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## 2021-2022 Accounting Practicum: A Sequence of Financial Accounting Case Studies

Virginia Barksdale

*University of Mississippi. Patterson School of Accountancy*

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2021-2022 Accounting Practicum:  
A Sequence of Financial Accounting Case Studies

by  
Virginia Barksdale

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

Oxford, MS

May 2023

Approved by



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Advisor: Dr. Victoria Dickinson



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Reader: Dr. Mark Wilder

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## **ABSTRACT**

The following set of financial accounting case studies represents two semesters of work under Dr. Victoria Dickinson at the University of Mississippi's Patterson School of Accountancy. As is customary for the Honors Accounting Practicum, subjects covered included current events – e.g., the anniversary of 9-11 and the COVID-19 pandemic – as well as the conceptual frameworks of different financial accounting disciplines. Some cases were more research focused while others involved specific deliverables relevant to the topic of the week. All case studies required the integration of knowledge from past coursework with the knowledge gained through the cases themselves. The work involved in this thesis demanded and affirmed the cultivation of a thorough understanding of financial accounting – an understanding useful not only in the course of undergraduate studies, but in the professional sphere.

**CASE ONE**

Minutes that Changed the Country

Virginia Barksdale

September 8, 2021

## Case Summary

In light of the twentieth anniversary of 9/11, this case allowed us to look back on the event as it happened rather than through the hazy lens of two decades of memorials. We went over general information about the World Trade Center itself, and then we viewed *102 Minutes That Changed America*. This 2008 film is composed of footage from civilians on the ground covering the complete September 11 timeline, beginning with the moment of impact at the North Tower following through to the aftermath of its collapse an hour and 42 minutes later. We took notes individually over the course of the viewing and condensed them into the reflections below.

## Conclusions

I was five months old on 9/11, so I've only ever known the Twin Towers as things that should have been there but were not. I never had a real sense of the space they took up, in thought as well as in physical space. That makes 9/11 that much more difficult to parse this long after the fact. I had seen the most widely circulated news clips before, but I have to say that seeing the same angles year after year did a lot to conceal the towers' true immensity. The cameras were always close enough that seeing the towers only from that view made it easy to believe that they were at the same scale as anything else in the skyline. Watching those videos was always about seeing the towers come down – the *emptying* of the space – and the truth of that emptiness simply does not come across unless you have the full picture.

Seeing the extended quiet in the beginning was like seeing a ghost. I felt like I wasn't supposed to be able to look at the footage directly or somehow the planes would come faster. That feeling was altogether different from the sense I got after seeing the first plane hit. Knowing now that so many people jumped or choked or burned, it feels perverse somehow that this is one

of the few records of their final moments. It was made into a spectacle. That reminded me of the footage of the people who fell off the planes leaving Afghanistan. I hardly mean to say that it was their fault, or the videographers' faults, and I know it was a matter of circumstance more than anything, but it's not just that these people deserved to live. They deserved to die better.

It hadn't occurred to me that the point of the whole plan on the hijackers' end was the make it all burn for as long as possible. I knew that the towers came down eventually, so I never dwelt on the terrorists' motives beyond that. I don't know why I assumed that efficiency was their top priority.

The mayhem on the ground is easier to understand after you see enough clips of the confusion up close. It was impossible for the general population to form a single narrative about what was going on the way that something like Twitter would have allowed. The event itself was designed to be dragged out as long as possible in real time, and too much was happening at once for individuals to take on the additional burden of clarifying and disseminating what little information they had to share.

The smoke after the south tower collapsed made me think about Pompeii, and then it made me think about Chernobyl. The smoke and debris killed a lot of people before anything else could. I know Jon Stewart was involved with one of those bills to allocate funds for 9/11 first responders. How wide was the radius of air pollution? How long did it take for people to believe that it was all clear? It's been long enough that plenty of people have already developed protracted illnesses and died because of what they were exposed to on 9/11. How many more are unknowingly walking around with chronic illnesses because they weren't in the position to take cover? The ambient horror of living near the site of a great tragedy wasn't enough; New York had to be poisoned further before it was all said and done.

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

Signature:

Virginia Barksdale



## **CASE TWO**

Design Your Life

Virginia Barksdale

September 29, 2021

## **Case Summary**

This week, we formed groups based on what city we want to live in during our internships and after graduation. My group (Indu Nandala, Anderson Martin, Aubrey Christian, and Hannah Harris) worked together to answer 15 questions about New York City, our location of choice. The questions encouraged us to consider the obvious things like where to live and what transportation to use as well as more specific information about local crime rates, healthcare options, and where we would want our future children to go to school. We also covered matters like recreation and volunteer opportunities we would be interested in outside of work hours. Between the emphasis on these areas and the broader questions about the region itself, this assignment gave the group the opportunity to view New York less in terms of what we might have imagined it to be and more in terms of what it would be like to truly live and work there, even if only in the short term.

## **Conclusions**

The first cluster of questions we answered had to do with the geography and climate of New York City as well as New York State. We found that most of the land itself is flat thanks to generations upon generations of human intervention. NYC has four seasons, though it is partly cloudy and wet year-round. April to August is the wetter part of the year. Summers are warm and humid with an average daily high of 76°, and winters are cold and windy with an average daily high below 48°. Predictably, the greatest risks that come with the weather pattern in this area are blackouts in the summer and slick roads in the winter. Great tourist stops include the Top of the Rock Observation Deck at Rockefeller Plaza, the Brooklyn Bridge, and the Empire State Building. New York State is also home to the Adirondacks and the Appalachian Highlands.

The most prevalent industries in NYC are financial services, trade, and healthcare, though real estate, media, publishing, manufacturing, and IT also flourish there. As the finance capital of the world, the city is the location for headquarters of giants like J.P. Morgan Chase, Verizon, Citigroup, MetLife, and Pfizer.

While walking is obviously a mainstay in NYC, other transportation options are diverse and plentiful. There are ferries, taxis, subways, dollar vans, and busses wherever one could imagine needing them. The Staten Island Ferry is there for anyone who needs to commute by water, while the Port Authority Bus Terminal serves bus travelers. Anyone who needs to catch a train can go to Grand Central Terminal or Penn Station. Getting out of NYC is simple as well – frequent fliers have their choice of John F. Kennedy (JFK) International Airport, LaGuardia (LGA) Airport, and Newark Liberty (EWR) International Airport.

NYC is a densely populated city, and its crime statistics reflect that. The most common felonies citywide are grand larceny, felony assault, and burglary, though grand larceny is the more frequent of the three. The average person in Manhattan is more likely to be a victim of a property crime (one in 62 residents) than a violent crime (one in 188 residents).

Healthcare as an industry is very active in NYC, but over a third of hospitals in New York State have a one-star rating. Only 7.5 percent of these hospitals have an A safety grade. The state government has a weak record when it comes to the enforcement of safety standards; in 2017, the state of New York fined four hospitals for \$12,000 altogether.

The population density of NYC makes the 33 school districts there necessary. The graduation rate hovers near 80 percent, a drastic departure from the 2001 graduation rate of 46.1 percent. There are over 4,000 public schools in the city at large and over a million students –

there are 80 public schools just in Manhattan, Staten Island, Brooklyn, and the Bronx. Tuition varies widely depending on the school, but citywide safety ratings are high. After considerable discussion, our group concluded that we would want to send our future children to public school considering the highly rated teachers and the other statistics given above. Private schools would offer smaller class sizes and better facilities, but they would impose too high a tuition cost and would be unlikely to provide for students with special needs.

The assignment also encouraged the group to consider what we would do to give back to the community. Civic organizations of interest to us include Inky Blue Sea Companion Animal Rescue Inc., America Needs You (ANY), and Cents Ability. Inky Blue Sea is an association against the abuse of companion animals. ANY focuses on helping recent college graduates develop good personal finance habits and marketable skills. Cents Ability serves the community by giving financial education to high school students.

Entertainment is not hard to find in NYC. It almost seems pointless to mention the popularity of local football, baseball, basketball, and hockey culture – the NYC teams in all of these sports are among the most well-known in their sports. Tourists and natives alike can go sightseeing at the Statue of Liberty, Ellis Island, the 9/11 Memorial, Central Park, Chelsea Market, and Times Square. There are also many famous museums: the Museum of Modern Art, the Metropolitan Museum of Art, the Solomon R. Guggenheim Museum, the Museum of Natural History, and the Whitney Museum of American Art. Putting aside the thousands of bars, anyone looking for a fun evening out can go to Broadway, Madison Square Garden, Radio City music Hall, Carnegie Hall, or the Lincoln Center for the Performing Arts for live shows.

Cost of living estimates were the core of this assignment, but we also had the chance to find out what other travel expenses we might be taking on in the future. Team members made

individualized calculations based on our respective hometowns, though our final estimates were in the same range because we are all from the same region. I based my trip on a typical flight from NYC to Jackson, Mississippi, which is near my hometown of Madison. Between the cost of the flight (\$137 via United) and the brief drive home, my expenses came out to \$139.06. The flight itself is four hours and 21 minutes, and after accounting for the drive, the total trip takes four hours and 46 minutes of travel time. Worthy of note is the potential impact of COVID-19 on flight and gas pricing; the price points given here result from a set of highly unusual circumstances. As making guesses about inflation is not the objective of this assignment, I will move on to our cost of living estimates.

Rent at our chosen Hell's Kitchen apartment (341 West 45<sup>th</sup> Street #109) is \$2,850 monthly, though the first month is free. The apartment itself is 1,048 square feet with two bedrooms and one bathroom, and our calculations are based on there being a roommate in the equation to lessen the blow of the monthly rent payment. Policy allows pets in the building, and there are facilities for laundry, bikes, and extra storage. Other amenities include door attendant and concierge service, on-site maintenance, and an elevator. This apartment is near the KPMG office on Avenue of the Americas, which is also the job location for the purposes of the assignment. Walking from one point to the other takes 22 minutes. On the other hand, taking the subway starting at station E shortens the trip by four minutes.

Groceries are close within reach – Gristedes Grocery is only 350 feet from the apartment, and a Whole Foods Market is half a mile away. In this scenario, we would not have a car, so purchases would have to be small enough to carry home and store in limited space. Additional storage is available, but stocking up on groceries is not an option. Transportation issues abound as well. People without cars are not safe from traffic; gridlock is possible and inevitable, and it

affects people in busses and taxies as much as anyone else. The upshot is that the absence of car insurance payments or regular gas purchases frees up money to spend on elsewhere.

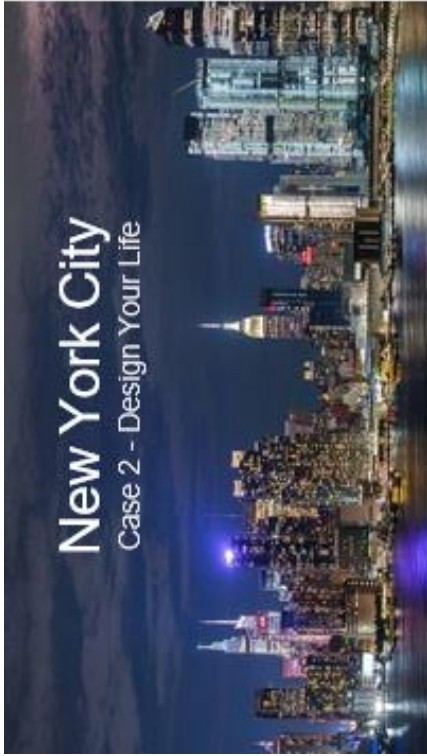
Our hypothetical salary was \$60,000. After state taxes (\$2,906), federal taxes (\$6,262), FICA and state insurance tax (\$4,590), and local taxes (\$1,891), our income after tax was \$3,696 per month. As for the operational budget, \$1,188 would go to rent, \$127 would cover MetroCard expenses, \$480 would be set aside for groceries, and \$250 would go to utilities. That would leave a spare \$1,651 per month. The group agreed to set aside \$200 per month for a rainy-day fund, which meant we had \$1,451 per month of income left.

We broke down this discretionary income further based on what we expected to spend it on over the course of a month. We projected \$100 per month for takeout, \$140 per month to cover a ticket and fees to see one show, \$80 to buy alcohol for the apartment, and \$200 for dry cleaning. These expenditures would leave \$931 available each month for whatever frivolous purchases or unforeseen tragedies we might contend with in the meantime.

I was cautious about committing to my decision to go to New York, but after going over the numbers line-by-line, I feel better equipped to make that call. The spending habits reflected in the budget above are more reflective of the group on average than me specifically; I can imagine cutting expenses in some areas to leave room in others. For one example, I prefer cooking at home over takeout and dining out, so at least that number would be different. More pertinently, though, I still need to experience NYC for myself to know what it is I am setting myself up for. I have never been there, and while it has been a relief to confirm that living there on a budget is attainable, I am missing crucial information that the numbers alone have failed to capture. At any rate, I am excited to move forward in my career with this new understanding of what I can do not just with my money, but with my time.

# New York City

## Case 2 - Design Your Life

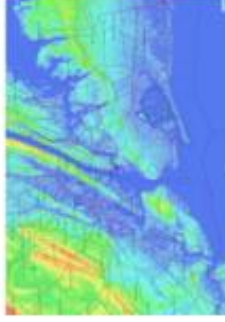


### Topography<sup>1</sup>

- Biggest determinant of topographic human intervention
- Considerable land reclamation along waterfronts since colonial times
- Most prominent in Lower Manhattan - e.g., Battery Park City
- Much of the land has leveled out over time

0 Essentially flat

<https://www.usgs.gov/scene/3d-arc-viewer/arc-viewer?scene=ny01&map=ny01>



## Scenery

### Top 3 Views in New York City<sup>1</sup>

---

1. Top of the Rock Observation Deck (9.4/10)





### Climate

- Experiences all four seasons every year
- Warm and humid summers (average daily high of 78°)
- Cold and dry winters (average daily high below 48°)
- Crisp and clear Autumns
- Spring
  - September - November
  - March - May
- Partly cloudy and wet year-round, with a wetter season from April to late August and a drier season for the rest of the year.
  - The average chance of precipitation, on average, is 22%
- Dangers: due to climate and weather conditions
  - Risk of flooding in the spring
  - High winds and rain during the winter months due to snow and ice



<https://www.weather.gov/nyw/nyw-climate>  
<https://www.nyc.gov/html/nyctourism/html/about/nyctourism-factsheet.html>  
<https://www.nyc.gov/html/nyctourism/html/about/nyctourism-factsheet.html>



## New York Industry Analysis Prevalent Industries (2019):

1. Financial Services
2. Trade
3. Healthcare
4. Real Estate
5. Media
6. Publishing
7. Manufacturing
8. Information Technology



<https://www.nytimes.com/2019/07/26/us/politics/new-york-industry-analysis.html>  
<https://www.nytimes.com/2019/07/26/us/politics/new-york-industry-analysis.html>

## New York Industry Analysis Five Largest Corporation Headquarters (2019):

1. J.P. Morgan Chase
2. Verizon Communications
3. Citigroup
4. MetLife
5. Pfizer



<https://www.nytimes.com/2019/07/26/us/politics/new-york-industry-analysis.html>  
<https://www.nytimes.com/2019/07/26/us/politics/new-york-industry-analysis.html>

