very difficult to argue that an illegal immigrant deserves the right to work more than someone who is a lawful citizen. On top of that, millions of Americans would see a substantial increase in their taxes in regard to Biden's proposed health care plans. With the nation already drowning in its debt, putting government funds toward providing illegal immigrants with healthcare and other benefits (while they themselves are often not being taxed) will continue pulling the U.S further into debt because of the government inability to retain a positive return.

Though both candidates propose drastically different ideas for change, the current divide in our country has less to do with the politician's disagreements; rather, it is the American people that have become incapable of maintaining an open-minded perspective. No matter what result follows the ongoing election; we as a people will never become unified until we are able to have peaceful discussions on matters that directly affect us. This is one of the major issues with a bipartisan political system; the

system separates the public into *them* and *us*. In order for the United States to become a harmonious body, each side will have to learn to see the good in each policy and regulation that is to be enacted. Obviously, each party will not agree on certain aspects of each change that is sure to take place, but I truly believe the pursuit of happiness can never be achieved until the pursuit of respect is first obtained. In a democracy, the people are supposed to be in charge of creating change. Lately it seems as if the people are relying on the nation's leaders to propose their ideas of change while we sit back and argue about the positive or negative effects of that change. In order to fix this issue, individuals will have to learn how to block out biased media, and they must rather remember how to have a respectful, logical conversation on matters that we see as important. Instead of a mass protest, why not have a mass conference with those who agree and disagree with the issue at hand, so both sides can develop a compassionate understanding of each other's views and backgrounds.

Personally, I will attempt to put my efforts toward obtaining an understanding of the other side before criticizing an issue that may affect me differently. I will try to gain information from unbiased media sources in order to form my own opinion on the matter, before hearing why both sides tell me I should think the proposed idea is good or bad. This country is made up of people that have various backgrounds, beliefs, values, and abilities. Every single proposed political issue has a different effect on each individual; therefore, it would be illogical for someone to say their idea is better without seeing what effect that would have on another individual. I will raise my children and advise my family to always do research to develop an understanding of a matter before exposing

their opinion on the matter. Even if they do have a great understanding of a certain proposal, they should have to witness the effect said proposal would have on someone that is in a different position financially, spiritually, or ideologically. This country can only achieve unity when we see each other as Americans rather than *left* or *right*. No one political party has done more for the country throughout its history than the other; rather, the American people have come together in times of prosperity and turmoil in hopes for a better future for our children. What separates The United States from the rest of the world is this special enthusiasm for this we carry for this great country. Nobody wants to lose the exclusive freedoms and opportunities we have been given as a people, but in order to preserve these values, we must first remember what it means to compromise for a better tomorrow.

James Ripley Pugh Jr.

Excel Crash Course

October 21, 2020



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

Ripley Pugh

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

Excel Crash Course

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*Certificate number
24480961*

Tim Vipond
Chair of the Board

Scott Powell
Director

Lyn Dorian
Director

Oct 20, 2020

James Ripley Pugh Jr.

Corporate Tax Case

November 4, 2020

Case 10

Introduction

This case has provided incredibly useful for me to expand my knowledge on how corporate taxes work, how companies avoid them, how the media manipulates this information, and the importance of the tax service line in the accounting profession. Until this case I really a surface level understanding of how corporations pay their taxes. On top of that, I was guilty of feeding into the statements issued by the media about corporate tax avoidance and assumed that, like in many situations, they had somehow manipulated this information for political purposes. I now see that there are obviously still those sources that look to use this information to push a political agenda, but I also can recognize the sources like those in the production of the documentary, 'Taxodus' (2013), that truly care about these tax strategies for how they affect the common people of the countries involved. I think I still find it hard to picture myself as an accountant in thee tax service line because I would rather work with lawmakers or executives of companies to help make decisions about balancing the taxing of corporations in a way that benefits the vast majority. However, everyone has to start somewhere before they can be trusted to give reasonable and useful opinions on these decisions, so the tax service line overall has become more attractive to me. I have also attained a better understanding of how laws involving tax changes, like the Tax Cuts and Jobs Act, affect the decision making of corporations, the health of our economy, unemployment, the foreign exchange of goods and services, and the long-term adaptations to American industry. This case has both opened my eyes as to the direction our world is heading in terms of wealth distribution, and the dangers it poses to the lower classes. However, I

also have faith in the journalists, investigators, specialists, and government officials uncovering corporate giants involved in the tax avoidance game and believe that they will do their part year after year to try and mend laws for the greater good.