## Transportation Hubs

- Travel by boat:
  - Staten Island Ferry
- Travel by bus:
  - Port Authority Bus Terminal
- Travel by train:
  - Grand Central Terminal
  - Penn Station
- Travel by plane:
  - John F. Kennedy (JFK) International Airport
  - LaGuardia (LGA) Airport
  - Newark Liberty (EWR) International Airport



<https://www.nytimes.com/2019/07/26/us/politics/new-york-industry-analysis.html>  
<https://www.nytimes.com/2019/07/26/us/politics/new-york-industry-analysis.html>

## Journey Back Home

### Anderson North - NYC, NY to Fulton, MS

- Flight to Memphis, TN - \$120 (3 hours, 8 minutes)
- Drive Memphis to Fulton - \$25.94 (2 hours) (\$2.80/gallon, 15 miles per gallon)
- Estimated Total Cost - \$145.94
- Total Time - 5 hours, 8 minutes

### Ginny Barkdale - NYC, NY to Madison, MS

- Flight to Jackson, MS - \$137 (4 hours, 21 minutes)
- Drive Jackson to Madison - \$2.08 (25 minutes) (\$2.80/gallon, 22 miles per gallon)
- Estimated Total Cost - \$139.08
- Total Time - 4 hours, 46 minutes

### Hannah Harris - NYC, NY to New Albany, MS

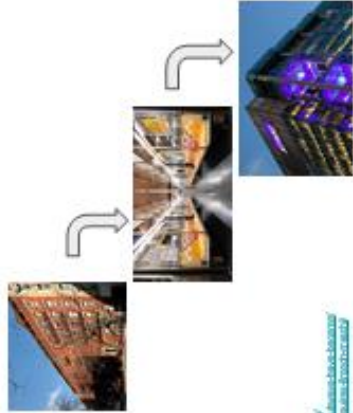
- Flight to Memphis, TN - \$120 (3 hours, 8 minutes)
- Drive Memphis to New Albany - \$3.33 (1 hour, 30 minutes) (\$2.80/gallon, 30 miles per gallon)
- Estimated Total Cost - \$123.33
- Total Time - 4 hours, 38 minutes

### Aubrey Christian - NYC, NY to Gulfport, MS

- Flight to New Orleans - \$147 (3 hours, 17 minutes)
- Drive New Orleans to Gulfport - \$4.4 (1 hour, 37 minutes) (\$2.80/gallon, 30 miles per gallon)
- Estimated Total Cost - 151.4
- Total Time - 4 hours, 54 minutes

## Journey Back Home (contd.)

- **Uber** - NYC, NY to Overland Park, KS
- Flight to Kansas City, MO - \$197 (2 hours, 55 minutes)
- Drive Kansas City to Overland Park - \$1.11 (19 minutes) (2.60 gallon, 30 miles per gallon)
- Estimated Total Cost - \$198.11
- Total Time - 3 hours, 14 minutes



<https://www.uber.com/en-US/cities/ks-overland-park/>  
<https://www.kcmetro.net/riding-the-subway/>  
<https://www.kcmetro.net/riding-the-subway/riding-the-subway/>

## Daily Commute Practices

- From our selected apartment to the KPMG offices:
  - 1 mile
  - Walk - 22 minutes
  - Subway - 18 minutes
    - **Subside** walk to subway station E
    - **Subside** ride
    - **Subside** walk from subway station to office

## New York City Commute Options



- Ferry
- Taxi
- Subway
- Dollar vans
- Buses
- Cycling
- Walking

<https://www.mta.info/mta/transportation/ways-to-ride>  
<https://www.uber.com/en-US/cities/ny-new-york/>  
<https://www.kcmetro.net/riding-the-subway/>

## Civic Organizations

- Inky Blue Sea Companion Animal Rescue Inc.
  - Group dedicated to ending the suffering and abuse of companion animals
- America Needs You (ANY)
  - Help other college graduates make budgets and learn ways to becoming a functioning member of the workforce
- Cents Ability
  - Encourage and inform high school students on how to manage their finances



<http://www.inkybluesearescue.org/>  
<http://www.anyinc.org/>  
<http://www.centsability.org/>

## Entertainment

### Sports

- Football
  - New York Giants
  - New York Jets
- Baseball
  - New York Mets
  - New York Yankees
- Basketball
  - Brooklyn Nets
  - New York Knicks
  - New York Liberty (WNBA)
- Ice Hockey
  - New York Islanders
  - New York Rangers
  - Metropolitan Riveters (NHL)

### Sightseeing

- Statue of Liberty and Ellis Island
  - 9/11 Memorial
  - Empire State Building
  - Central Park
  - Chelsea Market
  - Times Square
  - Rockefeller Center
- ### Museums
- Museum of Modern Art (MoMA)
  - Metropolitan Museum of Art (The Met)
  - Solomon R. Guggenheim Museum
  - Museum of Natural History
  - Whitney Museum of American Art

## General Entertainment

- Broadway
- Nightlife
  - Speakeasies
  - Dance clubs
  - Cocktail dens
  - Dive bars
- Live music
  - Madison Square Garden
  - Radio City Music Hall
  - Carnegie Hall
  - Lincoln Center for the Performing Arts

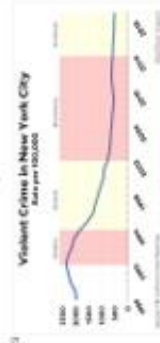


<https://www.timeout.com/new-york/best-of-new-york>

## New York City: Crime Statistics

### City Wide Most Common Felonies:<sup>1</sup>

- Grand Larceny - 25,717
- Felony Assault - 15,384
- Burglary - 11,230
- Total Felonies - 69,405



<https://www2018.cityofnewyork.us/police/crime-statistics/>

### Areas to Avoid:<sup>2</sup>

- Vinegar Hill
- Downtown Brooklyn
- Theatre District/Times Square
- Meatpacking District
- Kew-Forest

### Chances of Becoming a Victim (Manhattan)<sup>3</sup>

- Violent Crime - 1 in 188 residents
- Property Crime - 1 in 62 residents
- Crime Index - 26

<https://www2018.cityofnewyork.us/police/crime-statistics/>

## Healthcare

- Hospital quality and safety are low, with 34% of New York hospitals receiving a one-star rating
  - New York ranked 47<sup>th</sup> overall in the country in terms of hospital safety
  - 7.5% of New York's hospitals received an A safety grade
- In 2017, New York issued fines to four hospitals for a total of \$12,000
  - This is low in comparison to other areas with a large population



## School Districts and Education

- New York City has 33 school districts within its five boroughs<sup>1</sup>
  - Consists of 1,033,668 students total
  - Consists of 4,480 public schools and 313 public charter schools
  - 78.8% graduation rate (2016)<sup>2</sup>
    - Has continually risen over the years
    - Lowest recorded graduation rate: 46.1% (2001)
  - School safety rating is high
    - Seven complaints filed, either for force or discourtesy, in the most recent school quarter<sup>3</sup>
    - Two departmental personnel injured as the result of student misconduct
- 80 public schools located in Manhattan, Staten Island, Brooklyn, and the Bronx<sup>4</sup>
  - Average tuition: \$19,231 per year<sup>5</sup>
  - Tuition price ranges from \$1,200 per year to \$94,050 per year depending on the school

<http://www.schools.nyc.gov/about-us>  
<http://www.schools.nyc.gov/graduation>  
<http://www.schools.nyc.gov/safety>  
<http://www.schools.nyc.gov/academics>  
<http://www.schools.nyc.gov/finance>

## Private School or Public School?

- Our group would elect to send our children to public school.
  - The public school system in New York City is highly rated among teacher quality, student life, safety, and graduation rates.
  - The only drawbacks to public school are large class sizes and lower-quality facilities.
- Private schools are costly and can fall short when special teaching requirements are needed for students with disabilities.



<http://www.schools.nyc.gov/about-us>  
<http://www.schools.nyc.gov/graduation>  
<http://www.schools.nyc.gov/safety>  
<http://www.schools.nyc.gov/academics>  
<http://www.schools.nyc.gov/finance>

## Long-Term Living Arrangements

- Rent budget would not exceed \$2,000 monthly.
- Property example<sup>1</sup>:
  - Property 1 - 341 West 49th Street #109 - Hell's Kitchen:
    - Rental income: one month rent-free
    - \$280/month
    - Two bedrooms, one bath
    - 1048 square feet
    - 1 roommate
    - Amenities
      - Pets allowed
      - Laundry in building
      - Blue room
      - Extra storage
      - Dishwasher and condoage
      - Maintenance on site
      - Elevator

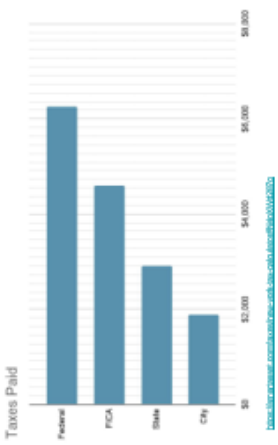


<http://www.zillow.com/homedetails/341-west-49th-street-109-new-york-city-ny-10019/>  
<http://www.zillow.com>

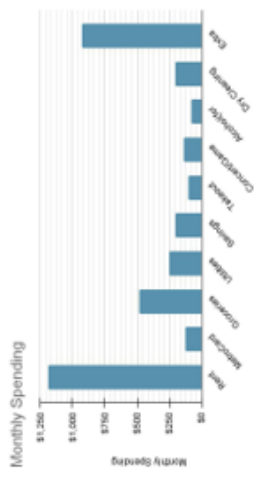
## Everyday Inconveniences

- Groceries
  - Besides Grocy - 300 ft from property example - <http://www.grocy.com> walk
  - Whole Foods Market - 0.3 miles from property example - <http://www.wholefoodsmarket.com> walk
- No car
  - Public transportation
  - Must be flexible because you must rely on the transportation system to commute
    - Must carry groceries home, cannot get food in the car and drive them back.
- Small living arrangements
  - Limited space
  - Only sleep what is needed
    - No "sticking up"
  - Extra storage available through the apartment building
- Traffic
  - Relying on a car or bus can cause issues
  - Standstill traffic is normal and expected
  - Causes lots of noise
- Costly
  - Everything is more expensive in New York City
    - Rent, groceries, take-out meals, etc.
  - No car insurance or gas expenses helps to balance the trade-off
- Laundry
  - No in-unit washer or dryer
  - Must use common laundry room shared by all tenants
  - Must pay to use washer and dryer

**Taxes**



**Budget:**



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

Signature:

Virginia Barksdale

**CASE THREE**

Excel Certification

Virginia Barksdale

October 13, 2021



801-750 West Pender Street Vancouver BC V6C 2T8

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

*Ginny Barksdale*

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

## Excel Crash Course - Spreadsheet Formulas for Finance

National Registry of CPE Sponsors Number: 139079  
Instructional Delivery Method: QAS Self Study  
Finance: 3.0 credits.



Certificate number  
180815013

In accordance with the standards of the National Registry of CPE Sponsors,  
CPE credits have been granted based on a 50-minute hour.

Chair of the Board

Director

Director

Oct 13, 2021



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

Signature:

Virginia Barksdale

## **CASE FOUR**

Pfizer Profitability

Virginia Barksdale, Will Bounds, Winn Sams

October 27, 2021

Pfizer's 10-K for the year of 2020 allowed us as a group to dive deeper into the company's financials, and how the pandemic has affected Pfizer's revenues and expenses. Overall, we learned that Pfizer financially benefited from COVID-19. Its selling and administrative expenses dropped by more than one billion dollars compared to 2019 expenses. Because of the increased need for vaccine research and production, the US government began supporting Pfizer directly. We found that government contracts have directly correlated with Pfizer's recent growth.

After researching Pfizer's 2020 Form 10-K, we utilized three different search engines to conduct cursory research on topics such as alternative COVID-19 treatments, Pfizer's opinion on these alternative treatments, Pfizer's lobbying activity during the pandemic, and third-party opinions on Pfizer's recent financial statements. The three search engines we used were Google Chrome, Brave, and DuckDuckGo. One startling takeaway from our use of these varied search engines was that Google Chrome yielded more results from government websites. Brave and DuckDuckGo produced more diverse sources from independent journalists and other third parties. The patterns that developed in our search efforts made it clear that using one search engine over another can easily give the average user a completely different impression of the conversation surrounding novel coronavirus and different entities' responses to it.

In addition to general information about mainline vaccines, we also looked at the alternative treatments offered as viable preventatives and remedies for the coronavirus. On the corporate side, research is in progress for alternative drugs, including a twice-daily pill that would be administered alongside the vaccine. We also followed the emergence of different narratives about the vaccine and alternative treatments in response to the recent vaccine mandate from the Biden administration.

## **1. The Pandemic's Effect on Pfizer (According to 2020 10-K)**

- Due to the pandemic - selling, informational, and administrative expenses decreased by \$1.1 billion compared to 2019. This is partially due to lower spending on sales and marketing activities during the pandemic timeline.
- The coronavirus also caused an increase in the cost of sales from 2019 to 2020 of \$441 million.
- While COVID-19 presents numerous financial risks and returns, it has also presented other risks such as travel limitations and mobility restrictions; manufacturing disruptions and delays; supply chain interruptions, and more.
- During the pandemic, Pfizer has collaborated with the US government to help fund vaccine research, production, and distribution. This help has had a direct, positive impact on Pfizer's financial reports.
- Overall, Pfizer has benefited from the pandemic with the creation and distribution of its unique vaccine.

## **2. What Do Third Parties Have to Say About Pfizer's Financial Performance?**

- (Brave, Investopedia)<sup>1</sup> - Pfizer says that the vaccine contributed \$154 million to revenue during Q1 2021.
- (DuckDuckGo, Nasdaq)<sup>2</sup> - Laura Hoy projects that Pfizer will not experience a plateau anytime soon, and especially not because of the pandemic. "Pfizer was strong before COVID-19 hit, but now it's on steroids."

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<sup>1</sup> <https://www.investopedia.com/pfizer-q4-2020-earnings-5101080>

<sup>2</sup> <https://www.nasdaq.com/articles/pfizer-is-a-clear-covid-19-winner.-is-that-enough-2021-10-22>

- (DuckDuckGo, Seeking Alpha)<sup>3</sup> - The pandemic has not had a dramatic impact on Pfizer share prices, but Keith Williams expects that the value of Pfizer's work with mRNA will be reflected in the stock price before long.
- (DuckDuckGo, Nasdaq)<sup>4</sup> - Keith Speights says competitor Merck's coronavirus pill is sure to do well when it ultimately joins the market, but Speights believes Pfizer is going to be more successful in the long term thanks partly to its vaccine and partly to its own upcoming COVID pill.
- (Chrome, CNN)<sup>5</sup> - Pfizer and Moderna could score \$32 billion in COVID-19 vaccine sales in 2021 alone. Pfizer is expected to take in \$9.3 billion more in combined COVID-19 vaccine revenue in 2022 and 2023 as the world continues to get vaccinated, Morgan Stanley projected.
- (Chrome, Forbes)<sup>6</sup> - Biotech giant Pfizer expects to generate \$33.5 billion in COVID-19 vaccine sales in 2021, up from previous estimates of \$26 billion, according to its second quarter earnings reports. These projections are based on the 2.1 billion doses of the Pfizer/BioNTech vaccine which the company expects to manufacture and deliver by the end of the year.

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<sup>3</sup> <https://seekingalpha.com/article/4460919-covid-vaccine-is-not-a-non-event-for-pfizer>

<sup>4</sup> <https://www.nasdaq.com/articles/better-covid-19-stock%3A-merck-or-pfizer-2021-10-16>

<sup>5</sup> <https://www.cnn.com/2020/12/11/business/pfizer-vaccine-covid-moderna-revenue/index.html>

<sup>6</sup> <https://www.forbes.com/sites/aayushipratap/2021/07/28/pfizer-expects-335-billion-in-vaccine-revenue-in-2021/?sh=34de0180217d>

- (Brave, Yahoo Finance)<sup>7</sup> - Full year 2020 revenues \$41.9 billion, three percent operational growth, and eight percent operational growth when excluding COVID-19 vaccine revenues.
- (Brave, Pfizer)<sup>8</sup> - Pfizer and BioNTech announce phase three trial data showing high efficacy of a booster dose of their COVID-19 vaccine.
- (Brave, ABC News)<sup>9</sup> - Pfizer has been accused of “hiding behind a veil of secrecy” to profit during the global pandemic. Pfizer raised the annual sales forecast for its COVID-19 vaccines up \$33.5 billion

### **3. Alternative Treatments For COVID-19**

- (Brave, Harvard)<sup>10</sup> - Get enough rest, stay hydrated, and take medications to relieve fever and aches and pains. In tests against a placebo, the pill Molnupiravir significantly reduced the risk of hospitalization and death in mild or moderate COVID-19 patients who were at an elevated risk for severe COVID.
- (Brave, Bentham Science)<sup>11</sup> - “Several of these plants (ginger, clove, tea, black seed, tulsi, neem), some vitamins (vitamin C and vitamin D) and zinc, which have antiviral, anti-inflammatory, antioxidant, and anti-asthmatic properties with scientific evidence.”

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<sup>7</sup> <https://finance.yahoo.com/news/pfizer-reports-fourth-quarter-full-114500513.html>

<sup>8</sup> <https://www.pfizer.com/news/press-release/press-release-detail/pfizer-and-biontech-announce-phase-3-trial-data-showing>

<sup>9</sup> <https://www.abc.net.au/news/2021-10-20/pfizer-covid-19-vaccine-contracts/100553958>

<sup>10</sup> <https://www.health.harvard.edu/diseases-and-conditions/treatments-for-covid-19>

<sup>11</sup> <https://www.eurekaselect.com/189879/article>

- (DuckDuckGo, Poynter)<sup>12</sup> - The National Institutes of Health maintains a public list of treatments under study for their efficacy against COVID-19, but in the absence of sufficient clinical evidence, the organization has not rendered a judgment on the benefits of Ivermectin.
- (DuckDuckGo, Daily Excelsior)<sup>13</sup> - Ivermectin is highly effective against neglected tropical diseases, but because of overdoses among self-medicating COVID patients and widespread misinformation, experts worry that people who need the drug for non-COVID illnesses will be less willing to take it.
- (Chrome, FDA)<sup>14</sup> - Currently available data do not show Ivermectin is effective against COVID-19. Clinical trials assessing Ivermectin tablets for the prevention or treatment of COVID-19 in people are in progress. Data confirms that taking large doses of Ivermectin is dangerous.
- (Brave, FDA)<sup>15</sup> - The FDA has approved the antiviral drug Veklury (remdesivir) for adults and certain pediatric patients with COVID-19 who are sick enough to need hospitalization. Veklury should only be administered in a hospital or in a healthcare setting equipped to provide short-notice care on the level of inpatient hospital services.

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<sup>12</sup> <https://www.poynter.org/fact-checking/2021/no-the-national-institutes-of-health-has-not-approved-ivermectin-to-treat-covid-19/>

<sup>13</sup> <https://www.dailyexcelsior.com/ivermectin-misuse-against-covid-risks-undermining-its-use-for-other-diseases/>

<sup>14</sup> <https://www.fda.gov/consumers/consumer-updates/why-you-should-not-use-ivermectin-treat-or-prevent-covid-19>

<sup>15</sup> <https://www.fda.gov/consumers/consumer-updates/know-your-treatment-options-covid-19>

- (Brave, Japan Times)<sup>16</sup> – This writeup includes further discussion of Molnupiravir testing: “Early results from a mid-stage trial showed that among dozens of volunteers who tested positive at the start, none of those who received the drug had any detectable virus by day five; while a quarter of those who received a placebo did.”
- (Chrome, ClinicalTrials)<sup>17</sup> - Effective therapies for COVID-19 are a high priority, hence interest in hydroxychloroquine. Hydroxychloroquine is an antimicrobial agent with immunomodulatory and antiviral properties that has demonstrated in vitro activity against SARS-CoV-2, the virus that causes COVID-19. Preliminary reports suggest potential efficacy in small human studies. Clinical trial data are necessary to determine whether hydroxychloroquine is effective in treating COVID-19.
- (DuckDuckGo, The Guardian)<sup>18</sup> - Australian billionaire Clive Palmer donated 33 million doses of hydroxychloroquine to the Australian government for use against COVID-19, but the government refused to accept the donation and destroyed at least 5 million doses. Critics find the situation to be emblematic of the more general struggle between groups in urgent need of hydroxychloroquine – particularly lupus patients.

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<sup>16</sup> <https://www.japantimes.co.jp/news/2021/05/28/world/science-health-world/coronavirus-medicine-development/>

<sup>17</sup> <https://clinicaltrials.gov/ct2/show/NCT04332991>

<sup>18</sup> <https://www.theguardian.com/australia-news/2021/oct/15/lupus-sufferers-pleaded-for-hydroxychloroquine-before-clive-palmers-doses-were-destroyed>



#### 4. Pfizer's Opinion On Alternative Treatments For COVID-19

- (Brave, NCCIH)<sup>19</sup> – Pfizer does not discourage the use of personal or natural remedies against COVID-19. However, representatives say that there is no scientific evidence supporting the conclusion that other medications are as effective as the vaccine.
- (DuckDuckGo, News Rescue)<sup>20</sup> - Rumors about the similarities between the Pfizer pill and Ivermectin are based on their shared protease inhibiting qualities. News Rescue characterizes Pfizer's development of the pill as a move to build on profits from the COVID vaccine.
- (DuckDuckGo, FactCheck.org)<sup>21</sup> - Despite rumors on social media, the new COVID pills from Pfizer and Merck are not simply reverse-engineered substitutes for Ivermectin. The pills do function as protease inhibitors, but studies have yet to conclusively prove that Ivermectin uses the same processes to accomplish protease inhibition.
- (DuckDuckGo, Pfizer)<sup>22</sup> - Pfizer published the results of a March 2020 study of the effects of a combination of hydroxychloroquine and Pfizer's drug Zithromax (azithromycin). The study focused on the use of this treatment for malaria. While the combination of drugs improved malaria patients' survival rates dramatically, it also became apparent that the drugs would be safe to begin testing on COVID patients, as COVID patients and malaria patients have comorbidities in common.

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<sup>19</sup> <https://www.nccih.nih.gov/health/covid-19-and-alternative-treatments-what-you-need-to-know>

<sup>20</sup> <https://newsrescue.com/pfizermectin-pfizer-starts-final-study-for-covid-drug-thats-suspiciously-similar-to-horse-paste/>

<sup>21</sup> <https://www.factcheck.org/2021/10/scicheck-merck-pfizer-covid-19-antivirals-different-from-ivermectin/>

<sup>22</sup> <https://cdn.pfizer.com/pfizercom/news/ZithroComboStatement.pdf>

- (Chrome, AP News)<sup>23</sup> - During a Senate hearing Tuesday, a group of doctors touted alternative COVID-19 treatments, including Ivermectin and the anti-malaria medication hydroxychloroquine. Medical experts have cautioned against using either of those drugs to treat COVID-19. Studies have shown that hydroxychloroquine has no benefit against the coronavirus and can have serious side effects. Researchers have yet to produce evidence that Ivermectin works against COVID-19.
- (Chrome, NPR)<sup>24</sup> - U.S. health authorities and most doctors do not recommend using it to prevent or treat COVID-19, citing a lack of clear evidence on whether the drug works for that purpose. Still, myths and beliefs around the drug have taken on a life of their own, fueled by a small group of doctors whose views diverge from the medical consensus, right-wing commentators, and private internet groups.

## 5. Pfizer's Lobbying Efforts

- (Brave, Open Secrets)<sup>25</sup> – Pfizer spent \$11 million on lobbying in 2019, but their largest lobbying efforts were in 2009 during the swine flu epidemic. This website does not show an obvious change in overall lobbying spending by Pfizer over the last ten years.
- (DuckDuckGo, Pfizer)<sup>26</sup> - Pfizer's PAC and Political Contributions Report for January 2019 to December 2020 indicates that Pfizer made more contributions and incurred less

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<sup>23</sup> <https://apnews.com/article/fact-checking-afs:Content:9768999400>

<sup>24</sup> <https://www.npr.org/sections/health-shots/2021/09/19/1038369557/ivermectin-anti-vaccine-movement-culture-wars>

<sup>25</sup> <https://www.opensecrets.org/federal-lobbying/clients/summary?cycle=2019&id=D000000138>

<sup>26</sup> [https://cdn.pfizer.com/pfizercom/investors/corporate/2019-2020\\_Pfizer\\_PAC\\_and\\_Corporate\\_Political\\_Contributions\\_Report.pdf](https://cdn.pfizer.com/pfizercom/investors/corporate/2019-2020_Pfizer_PAC_and_Corporate_Political_Contributions_Report.pdf)

revenue during 2020 than it did during 2019. However, this shift did not lead to a decrease in net assets. In fact, net assets increased from \$764,056 to \$765,689.

- (Chrome, Stat News)<sup>27</sup> - In addition to giving approximately \$1 million to members of Congress, Pfizer also wrote checks to 1,048 individual candidates in state legislative races. Ongoing lobbying efforts are not restricted to the federal level, and the pace of this expansion is expected to continue despite disapproval from the White House and Capitol Hill.
- (Chrome, Politico)<sup>28</sup> – Pfizer’s recent lobbying hires include people who were once staffers for President Biden as well as other notable Democrats. Pfizer’s lobbying efforts have begun to involve more targeted action: “Newly filed lobbying disclosures show Pfizer also retained Federal Health Policy Strategies at the start of September to lobby on drug pricing, a major proposed source of revenue for Democrats’ \$3.5 trillion reconciliation bill.”

## **6. September 9, 2021 Executive Order**

- (Brave, SkoFirm)<sup>29</sup> – This writeup goes over the two September 9 Executive Orders, the first of which requires COVID-19 vaccine for all federal employees. Attorneys Kif H. Skidmore and Patrick M. Williams describe this Order as “narrowly crafted” and say the Safer Federal Workforce Task Force will provide guidance within the week. Skidmore

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<sup>27</sup> <https://www.statnews.com/feature/prescription-politics/federal-full-data-set/>

<sup>28</sup> <https://www.politico.com/newsletters/politico-influence/2021/10/01/pfizer-adds-more-lobbying-help-797991>

<sup>29</sup> <https://www.skofirm.com/publications/president-bidens-september-9-2021-executive-orders-on-covid-19-vaccine-mandates/>

and Williams point out that the Safer Federal Workforce Task Force will also be responsible for drafting the guidance documents for the entities that are in contract with the federal government. The attorneys expect new federal contracts to include the language of the requirements by the given October 15 deadline.

- (Brave, Salon)<sup>30</sup> - This article talks about the executive order that President Biden signed on September 9, 2021. The executive order states that vaccinations are required for executive branch employees and contractors who do business with the federal government. It also states that the federal government is going to require employees of health-care facilities that receive Medicare or Medicaid funding to get their shots, as well as pressure businesses to mandate vaccines for their employees. All told, roughly 100 million Americans will be directly impacted by the new policies.
- (DuckDuckGo, National Vaccine Information Center) - Alongside the two September 9 executive orders, the Biden administration ordered the Department of Labor to enact an emergency rule affecting employers with 100 employees or more. The rule requires these employers to ensure that their employees either get vaccinated or produce a weekly negative COVID test. This article also notes that the vaccine mandates in question run counter to multiple promises the administration made as early as before the inauguration and as recently as the summer of 2021. Lawsuits from state governors are already underway. Analysts expect further action by state officials and, notably, RNC chair Ronna McDaniel.

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<sup>30</sup> <https://www.salon.com/2021/09/09/a-jab-or-your-job-biden-issues-a-sweeping-unprecedented-executive-order-on-public-health/>

- (Chrome, JDSupra)<sup>31</sup> - The Biden administration also announced on September 9 that the Department of Labor's Occupational Safety and Health Administration (OSHA) will require all private employers with 100 or more employees either to ensure their workforce is fully vaccinated or require unvaccinated workers to produce negative test results on at least a weekly basis.

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<sup>31</sup> <https://www.jdsupra.com/legalnews/executive-order-mandates-federal-8091449/>

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

Signature:

Virginia Barksdale

## **CASE 5**

Important Influencers

Virginia Barksdale

November 10, 2021

## Case Summary

The case for the week of November 10<sup>th</sup> involved getting in touch with a long-time member of the business community and interviewing them about their personal history, what brought them to where they are now, and their ambitions for the future. The additional challenge that set this assignment apart from the typical student-professional interview was the requirement that the subject be someone the interviewer might not usually consider for something conversational; it could be because of the subject's relationship with the interviewer, their personality, their reputation, or anything else that might give the interviewer pause.

I decided to set up a phone interview with Brittany Fisher, owner of CrossFit Blue Blood. I met her through my aunt, another coach at Blue Blood. I have always had a high opinion of Fisher and what she does, but I have to admit that her work ethic and overall intensity intimidates me. I admire her tenacity and would love to be able to accomplish some of the things she has; my problem before the interview was that being around her made me wonder if I had the grit to pursue the things I wanted to pursue.

I'm happy to say that talking to Fisher one-on-one and getting direct reassurance has gone a long way in making me feel more capable of pursuing my goals on my terms. She is nothing if not a good communicator, and she was able to give me many of the answers I needed before I even knew I needed them. In addition to giving me a better outlook on my own ability to set and meet my own goals, the interview gave me the chance to learn how to break through the initial hesitancy that I feel in so many of my relationships with professionals I admire. I feel better equipped to form connections with people who know more about a given subject than I do.



It was no small thing that Fisher was willing to share her story on relatively short notice. Because of that, I am more willing to believe that other people might be as open as she was to the kind of discussion we had. The things we covered went into fairly personal territory, and this assignment made me more confident in my ability to navigate similar situations in a professional setting.

## **Biography**

Brittany Fisher grew up in Houston, Texas and then Hawley, Pennsylvania with two younger sisters and a younger brother. Moving house so many times in quick succession put her at multiple different high schools during a short period of time, and while she recalls feeling displaced and uncertain in those days, she recognizes now that her parents worked hard the whole time to make sure she and her siblings would have the healthy, secure home lives that they deserved. She goes to great lengths to do the same now that she has started her own family.