Question: What do you think the optimal corporate tax rate should be?

Since its founding, the United States has been the forefront of economical, corporate, and governmental structuring that has its roots derived from a capitalistic, neoclassical economic viewpoint. This origin of American business practice and standard setting urges its users to work as hard as possible to earn more capital, and to continue circulating and investing their capital to expand their business as far as possible. Taxes play a crucial role in this spectrum of governmental standard setting as well as economic sustainability in their ability to provide significant governmental funding while also directly affecting a business's ability to expand their operations, thus generating more jobs. A corporation's overall goal is to generate higher profits and retain these profits through the goods and services they provide. Higher corporate tax rates cause businesses to realize fewer profits; therefore, inadvertently causing businesses to find ways to cut costs. Examples of these cost cutting strategies can be found in the offshoring techniques of both manufacturing practice in countries where lower wages are accepted and securing subsidiaries in tax havens across the world (Taxodus, 2013). This can cause a nation, like the United States, to develop a reliance on other countries for their goods and services; therefore, lowering the GDP of our nation whilst also allowing countries that house American corporate giants to dictate the direction of tariff duties on American imports. Lowering corporate taxes causes companies to keep their manufacturing in house, and

allows businesses to expand, create jobs, and grant better spending ability to more individuals across the nation. Lowering the corporate tax reduces the cost of capital; therefore, investment projects that once were too costly are not able to be undertaken. When firms invest in order to expand, their capital stock grows which incentivizes increased worker productivity. This all leads back to the basic aspect of a boost in economic activity coming from greater output, greater spending ability, and over time, a raise in wages (Hodge, 2018). The argument against lowering taxes comes from the idea that the more money a person makes, the more they should be taxed on it so that the percentages of taxes paid remain somewhat equal throughout each class of individual. Pro-tax individuals also squabble over the fact that without this tax-generated influx of funds from corporations into our government, the United States will have less ability to fund some of the very necessary aspects of governmental provisions like defense, infrastructural development, healthcare, homeland security, education, etc. So, the debate continues as to what the most fair and appropriate corporate tax rate is that is best for the *majority* of the population.

Woven into the modern world's globalized corporate network, there are plenty of instances in which corporations realize unbelievable benefits from offshoring accounts and subsidiaries' that save them billions of dollars in tax expenses each year. Again, this obviously is amplified in circumstances where the corporate tax rate is higher in the company's origin country because they have more profit loss due to taxes paid and; therefore, have greater reason to commit to these strategies. However, that is not to say that cutting all corporate taxes is what is best for a country as a whole. The majority of tax revenue generated in the United States comes directly from individuals, not corporations.

So, lowering the tax on corporation's income may indeed incentivize them to keep their operations in-house and profits flowing through American markets. Another harmful aspect of high corporate tax rates, as seen in 'Taxodus' (2013), depicts the negative effect on shareholder returns on company stock because when these profits are redirected through offshore accounts, the stocks see less profit and dividends to be distributed. Therefore, many stock prices across the nation are already substantially overpriced and create an unpredictable and often harmful fluctuations in American markets. The Tax Cuts and Jobs Act, enacted in 2017, has been a prime example of what a lower corporate tax rate can do for a country's economy. Since the passing of this law, the unemployment rate reached an all-time low, there has been a blue-collar boom due to the creation of hundreds of thousands of manufacturing jobs, and our economy in America has entered a historic period of overall success (U.S. Department of Treasury, 2020). This goal of this act was to essentially lower the corporate tax rate by forty percent, and to entice the homegrown manufacturing and production operations for corporate giants.