Fisher started her first job at the McDonalds drive-thru at 14 and has kept busy ever since. She put in hours every weekend and kept at it even when she was paying her own way through college. By that point she was waiting tables so she could pursue a degree in criminal justice. She had always been interested in a career in law enforcement for the federal government, and her coursework only strengthened her commitment to that dream.

Fisher's years at the drive-thru window gave her the chance to interact with customers on a regular basis, and she looks back on that time as crucial in the development of her customer service skills. She had comparable roles the hospitality industry for ten years before completing her criminal justice degree and going to work for the United States Border Patrol in 2007. She put in seven years working immigration along the southern border, a role where her

communication skills and her aptitude for public relations management shone through. During that time, she and a handful of fellow officers set up Mustang CrossFit, the first USBP CrossFit gym.

Fisher concluded her work with Border Patrol in 2015 and moved to Olive Branch, Mississippi with her husband. There, she opened CrossFit Blue Blood to continue pursuing her passion for community health and fitness. She attributes her success in running her own business to her willingness to work with people from all walks of life, a capacity she had been developing for well over a decade by the time she started Blue Blood.

The coronavirus pandemic presented the biggest challenge Fisher had ever faced, but she found ways to keep her membership base without sacrificing the quality of her brand and services. She saw the writing on the wall at the beginning of quarantine and quickly began leasing equipment to Blue Blood members, recognizing it was only a matter of time before she would be leading workouts via Zoom. She mustered all the resources at her disposal to prevent the people who were relying on her for guidance from losing their progress to the mayhem of the early days of the pandemic. While she faced pressure from her landlord to either get people in the building or clear out, Fisher takes immense pride in being able to say that she prevailed in the end – Blue Blood survived and is still growing post-quarantine. The problems the pandemic presented are not completely gone, but Fisher’s faith in the community she has created is resolute.

As rigorous as running a CrossFit gym is, Fisher says life outside work is more chaotic by far. She has a 5-year-old and a 3-year-old, the latter of whom is in school parttime. At work Fisher handles accounting, marketing, training, and coaching, and at home she manages the

household and juggles her children's extracurricular activities so her husband can work the long hours necessitated by his own career.

When asked about what she wishes she had known when she was 21, she was quick to say that she wished she had started saving for retirement earlier. However, she also made a point of putting people over material things – life is about relationships, even the ones you know may not last. Customer service is more than a job function; it reveals the content of your character in a way that few other things can, and as Fisher put it, “all we have to be remembered by is how we treated other people.”

The best vacation she can recall was October 2020, when she went to the Dominican Republic with her husband. The trip was a prize from Xendurance, a supplement company Fisher works with through Blue Blood. It was the first time since their children were born that they had been able to break away from the grind of their day-to-day lives. Being able to explore and eat and sleep and relax without the pressure of their usual obligations was enough to make the experience a unique one.

In the future Fisher dreams of being able to do a full Ironman after she turns 40. She is not totally convinced that it will come to fruition, but she believes she could make it happen if she continues to apply herself to her work and training the way she always has. She is less confident in the resilience of the workers entering the market now. It seems to her that on the whole, people of my generation have yet to learn the value of a good work ethic. She imagines that the biggest challenge for Generation Z will be the same one that beset every generation before them; they will have to learn the hard way that nothing comes for free, and anything of value is worth working for. The situation frustrates her, but she predicts that those of us who learn our lessons early will fare better than the ones who put it off until their thirties and forties.

Looking back on her own life so far and the trajectory her career has taken more recently, Fisher reckons that the challenge that affected her own generation most deeply was the recent technology revolution. She was in her early twenties when Facebook came on the scene, and social media is still an important part of her business model. It was strange and bewildering to have so much of her professional life determined by the whims of these huge and unwieldy forces, but now that she has a better handle on her social media presence and a more robust understanding of that entire sphere, she is more optimistic about her generation's ability to rise to the challenge. Every generation had to adapt to something bizarre, and while social media is a beast in its own right, Fisher has come to terms with its role in her business and her personal life.

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

Signature:

Virginia Barksdale

## **CASE SIX**

Case Exhibition - Overview

Virginia Barksdale, Parker Vining, Andrew Meyer, Turner Willson, Jacob Maschhoff

February 9, 2022

The task for this week involved a thorough investigation of the structure of our chosen entity, recent developments in its business lines and operations, and the forces that represent the greatest threats to its continued operation. Our corporation of choice was Tyson Foods Inc. The sources we used to draw our conclusions about the state of Tyson include annual reports, business press, industry-level information, and finance-oriented blogs. After compiling and assessing the relevance of the information we gathered, we used the most pertinent and consequential points to develop a summary of what Tyson has been doing in the last several months, where it currently stands in its various market spaces, and how it might be challenged in the future. All told, the greatest threats to Tyson's operations can be understood as falling under a few designations: typical market risks, COVID-19-related problems, and relational issues.

Seasonal demand is fundamental to livestock-affiliated industries, and Tyson has the ability to prepare for fluctuations in the demand for beef, pork, or chicken depending on the month. However, moving too slowly in the adoption of a corporate strategy to respond to industry trends can present a new threat to the success of the company. For example, as a result of the pandemic, a major shift has occurred from customers dining in restaurants and children eating meals at school, to consumers choosing to eat at home<sup>32</sup>. This shift has led to elevated pressure on Tyson's retail supply chains, and the financial loss from decreased demand in food service has not been countered by the recent increase in retail deliveries to supermarkets and grocery stores. As for Tyson's own supply of raw materials, they are reliant on independent cattle farmers and livestock producers. Tyson assumes risks associated with this arrangement such as

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<sup>32</sup> [my-ibisworld-com.umiss.idm.oclc.org/us/en/industry/31161/about](https://my-ibisworld-com.umiss.idm.oclc.org/us/en/industry/31161/about)

procurement agreements and the market price for the various inputs they purchase<sup>33, 34</sup>. In a period of increasing production costs due to rising input prices, Tyson may not be able to raise the prices of their own finished goods in time to cover the loss.

Food safety remains a high priority - the Food Safety and Quality Assurance Team (FSQA) has the responsibility of overseeing inspection prior to distribution,<sup>35</sup> and it is incumbent upon people at every stage of production to comply with USDA and FDA guidelines. One of the many hazards these measures are in place to prevent presented a problem during the summer of 2021, when the FSIS and the CDC determined there had been a *Listeria monocytogenes* outbreak. This discovery necessitated a recall of “approximately 8,955,296 pounds of ready-to-eat (RTE) chicken products” from public and private institutions across the country.<sup>36</sup> The cascading legal and regulatory consequences of similar recall events can wreak havoc on the value chain.

Tyson has run into similar problems with environmental regulations. The 2019 wastewater spill in Black Warrior River was still under litigation as recently as 2021,<sup>37</sup> incurring both reputational damage and the costs associated with a lawsuit of this class and scale. On the other hand, Tyson has made commitments to protect the environment - before settling out of

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<sup>33</sup> [my-ibisworld-com.umiss.idm.oclc.org/us/en/industry/42444/about](https://my-ibisworld-com.umiss.idm.oclc.org/us/en/industry/42444/about)

<sup>34</sup> [my-ibisworld-com.umiss.idm.oclc.org/us/en/industry/42447/about](https://my-ibisworld-com.umiss.idm.oclc.org/us/en/industry/42447/about)

<sup>35</sup> [www.tysonfoods.com/innovation/food-innovation/food-quality-leader](https://www.tysonfoods.com/innovation/food-innovation/food-quality-leader)

<sup>36</sup> [www.fsis.usda.gov/recalls-alerts/tyson-foods-inc.-recalls-ready-eat-chicken-products-due-possible-listeria](https://www.fsis.usda.gov/recalls-alerts/tyson-foods-inc.-recalls-ready-eat-chicken-products-due-possible-listeria)

<sup>37</sup> [www.wvtm13.com/article/tyson-farms-alabama-settle-lawsuit-over-wastewater-spill-in-black-warrior-rivers-mulberry-fork/37284282](https://www.wvtm13.com/article/tyson-farms-alabama-settle-lawsuit-over-wastewater-spill-in-black-warrior-rivers-mulberry-fork/37284282)



court in the Black Warrior River suit, the corporation stated its intent to have net-zero greenhouse gas emissions by 2050.<sup>38</sup>

Also noteworthy is the increasing demand for information technology in every segment of the economy. The advance of IT brings vulnerabilities in which entities like Tyson have a vested interest in offsetting through security, disaster recovery planning, and overall risk management. IT is deeply embedded at all levels, allowing room for significant damage to Tyson's day-to-day functions as a result of insufficient systems management, as well as the potential impact on the brand from a marketing perspective.

Healthy supplier relationships are also critical. The corporation assumes some risk in any agreement with a supplier, including the potential for losses or bottlenecks during periods of imbalance between supply and demand. Tyson is not involved in cattle raising, hence their reliance on buyers and independent cattle producers<sup>39</sup>. This relationship was a point of contention in the Senate during July 2021, as congresspeople had speculated that Tyson's use of alternative marketing agreements (AMAs) in its dealings with beef suppliers was keeping the cost of beef inordinately low and the final price of Tyson's beef goods comparatively high. Shane Miller, President of Tyson Fresh Meats, testified in defense of AMAs as the preferred arrangement of most independent beef suppliers<sup>40</sup>. His attribution of the problem to COVID-19-related idling at various points in the production process points to an ambiguity that makes the maintenance of supplier relationships especially challenging during global supply shocks. There

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<sup>38</sup> [www.thepigsite.com/news/2021/06/tyson-foods-pledges-to-reach-net-zero-greenhouse-gas-emissions-by-2050](http://www.thepigsite.com/news/2021/06/tyson-foods-pledges-to-reach-net-zero-greenhouse-gas-emissions-by-2050)

<sup>39</sup> [my-ibisworld-com.umiss.idm.oclc.org/us/en/industry/nn004/about](http://my-ibisworld-com.umiss.idm.oclc.org/us/en/industry/nn004/about)

<sup>40</sup> [www.judiciary.senate.gov/imo/media/doc/Miller%20-%20Testimony.pdf](http://www.judiciary.senate.gov/imo/media/doc/Miller%20-%20Testimony.pdf)

is also the plight of the prepared foods division, which has a wide range of needs compared to other segments and thus has numerous raw materials suppliers with diverse interests and concerns. Keeping supply inflows open and consistent requires active cooperation from both sides, and the strength of supplier relationships ought to reflect the necessity of the goods.

Naturally, Tyson has vast fields of competition in its many business lines. Staying abreast of market rivals puts the corporation at risk of harming profit margins, as higher investments in marketing and innovation might not always pan out. Between Tyson's recent entry into plant-based meat substitutes<sup>41, 42</sup> and ever-shifting competitive dynamics in international markets, the potential for exponential gain as well as crushing loss abounds.

Human resource management, a realm already fraught with risks for miscommunication and misalignment of motives, has been further complicated by COVID-19. Even after the onset and downturn of multiple variants, there are still instances of conflict between workers and management over mask policies.<sup>43</sup> While Tyson expects job candidates to already be vaccinated, this requirement does not turn away young potential workers in settings like Central Georgia Technical College, which held a job fair in coordination with Tyson in January of 2022.<sup>44</sup>

Problems related specifically to the initial outbreak of COVID-19 still loom. Facilities not suffering from slowdowns or outright shutdowns are subject to the costs of implementing

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<sup>41</sup> [www.reuters.com/business/retail-consumer/tyson-foods-beyond-meat-face-off-with-new-plant-based-burgers-2021-05-03/](http://www.reuters.com/business/retail-consumer/tyson-foods-beyond-meat-face-off-with-new-plant-based-burgers-2021-05-03/)

<sup>42</sup> [seekingalpha.com/article/4482027-if-tyson-acquired-beyond-meat](http://seekingalpha.com/article/4482027-if-tyson-acquired-beyond-meat)

<sup>43</sup> [news.bloomberglaw.com/litigation/tyson-foods-must-face-workers-covid-19-mask-related-leave-suit](http://news.bloomberglaw.com/litigation/tyson-foods-must-face-workers-covid-19-mask-related-leave-suit)

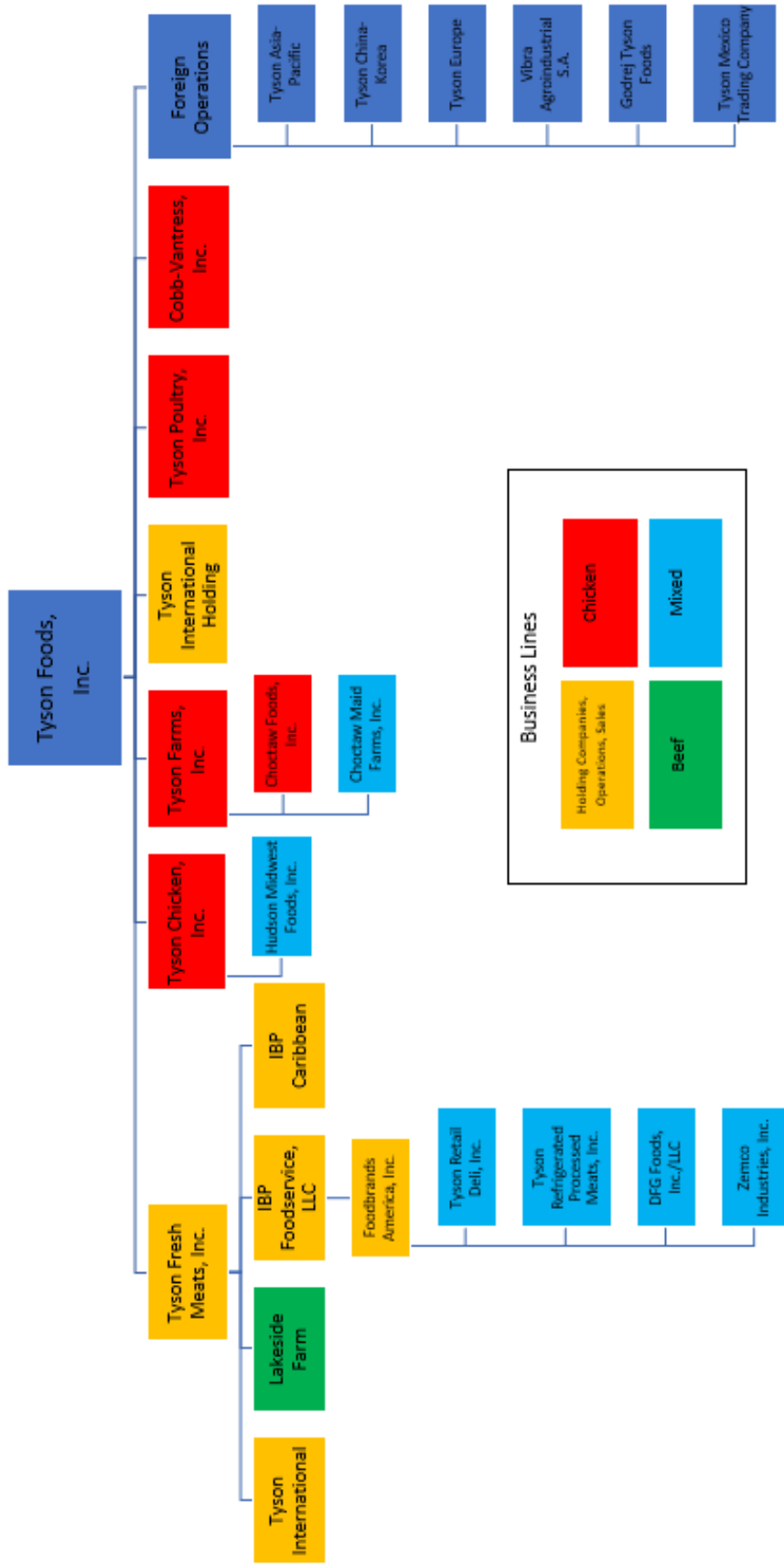
<sup>44</sup> [www.13wmaz.com/article/news/local/tyson-foods-works-with-central-georgia-technical-college/93-5618ddfd-9ff4-4f82-b091-1b7e44b29432](http://www.13wmaz.com/article/news/local/tyson-foods-works-with-central-georgia-technical-college/93-5618ddfd-9ff4-4f82-b091-1b7e44b29432)

safety measures. Travel restrictions further choke down the supply chain and boost foundational logistics costs, and all of these added burdens are before the goods are available for direct purchase. The pandemic has drained foodservice as an industry, leading to more activity in retailed channels than pre-pandemic supply chains can readily tolerate.

Tyson's finances are primed to take a hit in other ways - in the interest of preserving liquidity, the corporation might decide to reduce or suspend dividends and delay new initiatives that would have been considered safe bets before COVID-19. There could very well be some damage to Tyson's credit rating, which would present a problem in any future attempts to finance debt. Volatile interest rates could be hurting pensions, and to take an even longer-term view, the pandemic may have done irreparable damage to Tyson's net worth by draining goodwill and other intangibles.

When looking at the organizational structure of Tyson, we found there are many subsidiaries, all related to different points of production and divisions. While many of the firms are incorporated in Delaware, their operations often occur elsewhere, spanning from Arkansas to Asia. For example, the parent company, Tyson Foods, Inc., was incorporated in Delaware, is headquartered in Arkansas, and conducts operations on an international scale. Tyson Foods, Inc. keeps a large portion of its operations within Tyson Fresh Meats, Inc., a subsidiary that acts as a holding company for many other subsidiaries. Tyson's non-operating holding companies are located all over the world, such as Tyson International Service Center, which is an American-based company that houses Tyson's sales operations for Europe and Asia. Another example is IBP Caribbean, Inc., which is located in the Cayman Islands, and acts as a holding company for Tyson's international investments. IBP Foodservice, LLC acts as a holding corporation for Foodbrands America, Inc., another subsidiary that holds other companies, such as Tyson Retail

Deli, Inc., Tyson Refrigerated Processed Meats, Inc., DFG Foods, Inc., and Zemco Industries, Inc., all of which conduct mixed operations related to farming, slaughtering, meat processing, and distribution. Tyson's beef operations are primarily housed within Lakeside Farm Industries, Ltd., located in Alberta, Canada. Another subsidiary of Tyson Foods, Inc. is Tyson Chicken, Inc., which operates primarily as a poultry processor, but also houses the separate subsidiary Hudson Midwest Foods, Inc., which does everything from farming to marketing for a variety of meat products. Tyson Farms, Inc. is another subsidiary of Tyson Foods, Inc., which itself owns and operates poultry broilers across the southeastern United States. However, Tyson Farms, Inc. also owns several other subsidiaries, such as Choctaw Foods, Inc. and Choctaw Maid Farms, Inc., which are both meat farms and processors located in Mississippi. Tyson Foods, Inc. also owns Tyson Poultry, Inc., a United States-based operator of poultry farms and processors, and Cobb-Vantress, Inc., an international producer and marketer of chicken stock. Another primary subsidiary of Tyson Foods, Inc. is Tyson International Holding Company, which houses foreign sales operations and other foreign subsidiaries. Lastly, Tyson Foods has many international subsidiaries connected to the main corporation, such as Tyson Asia-Pacific, Tyson China-Korea, Tyson Europe, Vibra Agroindustrial S.A, Godrej Tyson Foods (India), and Tyson Mexico Trading Company.



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

Signature:

Virginia Barksdale

## **CASE SEVEN**

Case Exhibition - Audit

Virginia Barksdale, Parker Vining, Andrew Meyer, Turner Willson, Jacob Maschhoff

February 16, 2022

The task this week allowed us to leverage the information we gathered the previous week to examine annual financial statements, create an audit plan, and give judgments about what should be done to mitigate the most serious risks to Tyson. Using the 2021 10-K available on sec.gov, we examined each item on both the balance sheet and income statement for their respective levels of audit risk, materiality, and failure risk. We selected what we judged to be the three riskiest accounts, and for each of them we discussed what internal controls might help in mitigating the worst risks and what substantive tests might be necessary to detect material misstatement after the fact. The last component of the assignment involved an exploration of what data analytics techniques might be used in verifying each of the at-risk account balances.

The account most easily recognizable as risky was inventory. Tyson brings in a vast array of inventory items from a diverse range of suppliers whose inventory practices differ considerably. Items under the inventory heading are consistently valued at the lower of cost or net realizable value, but the inventory method used to track them varies between first-in-first-out and the weighted average method. Tyson deliberately leverages the size of its inbound freight to keep costs down, and while this scale is not problematic on its own, it can exacerbate the kinds of problems created by erroneous counts earlier in the value chain. Even when production stutters become significant enough to be identified, Tyson's complicated supplier relationships can make locating bottlenecks difficult. Tyson's dynamic with cattle suppliers is straightforward, as the corporation typically buys cattle directly. On the other hand, Tyson provides chickens to independent farmers who in turn raise the chickens. This is not a consignment relationship - the farmers do not sell the chickens - but the dynamic still includes multiple transfers of inventory that each include potential for miscounts, deliberate or otherwise. There is also the simple fact



that the basic products Tyson trades in are commodities - they are bound to a price index and thus are uniquely sensitive to rises and drops in the economy at large.

The current internal controls scheme for inventory management is sufficient for operations of this scale and kind. All segments of the corporation use mail for invoices. Some use Standard Electronic Data Interchange Transactions for transportation invoices, and some of the entities under the Tyson umbrella use different IT systems than others; Fresh Meats uses Taulia, but Hillshire and AdvancePierre use the new SAP system P41. However, the enterprise management system deployed in the service of inventory management is a less pressing issue than the more grounded matter of maintaining a reliable count of the physical inventory.

Fundamental to livestock industries is the inevitability of counting errors - animals can be born and die off for any number of reasons without having been properly tracked. In December 2020 a cattle supplier overstated inventory by \$285 million,<sup>45</sup> resulting in an investigation of the material control efforts that led to this outcome. The investigation found no sign that the supplier gained anything from the misstatement, and the effect on Tyson's own financial statements over the relevant period were immaterial, but the fact remains that innocent errors in physical count can aggregate quickly and quietly. Substantive tests ought to include rigorous physical examination of inventories, and creating circumstances in which that level of effort is possible may require a review of Tyson's contracts with independent farmers and vendors. Flow documentation will be vital, as few other things are as effective in helping multiple parties coordinate work of high detail and broad scope.

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<sup>45</sup> [www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/tyson-overstated-fy-20-cattle-inventory-by-285m-61847348](https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/tyson-overstated-fy-20-cattle-inventory-by-285m-61847348)

Another account we found to be prone to risk was accounts receivable. Allowance for credit losses was \$25 million in 2020 and \$26 million in 2021, showing a relatively stable amount of receivables outstanding over time. The slight increase can be attributed to an increase in sales and a decrease in the cash flows associated with operating activities. In determining an appropriate allowance for doubtful accounts, the company uses historical performance evaluations, future economic conditions, level of the account, and customer relationships. These factors are helpful in determining the balance but can pose risks in understating or overstating the accounts receivable balance. This precarity filters down into net income. For example, Walmart is Tyson's largest customer, accounting for 16.3 percent of their net accounts receivable. Due to this close relationship, there is a likelihood of errors to be present in the statements of accounts receivable balances. However, such a large volume of end consumers dispersed across vast geographic areas allows for the otherwise high concentration of credit risk to be more spread out and therefore easier to manage. Tyson also does not grant payment financing terms greater than one year, as the majority of their customer contracts are short-term. The reported accounts receivable turnover ratio in 2021 was 19.6, though Tyson's involvement in many industries makes finding acceptable points of comparison a delicate operation.

The firm currently participates in several internal controls to ensure the safety of their reported accounts receivable. By periodically evaluating customer credit, they can better monitor and prepare for defaults on accounts. Collateral can be a source of frustration for auditors in tracking receivables, but Tyson generally does not require collateral in transactions with customers. Substantive tests, then, can be limited to the kind of ratio analysis and transaction tracing already regularly used for accounts receivable in other settings and for other kinds of economic entities.

The third and final account we judged to be high-risk was intangible assets, though this account is different from the others because of its relative detachment from day-to-day operations. Tyson's fair value calculations for intangible assets are based on multi-period excess earnings and involve Level 3 inputs, which can require estimates and assumptions about future economic activity. Valuations not based on current economic events are by their very nature prone to error, and the role of expected earnings in this set of calculations renders potential overconfidence on Tyson's part especially troublesome. The upshot of this situation is that, as previously stated, the value of intangible assets is largely irrelevant to most daily operations. Real problems do not come to the forefront until the intangible assets are being sold or exchanged; at this point the parties involved are forced to confront the discrepancy between the intangible asset's book value and its market value. If Tyson expects too much of its future earnings and enters into a transaction with a faulty understanding of the value of its assets, this miscalculation could introduce friction not only to the transaction in question but also to the buyer-seller relationship. Overshooting goodwill, for instance, could reflect poorly on Tyson's management and indicate to potential buyers that the corporation is not willing or able to properly account for market forces when doing so is inconvenient. Likewise, mistakes in the calculation of impairments could result in lower operations and net worth figures that go on to influence other projections and future reporting.

Internal controls ought to be regarded as a higher priority than substantive testing because of the role Tyson plays in determining book value. Routine impairment checks involve judgments and projections at several levels, and any measures taken to ensure that estimated future cash flows are reflective of documented cash flows must be consistently applied across

assets in the intangible assets account. Throughout this process special care ought to be taken toward giving the different classes of intangibles the appropriate impairment treatment.

Tyson has used both income and market approaches in calculating goodwill, and they use relief-from-royalty and excess earnings methods for other indefinite-life intangible assets. The explanation for these choices in the 2021 10-K filing points to the way each of these methods reliably results in a book value appropriate for an exit transaction. The relief-from-royalty method allows the calculation of the value of assets using based on the royalty payments an entity avoids by owning the asset outright; the end result of the calculation is the present value of after-tax royalty savings, which are then summed across the years and adjusted for amortization.<sup>46</sup> By contrast, the excess earnings approach has to do with the valuation of goodwill within private entities rather than intangible assets that incur royalty payments. The value of a firm's intangible assets is what remains after the deduction of estimated working capital and estimated fixed assets from total firm value. This intangibles figure is understood under the excess earnings method to be the present value of excess earnings, adjusted for the effects of natural growth. The estimations of working capital and fixed assets introduce error risk into the valuation, but the excess earnings method is still applicable to smaller private entities.<sup>47</sup>

However, goodwill and indefinite-life intangibles represented 40 percent of total assets as of October 2, 2021. Tyson has this high proportion in common with other entities of its size,<sup>48</sup>

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<sup>46</sup> <https://blogs.cfainstitute.org/investor/2019/01/11/a-renaissance-in-intangible-valuation-five-methods/>

<sup>47</sup> <https://breakingdownfinance.com/finance-topics/equity-valuation/excess-earnings-method-eem/>

<sup>48</sup> [www.radicalcompliance.com/2020/12/14/more-on-goodwill-internal-controls/](http://www.radicalcompliance.com/2020/12/14/more-on-goodwill-internal-controls/)

which makes it especially prudent for figures in organizational management to have a transparent, purpose-driven process for deciding when an impairment test is necessary, how to document those discoveries, and how best to represent the resulting changes in book value.

Data analytics can be used to automate the substantive tests that are performed manually to result in increased efficiency. Additionally, larger amounts of data can be analyzed to identify the information used to support audit decisions to better understand the risks of various operations. For example, regarding the risk of misstating inventory, an AI-based camera that constantly captures aerial-view pictures of a particular inventory can map the inventory count in real time.<sup>49</sup> This system can be used by mounting the camera to the ceiling of a warehouse for chickens or attaching it to a drone to cover a field of cattle. For accounts receivable, software can be used to gather large amounts of data, analyze past performance, and locate risky accounts using a forecasting model.<sup>50</sup> New data analytics software is also being developed to support the value of intangible assets using a combination of forecast analysis, “goal-seek” functionality, and industry benchmarking.<sup>51</sup> When using data analytics and technology to mitigate risks, Tyson must ensure the adherence to procedures and policies set by both their own organization and the legal environment.

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[us.aicpa.org/content/dam/aicpa/interestareas/frc/assuranceadvisoryservices/downloadabledocuments/the-data-driven-audit.pdf](https://www.usa.aicpa.org/content/dam/aicpa/interestareas/frc/assuranceadvisoryservices/downloadabledocuments/the-data-driven-audit.pdf)

<sup>50</sup> [www.mindbridge.ai/blog/ai-analysis-accounts-payable-accounts-receivable-audit-subledger-data/](https://www.mindbridge.ai/blog/ai-analysis-accounts-payable-accounts-receivable-audit-subledger-data/)

<sup>51</sup> [assets.kpmg/content/dam/kpmg/qm/pdf/KPMG-Dynamic-Audit-ci.pdf](https://assets.kpmg/content/dam/kpmg/qm/pdf/KPMG-Dynamic-Audit-ci.pdf)

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Signature:

Virginia Barksdale

## **CASE EIGHT**

Case Exhibition - Tax

Virginia Barksdale, Parker Vining, Andrew Meyer, Turner Willson, Jacob Maschhoff

March 2, 2022

Having covered generalized audit work last week, we spent this week developing an understanding of tax. The first step involved reading resources from large accounting firms meant to help potential clients make decisions about what tax strategies might best suit their needs. We noted the points most relevant to Tyson and moved on to the next phase: researching specific corporate tax credits. This stage gave us the opportunity to use the organizational and competitive information we gathered in Week 1 to determine which tax credits were the most applicable to Tyson. The biggest task for this week, however, was to use our new knowledge of tax and pertinent tax credits to formulate two distinct tax strategies. The strategies needed to minimize Tyson's tax payments by expansion, divestiture, or restructuring of operations. In proving the value of each strategy, we were expected to calculate dollar amounts of potential tax savings to determine if the effects would hold in the short- or long-term. Points of concern included new federal tax law under the Biden administration, differences in tax code both inside and outside the US, regulatory impacts of the COVID-19 pandemic, and the long-embattled Build Back Better Act.

As a part of the food production industry, Tyson can focus on research and development tax credits to minimize expected tax payments. The food industry is constantly developing new products for customers in response to changing demands, as well as creating new processes to increase production and lower costs. For example, Tyson has recently ventured into the development of organic foods, easy-to-prepare meals, automated production systems, and new methods of sanitation - all of which are included in the R&D tax credit category. Activities of this type available for the application of these tax credits must meet four criteria: elimination of uncertainty, establishment of experimentation, proof of the activity's technological nature, and demonstration of purpose.