In the short term we've already realized some of the benefits regarding unemployment and economic output, but there is an even more sophisticated element of this law that will help the United States in the long run. An important piece of this element is depicted in 'Taxodus' (2013), when we get a glimpse at a parliamentary proceeding in the UK regarding the tax strategies of three major corporations Amazon, Google, and specifically, Starbucks. Starbucks has been seeing an overall loss on many of its operations located in the UK, yet their justification for continuing practice in the UK was unclear. When the curtain was lifted, the image became clear. Starbucks was comfortable with their losses realized in the UK; because, the increase profit margins

they realized by re-routing their profits through subsidiaries in tax havens, ended up surpassing these losses and resulted in billions of dollars saved from taxes. The benefits in this shady situation greatly outweigh the costs for Starbucks; however, it is the citizens who reap these consequences in the UK. The point is, if the corporate tax rate is lowered enough, eventually the long-term cost of investing in subsidiaries and all costs associated with managing the subordinate businesses, will eventually outweigh the benefits associated with avoiding the tax. This will lead to the eventual return of many corporate giants to return central operations to the United States, and the country will realize a long-term increase in output, wages, business expansion, and exportation. It is difficult to say what the exact corporate tax rate should be, but I am entirely in favor of lowering this tax rate amongst other taxes even further than they have been in order to speed up the eventual result of corporations seeing little benefit in “neutralizing” (aka: avoiding) their taxes. The current enactment of the 21 percent corporate tax rate has proven to boost the economy in many of the ways I’ve previously covered, but the possibility of this tax rate rising again with changes in legislative and presidential personnel is dangerous for the preservation of a lasting economic growth. Therefore, I believe this rate should remain unchanged, or lowered by another four to six percent in the near future.

**Did this case increase or decrease your interest in pursuing a career in the tax service line?
of public accounting?**

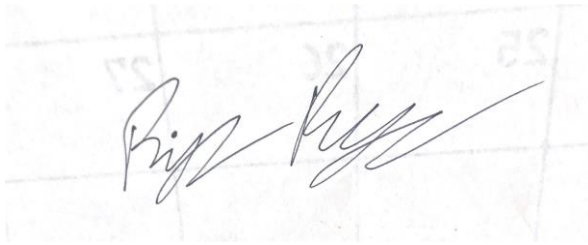
In terms of my future in the accounting profession, I think this case has increased my interest in the tax spectrum, but this interest comes from the corporate decision-

making aspects and the international tax laws. I simply just to not see myself figuring out what taxes we as a company have to pay, rather I would rather make decisions on how we as a company could (ethically) find methods of reducing our taxes. 'Taxodus' (2013), depicts the role of accountants in this current tax avoidance puzzle. It seems that the many government's initial reaction is to point fingers at the lawyers and heads of these corporations while behind the scenes accounting specialists are taking their cooling off period and then entering the tax avoidance game as a consultant that shares their knowledge of loopholes to various corporations. Therefore, there is certain to be demand for tax accounting professionals to aid in the mending of these avoidance strategies while also continuing to demand excellence from audit professionals in explaining how companies are manipulating their financial statements and income distribution. I think that if I were to enter a tax profession, I would rather help propose ideas from an international law standpoint, and I would focus my work on advocating for the restructure of foreign exchanges and tax laws that currently favor major companies to take their operations and accounts offshore. The tax service line in public accounting has often frightened me and seemed like a routine and dull profession. However, this case has helped me understand how crucial the tax profession is for people in all sorts of business or governmental positions. Whether one is trying to figure out what taxes the company is to pay, how the company can save money on taxes, or figuring out how companies are unethically avoiding their tax duties, this profession plays a crucial role for the long-term sustainability of the United States economy.

Honor Code:

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this thesis.

Signed,

A handwritten signature in black ink, appearing to read "Pip Rys", is written over a faint grid pattern. The signature is fluid and cursive, with a long horizontal stroke extending to the right.