To prove its ability to take advantage of the R&D credits, Tyson must show the relevant expenses through payroll records, project lists, general ledger details, and other forms of documentation. These credits directly offset tax liability, and there is no limitation on how much can be claimed each year. In addition, the credits can be carried forward for 20 years and can be retrospectively adjusted back three years to recoup previously paid taxes. The federal credit accounts for between five and ten percent of development expenses each year, and with state credits this amount can be increased.

Notably, companies have recently been told they can no longer directly expense R&D after 2021 and are instead required to create a capital account to deduct R&D expenses over a five-year period. Because of the permanency of these credits, the wisest course of action for Tyson would be to incorporate R&D tax credits into future tax strategy. Tyson incurred \$114 million, \$98 million, and \$97 million of R&D expenses in 2021, 2020, and 2019 respectively. Tyson can expect to claim more R&D credits in the coming years in keeping with its yearly increases in R&D expenses. Without detailed knowledge as to which of Tyson's expenses qualify, we are not equipped to make an accurate estimation of potential tax savings. However, we can attempt limited projections. For instance, if we were to assume all of Tyson's 2021 R&D expenses were Qualified Research Expenses, we could calculate a hypothetical R&D tax credit of \$8,750,000 by taking an average of the past three years' expenses, multiplying it by 50 percent, subtracting this number from the average, and finally multiplying this number by 14

percent.<sup>52</sup> Hypothetically, this figure would represent a dollar-for-dollar reduction of Tyson's tax liability for 2021.

Furthermore, there are specific projects that we can examine to determine the future trajectory of large-scale tax changes. Tyson's current innovative ventures include FoodLogiQ, Clear Labs, MycoTechnology, New Wave, and various others, and all provide sustainable nutrition by transforming the food industry. Additionally, Tyson could expand their R&D efforts into the sector of healthy and vegan meat alternatives. Vegan options such as Impossible and Beyond Meat are currently available to and popular with consumers. If Tyson was to allocate more resources towards improving these alternatives or developing their own line of health-conscious substitutes, a larger R&D tax credit could be claimed. To accomplish this end, Tyson could consider a business expansion into the meat alternative market or restructure current operations to allow for a reallocation of capital and labor. These operations as well as Tyson's two primary development locations - a Discovery Center in Springdale, Arkansas and an Innovation Center in Downers Grove, Illinois - should focus on R&D tax credits, as the aims of their business strategy overlap with what the credits cover.

Another strategy Tyson should include in their tax planning is taking advantage of the state-to-state differences in corporate tax credits. When deciding where to expand their operations, Tyson should consider states like Iowa, which imposes considerably lower tax burdens compared to other states due to the availability of tax credits. Tyson has already seen the fruits of its investments in Iowa - in 2018, it secured \$647,000 in tax credits for \$44 million in

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<sup>52</sup>[www.adp.com/resources/articles-and-insights/articles/r/r-and-d-tax-credit-calculation-methods.aspx](http://www.adp.com/resources/articles-and-insights/articles/r/r-and-d-tax-credit-calculation-methods.aspx)

improvements to a plant in Perry.<sup>53</sup> R&D credits are also on the table for this branch of strategies, as was proven in 2021; Tyson was able to earn \$540,000 in tax credits from the state of Iowa because of its shift to the use of carbon dioxide to kill pigs at its Columbus Junction slaughterhouse.<sup>54</sup> A \$28.2 million plant expansion in Waterloo earned Tyson \$2.4 million in tax credits in 2017, but the list does not stop there. The state of Iowa granted Tyson approximately \$10 million in incentive packages between 1986 and 2017.<sup>55</sup> Wyoming is also promising. The state has no corporate income tax, and for holding companies specifically, it imposes no tax on intangible assets. However, it does have an 11.5% tax on industrial property and a 9.5% tax on commercial and residential property.<sup>56</sup>

Due to these favorable tax treatments, we recommend that Tyson prioritize expansion of the company into Iowa and Wyoming. Tyson could stand to receive these tax breaks if it improves current plants in these areas or builds new plants that provide new jobs for surrounding residents. Iowa and Wyoming are hubs for agriculture, specifically livestock, so Tyson's expansion should also be aimed at partnering with farmers who would be willing to take on the responsibility of breeding and raising chickens, cows, and pigs. In this way, Tyson would be able to grow their business while also being presented with a broad range of new potential tax incentives.

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<sup>53</sup>[www.desmoinesregister.com/story/money/business/2018/05/17/no-new-jobs-tyson-plan-pump-nearly-44-million-into-iowa-plant/620570002/](http://www.desmoinesregister.com/story/money/business/2018/05/17/no-new-jobs-tyson-plan-pump-nearly-44-million-into-iowa-plant/620570002/)

<sup>54</sup>[www.thegazette.com/companies/tyson-foods-receives-almost-540000-in-tax-credits-for-new-slaughtering-method-in-columbus-junction/](http://www.thegazette.com/companies/tyson-foods-receives-almost-540000-in-tax-credits-for-new-slaughtering-method-in-columbus-junction/)

<sup>55</sup>[www.desmoinesregister.com/story/money/business/2017/09/21/tyson-asks-iowa-2-4-million-tax-incentives/690004001/](http://www.desmoinesregister.com/story/money/business/2017/09/21/tyson-asks-iowa-2-4-million-tax-incentives/690004001/)

<sup>56</sup>[www.bestwyomingregisteredagent.com/wyoming-taxes/](http://www.bestwyomingregisteredagent.com/wyoming-taxes/)

Tyson is currently working towards its sustainable “30 by 30” target - to reduce greenhouse gas emissions by 30 percent by 2030.<sup>57</sup> It comes as no surprise, given recent shifts in public policy and investment alike, that there are tax benefits available to Tyson in pursuit of this goal. Tyson could benefit from this arrangement if its entities implement certain energy efficient measures. Section 179(d) of the Internal Revenue Code allows taxpayers to deduct part of the cost of energy efficient commercial building property. If the changes improve a building’s energy efficiency by at least 50 percent, the deduction that can currently be taken is \$1.80 per square foot. If the entire building does not meet the 50 percent threshold, a partial deduction is still available.<sup>58</sup>

Tyson could qualify through an expansion or an improvement to current operations. For example, if Tyson were to open more plants or farms, they could concentrate on installing more energy efficient systems such as solar, LED lighting, updated windows, and improved waste disposal technology in their facilities. Likewise, Tyson could replace outdated systems in existing buildings and still claim the Section 179(d) deduction. Not only would they be minimizing their tax liability, but the company would also be saving money on electric bills, water bills, and much more.<sup>59</sup> Estimated tax savings would vary depending on the size of the affected building. Hypothetically, if Tyson were to build or improve a 300,000-square-foot plant with systems that boosted energy efficiency by at least 50 percent, they could claim a deduction

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<sup>57</sup>[www.smartenergydecisions.com/energy-management/2019/05/13/tyson-aims-for-30-by-30](http://www.smartenergydecisions.com/energy-management/2019/05/13/tyson-aims-for-30-by-30)

<sup>58</sup>[www.wipfli.com/insights/articles/cre-covid-19-section-179d-tax-deduction-made-permanent](http://www.wipfli.com/insights/articles/cre-covid-19-section-179d-tax-deduction-made-permanent)

<sup>59</sup>[www.energytaxsavers.com/articles/Food-Processing-Industry](http://www.energytaxsavers.com/articles/Food-Processing-Industry)

of \$540,000 on their tax return. This deduction is very scalable and highly effective for substantial building projects and large expansions.

The future of Build Back Better is uncertain; it seems likely that parts of it will become law. Press attention and rhetoric from the Biden administration has largely been devoted to the provisions of the bill that relate to kitchen-table issues like prescription drug pricing and two years of free community college (now out of the question),<sup>60</sup> but there are also provisions of the bill that could influence Tyson's decisions about its energy sources and the distribution of its international tax liabilities. Which provisions will survive the meat grinder of congressional politics is an open question, and analyzing the impacts of every potential policy package is well beyond the scope of this assignment.

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<sup>60</sup>[www.washingtonpost.com/politics/2022/02/18/biden-build-back-better-where/](https://www.washingtonpost.com/politics/2022/02/18/biden-build-back-better-where/)

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

Signature:

Virginia Barksdale

## **CASE NINE**

Case Exhibition - Advisory

Virginia Barksdale, Parker Vining, Andrew Meyer, Turner Willson, Jacob Maschhoff

March 23, 2022

This week, we were asked to develop a plan to mitigate each of Tyson's two biggest threats, calculate the effects of implementation on Tyson's financial position, and either explain how the changes support Tyson's stated mission or suggest a change in strategy from the top. Part of the procedure for this assignment was to find balance sheet and income statement information from the last five years, adjust the figures to reflect our suggested changes, and calculate the resulting effects on accounting ratios. An acceptable solution set is defined in the prompt as a change of plans that gives rise to future improvements.

When analyzing Tyson's behaviors internally and externally, we found their values and processes to be consistent with the strategy of cost leadership. Cost leaders automate their processes using technologies to ultimately decrease their costs of production. In doing so, they are able to expand to new markets while maintaining low, affordable purchasing prices for their customers. While their mission statement invokes sustainability and social responsibility<sup>61</sup> - objectives typically associated with product differentiators - this phrasing is not so much a description of Tyson's processes as it is an expression of what we could expect from them in the future based on their green initiatives. More specifically, because of Tyson's evident focus on improving its efficiency, the organization is able to competitively price their products and increase company profits. Tyson also offers discounts and coupons for many of their products to incentivize consumers to purchase them based on cost. That is not to say that product differentiation is completely out of Tyson's purview. Its portfolios of products in each of their four segments – chicken, beef, poultry, and prepared foods – indicates a pursuit of product differentiation in the interest of maintaining Tyson's current customer base. This goal is achieved

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<sup>61</sup> [https://www.tyson sustainability.com/downloads/Tyson\\_2005\\_Sustainability\\_Report.pdf](https://www.tyson sustainability.com/downloads/Tyson_2005_Sustainability_Report.pdf)



by offering new, innovative products compared to the majority of Tyson's low-cost commodities, a tactic that keeps the company up to date with trending demands.

One major threat to the success of Tyson is the broad variety of inputs necessary for production, including animal feed and transportation fuel. Tyson sources the grains for chicken, turkey, and pig feed from companies within the United States and sources the vitamins and various other feed ingredients from international suppliers. Therefore, international affairs play a significant role in the prices of animal feed. More to the point, Russia's invasion of Ukraine has resulted in considerable increases in the prices of grain. In February 2022, prices for corn rose to \$7.4775 per bushel,<sup>62</sup> about three dollars more expensive than the prior year. Tyson purchased more than seven million bushels of corn each week in 2015 to supply chicken farmers.<sup>63</sup> Without assuming an increase in the size of Tyson's chicken production and using this figure as a basis for one of Tyson's chicken production expenses, yearly corn-based feed expenses can be expected to increase from \$30.8 million to \$51.8 million. To minimize this threat, an alternative would involve using a mix without corn. The issue here is that dropping corn increases the time required for the animals to grow to a useful size. That means the livestock must remain on the field for longer periods of time, creating opportunities for increased livestock-related expenses.

Fuel is another major input for Tyson, and unsurprisingly, prices have sharply risen over the past few months in light of the conflict in Ukraine. Increases in the prices of staples like fuel are typically passed on to customers, but this outcome is precisely what cost leadership-oriented organizations like Tyson tend to avoid. However, completely abandoning fossil fuels would

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<sup>62</sup> [www.nbcnews.com/news/us-news/us-farmers-feel-squeeze-ukraine-invasion-sends-livestock-feed-costs-hi-rcna20087](http://www.nbcnews.com/news/us-news/us-farmers-feel-squeeze-ukraine-invasion-sends-livestock-feed-costs-hi-rcna20087)

<sup>63</sup> [talkbusiness.net/2015/01/things-you-may-not-have-known-tyson-foods/](http://talkbusiness.net/2015/01/things-you-may-not-have-known-tyson-foods/)

entail a reallocation of resources on an organization-wide scale, and this would be a response to what could ultimately be a temporary state of the fuel market. While there is increasing consensus within the press that inflation combined with rising oil prices might actually motivate a shift toward green energy<sup>64</sup>, <sup>65</sup>, <sup>66</sup>, it still might be wise in the short term for Tyson to preserve and refine its existing fuel infrastructure. One potential angle would include allocation of resources to the planning and optimization of transportation routes. Moves like this one would most likely represent an increase in SG&A expenses - maybe even more jobs. The difficulty in that scenario would be in finding places in the organizational structure where these jobs would deliver enough value to justify the additional expense.

Tyson takes a proactive approach to food safety and quality management, but they do not disclose any specifics of their contamination prevention strategies in publicly available documentation. Still, the outlines of some of Tyson's initiatives are visible from the outside. For instance, the company created the Sentinel Site Program in 1999 for quality checks and verification of post-production contamination. This move was a targeted response to the looming possibility of a *Listeria monocytogenes* outbreak in ready-to-eat products. If Tyson were to expand this particular program to test for listeria multiple times per week rather than once per week, there would potentially be less listeria contamination for the company due to the decreased time intervals between testing. Contamination in ready-to-eat goods produced in just one week

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<sup>64</sup> [www.latimes.com/business/story/2022-02-26/one-way-to-combat-russia-move-faster-on-clean-energy](http://www.latimes.com/business/story/2022-02-26/one-way-to-combat-russia-move-faster-on-clean-energy)

<sup>65</sup> [www.fastcompany.com/90725988/could-russia-inadvertently-speed-up-the-green-energy-transition](http://www.fastcompany.com/90725988/could-russia-inadvertently-speed-up-the-green-energy-transition)

<sup>66</sup> [thehill.com/opinion/energy-environment/596066-a-shift-to-clean-energy-would-halt-russias-petro-thuggery- and-more](http://thehill.com/opinion/energy-environment/596066-a-shift-to-clean-energy-would-halt-russias-petro-thuggery-and-more)

could present a significant cost hit; in 2019, Tyson produced approximately 200.47 million pounds of ready-to-cook chicken every week on a national scale,<sup>67</sup> and doubling testing to twice per week could reduce the potential extent of contamination by 50 percent. Chicken is a point of justifiable concern in this arena. Arkansas reported \$3.6 billion in total sales from poultry production in 2017<sup>68</sup> and Tyson accounted for 67 percent of these sales.<sup>69</sup> Using these figures, we projected that in Arkansas alone, Tyson receives roughly \$2.412 billion in poultry processing sales annually, and reducing the threat of pathogens and increasing food safety measures would minimize the potential loss in related revenues. In addition to testing contact surfaces, listeria can be tested in the raw materials at earlier points in the process of production, saving both time and money. The CDC recently posted that the economic impact of pathogenic food safety outbreaks in the United States is \$17.6 billion, two billion dollars higher than 2013,<sup>70</sup> stressing the importance of an anticipatory approach.

In utilizing these strategies to minimize costs incurred from some of the most relevant threats to Tyson, the return on assets, profit margin, and asset turnover figures can be expected to change. The return on assets, computed by net income divided by total assets, would most likely be lower in the initial years of strategy implementation because of the various expenses needed to meet the plans, such as increasing transportation personnel and increasing pathogen testing. However, over time the savings from these actions would eventually increase the return on assets as net income increases. Tyson's profit margin would remain relatively stable as this calculation

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<sup>67</sup> [talkbusiness.net/2020/08/tyson-foods-the-largest-u-s-chicken-processor-in-2019-georges-ranked-9th/](https://talkbusiness.net/2020/08/tyson-foods-the-largest-u-s-chicken-processor-in-2019-georges-ranked-9th/)

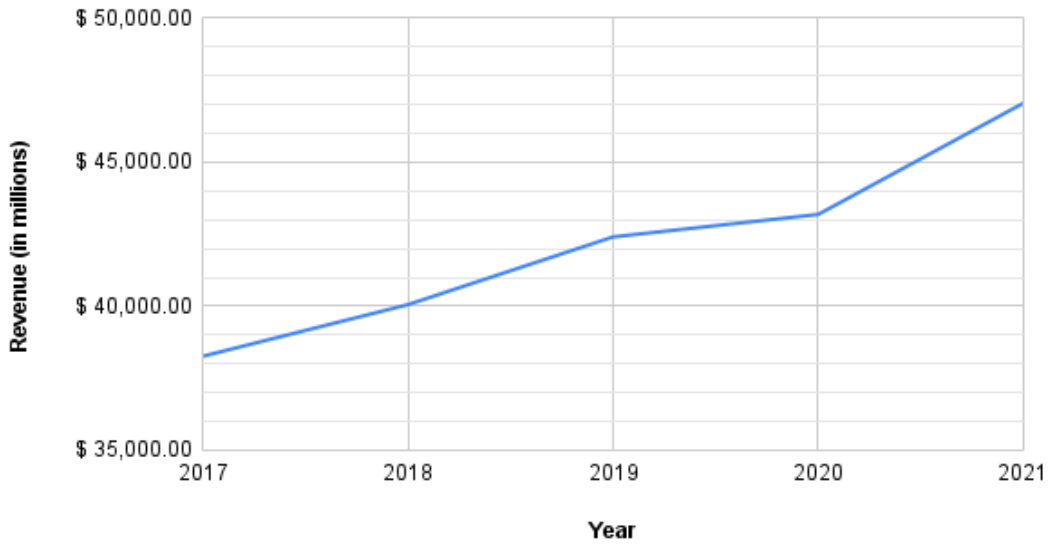
<sup>68</sup> [talkbusiness.net/2022/02/influenza-could-threaten-states-poultry-industry/](https://talkbusiness.net/2022/02/influenza-could-threaten-states-poultry-industry/)

<sup>69</sup> [www.ucsus.org/resources/tyson-spells-trouble#read-online-content](https://www.ucsus.org/resources/tyson-spells-trouble#read-online-content)

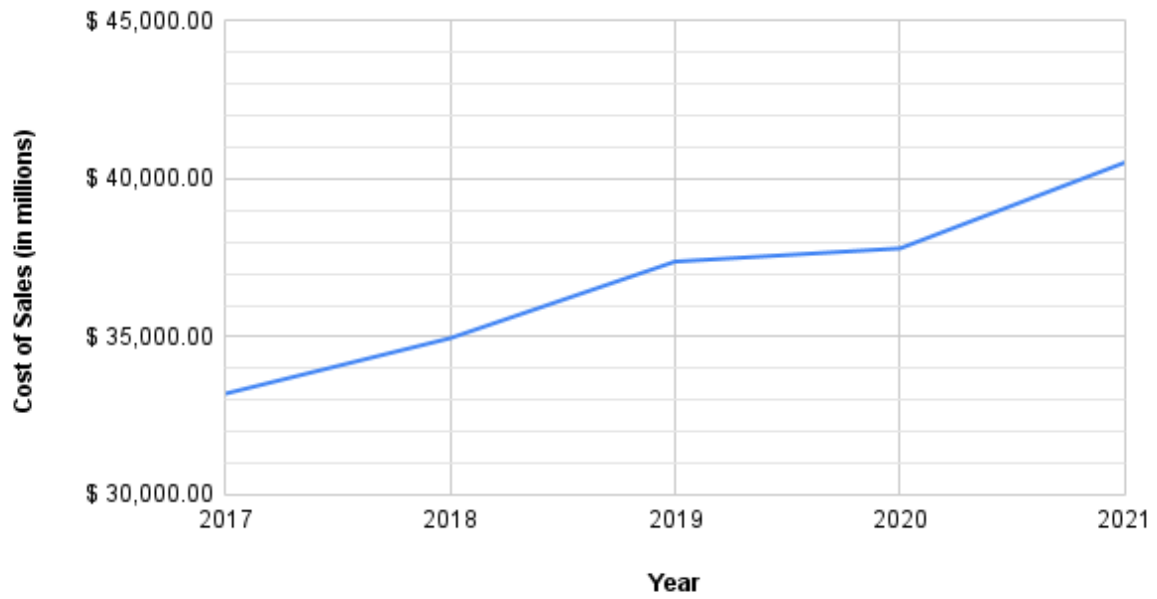
<sup>70</sup> [foodsafetytech.com/column/the-costs-of-food-safety-correction-vs-prevention/](https://foodsafetytech.com/column/the-costs-of-food-safety-correction-vs-prevention/)

deals with sales and cost of goods sold. Without large changes in these amounts, the profit margin would also reflect this minor shift. However, it is possible that with increased food safety, there would be more sales because of an expansion of products available for sale. The asset turnover ratio measuring the company's efficiency in utilizing its assets in relation to its sales would also increase assuming the proposed increased pathogen testing prevents large amounts of product from being recalled. In the past 5 years, Tyson's asset turnover ratio has fluctuated between 1.25 and 1.38, and with anticipated increase in sales, the forecasted figure would be on the higher end of this range.

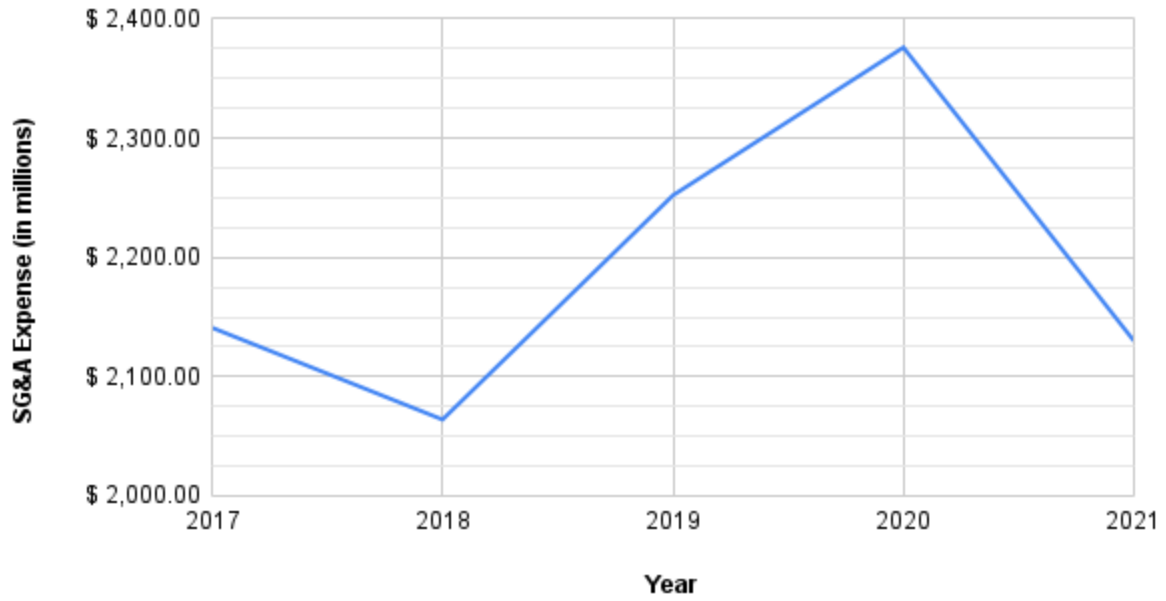
## Revenue



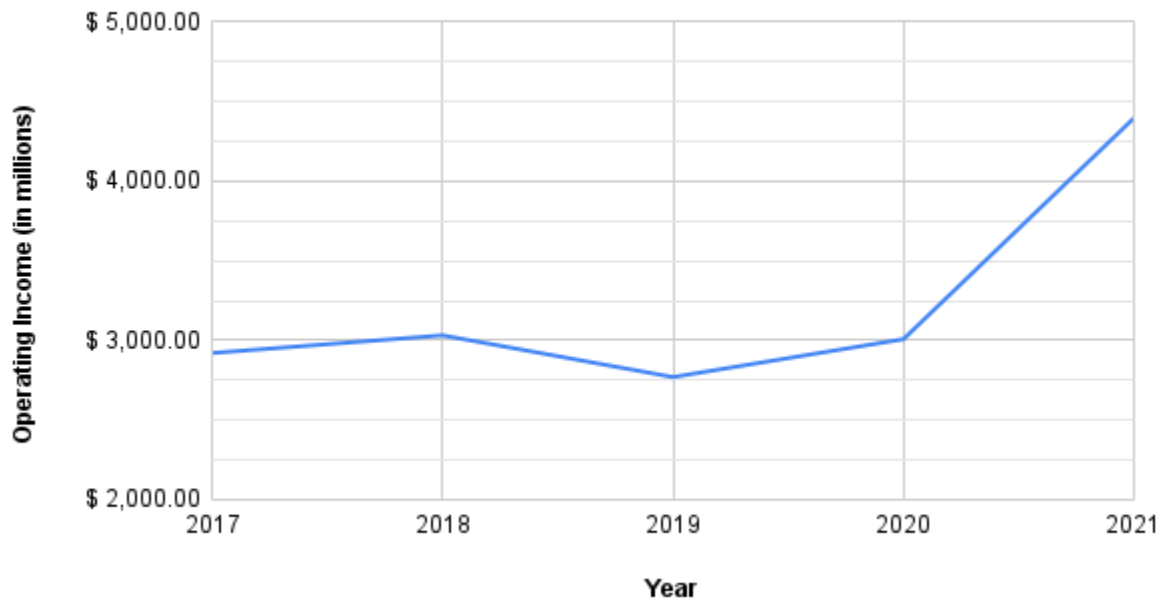
## Cost of Sales



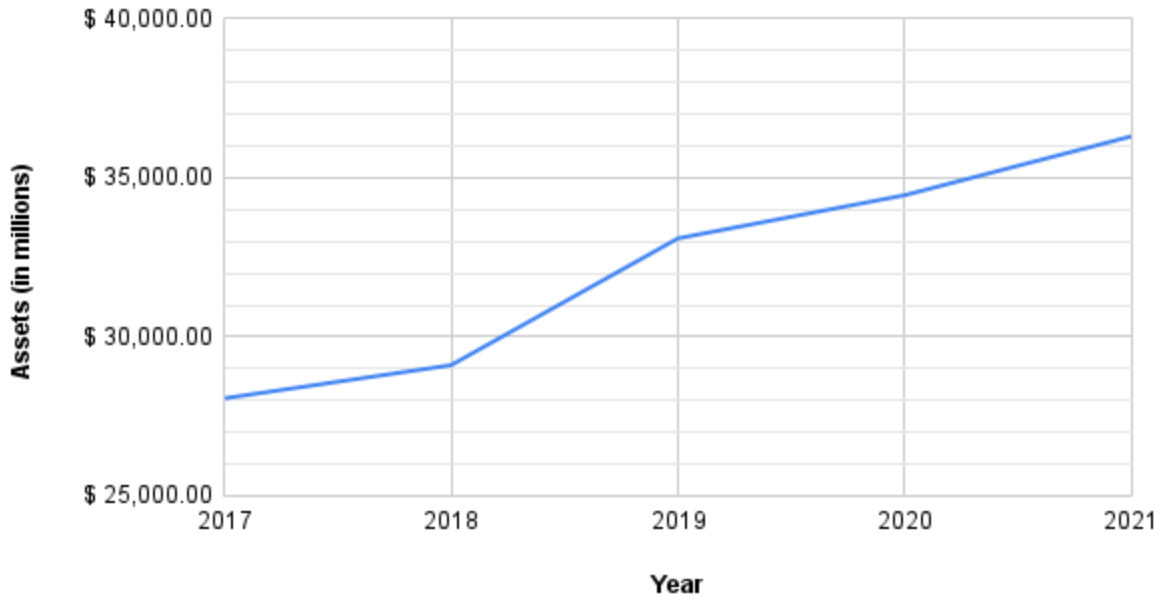
## SG&A Expense



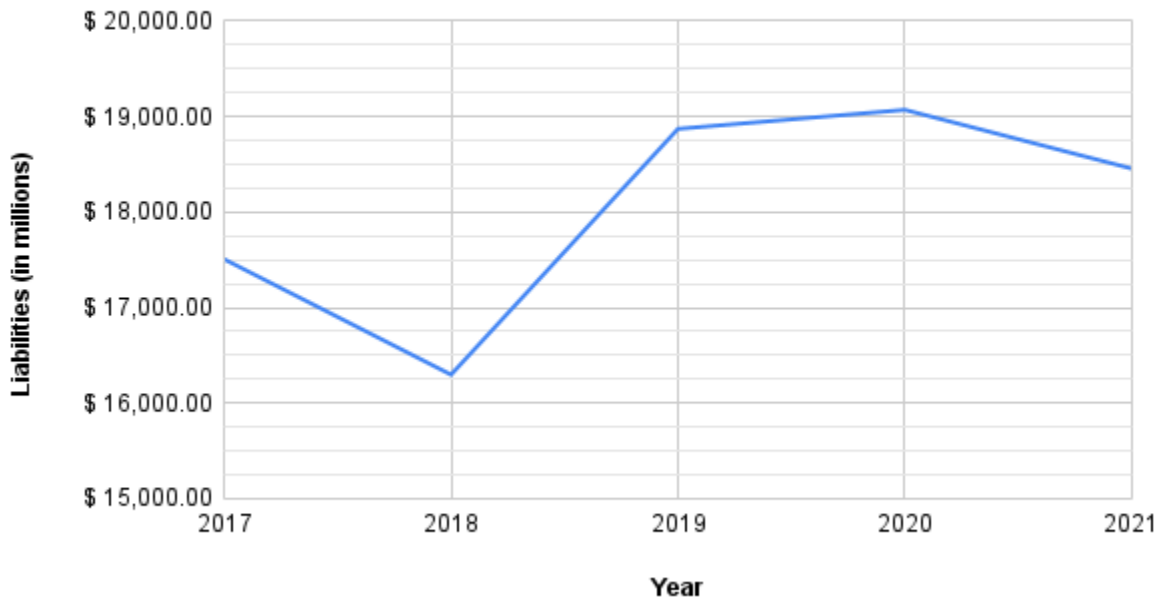
## Operating Income



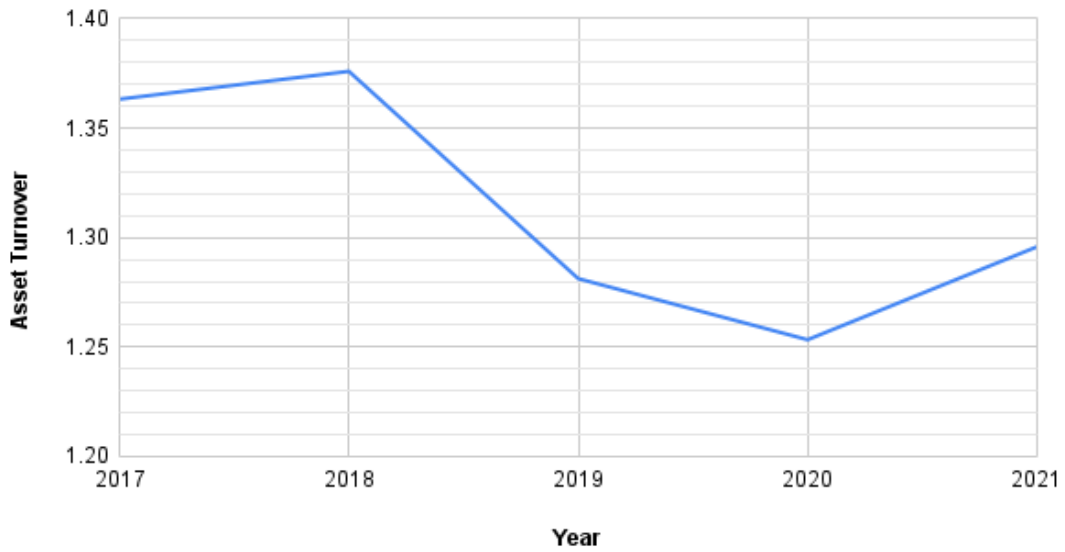
## Assets



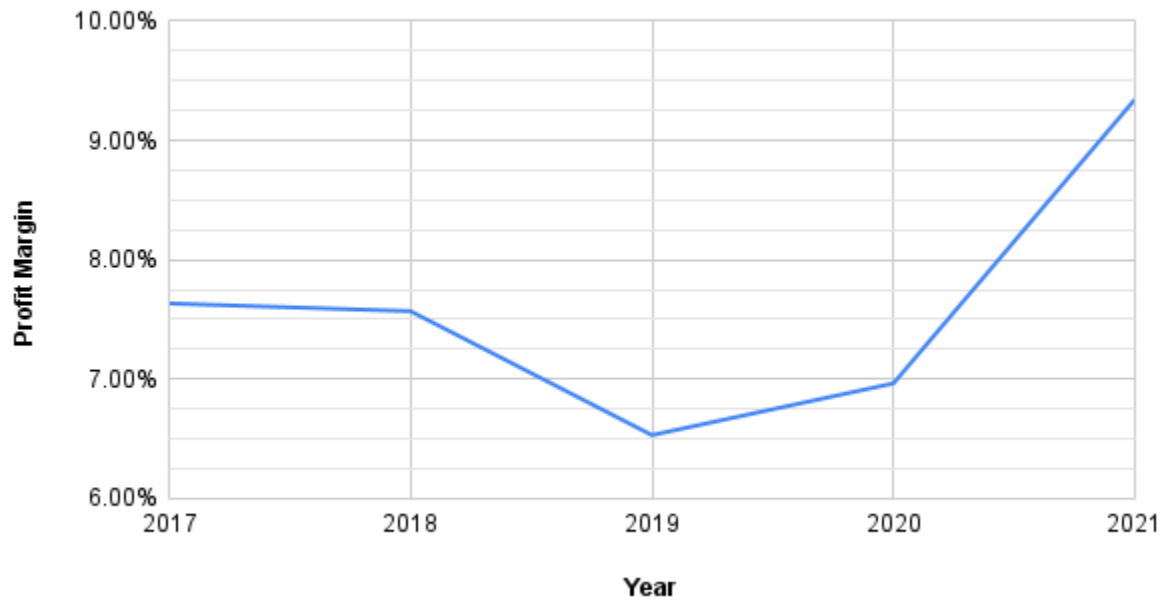
## Liabilities



### Asset Turnover

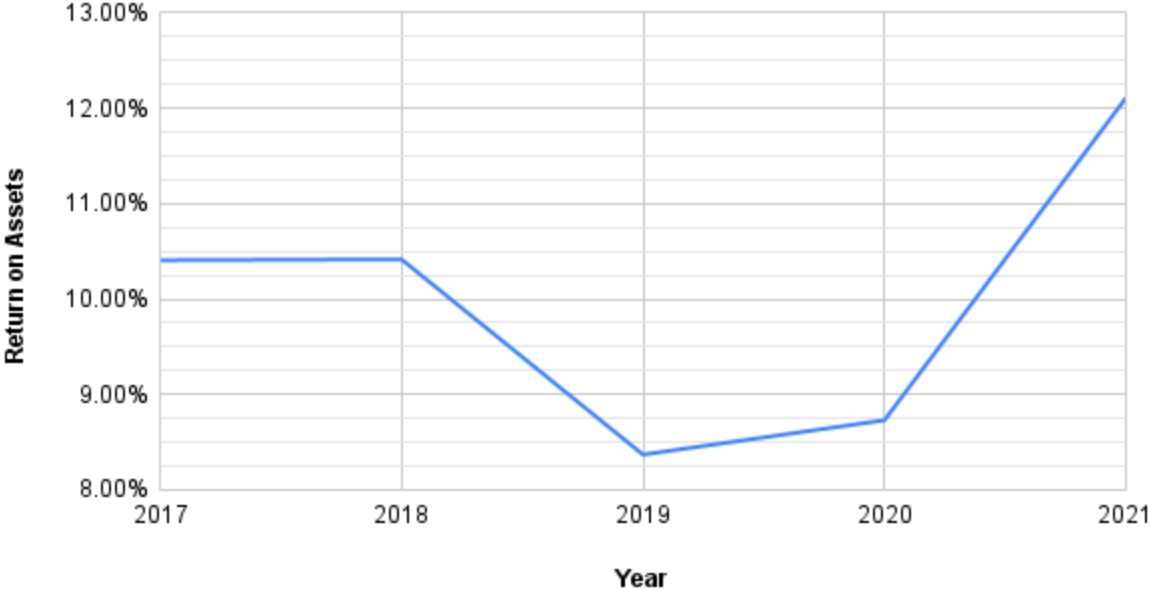


### Profit Margin





# Return on Assets



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

Signature:

Virginia Barksdale

## **CASE TEN**

Case Exhibition – Risk Advisory

Virginia Barksdale, Parker Vining, Andrew Meyer, Turner Willson, Jacob Maschhoff

March 30, 2022

The case this week was one of the last reporting- and analysis-oriented assignments of the course. We expanded on the advisory work from last week by focusing on identifying and mitigating risks to the organization on three different fronts: operational, macroeconomic, and cybersecurity. Operational risks were defined for us as the risks inherent to Tyson's processes and structure, while macroeconomic risks and cybersecurity risks have to do with environmental factors - the national/international economy in the first case and the global technological ecosystem in the second. One of the global issues that came to the forefront over the course of our work on this assignment was the recent advance of violence in Ukraine and its implications for the relationship between the United States and Russia. It could be said that this was a problem before the escalation of the last several weeks, but the international dynamic is in flux in ways that real advisory professionals must contend with. While many of the fundamental risks involved in running an organization as large and internally diverse as Tyson have not changed dramatically, the distribution of focus in our coverage of various risks has been adjusted to accommodate the necessary shift in our priorities.

A prevailing operational risk for companies in intersection areas of the food industry is the spread of contamination within stores of inventory. A rash of avian influenza outbreaks across the US in early 2022 put the industry on edge, and Tyson itself contended with it - one of its partner farms was found to be contaminated on February 14. This discovery triggered emergency procedures that elevated contamination detection and prevention measures at Tyson's other partner farms. On one hand, this quick response represents a success of Tyson's existing procedures, but if the outcomes of other recent bird flu outbreaks are any indicator, this problem is not entirely solved. The risk is not that chickens with bird flu will make people who eat them sick, as birds found to be contaminated never make it any further in the value chain. The greater

concern is stopping the outbreak before it spreads and necessitates the depopulation of multiple farms. The February 14 findings indicate that approximately 240,000 birds were contaminated, and outcomes of this severity at multiple farms could give rise to a national supply shock. Tyson is already in talks with the Kentucky state government (the location of the outbreak) to study this particular outbreak in the interest of finding ways to predict future outbreaks,<sup>71</sup> and it would be wise for regional officers to enter similar negotiations with state and municipal governments not only to detect contamination but also to aggregate infection data, track vectors of the disease, and prevent outbreaks altogether. This cohesion is one of the goals of the Global Food Safety Initiative (GFSI), which met March 28, 2022. Tyson has a representative on the GFSI's governing body Steering Committee, which has the responsibility of bringing together suppliers, manufacturers, retailers, and policymakers to integrate and improve food safety strategies.<sup>72</sup> The GFSI's Race to the Top (RTTT) Framework led us to a relatively optimistic conclusion about Tyson's success in this area, as the framework emphasizes the level of extensive collaboration and research critical in preventing disease outbreaks.<sup>73</sup>

That said, the dark side of collaboration has also presented itself in the last several months for Tyson in another instance of operational issues. This February, a retrial began for a

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<sup>71</sup> [thehill.com/policy/healthcare/594317-tyson-foods-working-with-government-after-lethal-bird-flu-detected-in](https://thehill.com/policy/healthcare/594317-tyson-foods-working-with-government-after-lethal-bird-flu-detected-in)

<sup>72</sup> [finance.yahoo.com/news/global-food-safety-initiative-steering-161608531.html?guccounter=1&guce\\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce\\_referrer\\_sig=AQAAAJhKyhBBCvo2hTp7KwIvfh3uXDrguOx4eJIH7TOIpgO9BXx3kgIHqXJfG5h7rQg4jicxjmh-mu9SsKltAA1IWwFoS3GqNXhTh84mIcskvRltpYWvTeF-GH51Q-fHsOhGuefI3GO1176IR\\_1mmTtbz1GxosfNu\\_bFIzrOyf3UYy1](https://finance.yahoo.com/news/global-food-safety-initiative-steering-161608531.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAJhKyhBBCvo2hTp7KwIvfh3uXDrguOx4eJIH7TOIpgO9BXx3kgIHqXJfG5h7rQg4jicxjmh-mu9SsKltAA1IWwFoS3GqNXhTh84mIcskvRltpYWvTeF-GH51Q-fHsOhGuefI3GO1176IR_1mmTtbz1GxosfNu_bFIzrOyf3UYy1)

<sup>73</sup> [mygfsi.com/what-we-do/race-to-the-top-framework/?utm\\_source=newswires&utm\\_medium=referral&utm\\_campaign=GFSI-SteerCo-PR-Barcelona](https://mygfsi.com/what-we-do/race-to-the-top-framework/?utm_source=newswires&utm_medium=referral&utm_campaign=GFSI-SteerCo-PR-Barcelona)

2021 antitrust case that involved allegations of price fixing against Tyson and other poultry giants. The executives involved in the case (now no longer associated with their former companies) say that sharing price information in the way they did was within the bounds of the law and did not involve conspiracy.<sup>74</sup> However, later in the timeline of the same suit, it was found that the defendants shared pricing information not just for inventory but also for labor. The prosecution has characterized this revelation as a sign that Tyson and the other companies implicated were deliberately keeping wages down.<sup>75</sup> The systematic and collaborative aspects of price manipulation necessitate prevention measures that are also systematic and collaborative. More rigor ought to be employed in the application of existing standards within companies, but it would be worthwhile to go further. It would be worthwhile to instate mandatory leave more frequently for officers at every level, enforce restrictions on the use of unapproved communication channels, and share knowledge internally about often-missed signs of bad behavior. This would also be a good use case for big data and RegTech, which would allow internal regulatory professionals to identify suspicious patterns of behavior before too much damage is done.<sup>76</sup>

Tyson also faces macroeconomic risks, including the uncertainty of tax reform and international pricing. On March 28, 2022, President Joe Biden sent to Congress a \$5.8 trillion FY

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<sup>74</sup> [www.wsj.com/articles/chicken-industry-officials-prepare-for-retrial-in-price-fixing-case-11645459200](https://www.wsj.com/articles/chicken-industry-officials-prepare-for-retrial-in-price-fixing-case-11645459200)

<sup>75</sup> [www.wsj.com/articles/justice-department-investigates-chicken-companies-information-sharing-on-labor-11646397000](https://www.wsj.com/articles/justice-department-investigates-chicken-companies-information-sharing-on-labor-11646397000)

<sup>76</sup> <https://www.ascentregtech.com/blog/4-effective-controls-to-prevent-market-manipulation/>

2023 budget proposing tax increases.<sup>77</sup> The release of this FY 2023 budget and the Treasury Department's explanation of it comes at a time when Senate Democrats are trying to pass the Build Back Better reconciliation bill. Included in the proposed budget is a 20 percent minimum tax that would apply to certain high-income individuals and other measures to reduce federal deficits by \$1 trillion over the next ten years. Specifically in Tyson's interest, there is a re-proposed 28 percent corporate income tax rate, an increase of seven percent. This adjustment causes some risk for Tyson as they do not know if their amount of tax liability for the current and future years will change based on the uncertainty of the tax rate change.

In order to mitigate some of these macroeconomic risks, Tyson should look at their current payments of taxes and minimize costs of various inputs from sources that are dependent on international pricing. As President Biden is looking to increase the corporate tax rate with the Build Back Better bill, Tyson should cut back on their tax deferrals and pay more taxes up front at the more favorable tax rate in the event the act is passed. In regards to the pricing of inputs such as those for chicken feed and transportation fuel, using corn-feed alternatives and more efficient route planning can contribute to a minimization of costs. By lowering the input expenses, the cost to consumers would potentially decrease, allowing Tyson to plan production in accordance with regular demand patterns.

In the current world of increasing use of online technologies, Tyson faces various cybersecurity threats. In 2021, one of Tyson's competitors, JBS SA, was forced to shut down all of its US beef plants due to a cyberattack at their headquarters in Sao Paulo, Brazil, causing

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<sup>77</sup> [www.pwc.com/us/en/services/tax/library/president-biden-fy2023-budget-calls-for-new-billionaire-minimum-tax.html?WT.mc\\_id=CT2-PL200-DM2-TR1-LS1-ND30-PRG7-CN\\_TX-KM-NL-3FY22-WNTS-Biden-budget](https://www.pwc.com/us/en/services/tax/library/president-biden-fy2023-budget-calls-for-new-billionaire-minimum-tax.html?WT.mc_id=CT2-PL200-DM2-TR1-LS1-ND30-PRG7-CN_TX-KM-NL-3FY22-WNTS-Biden-budget)

disruptions in the US supply chain.<sup>78</sup> The attackers were found to most likely be located in Russia, and between this attack in 2021 and the year prior, there had been more than 40 reports of ransomware attacks on the food industry alone. More recently, this past week on March 24, 2022, the U.S. Department of Justice released two indictments charging four Russian government officials with attempting, supporting, and conducting computer intrusions targeting the global energy sector between the years 2012 and 2018.<sup>79</sup> While this did not specifically affect the food industry itself, it was a very wide-scale hacking event affecting hundreds of companies. With threats like this, Tyson should prepare for potential hackings, especially with current tensions in Russia.

These cybersecurity risks can be mitigated by the use of a broad range of safety methods regarding the use of their technology. One way Tyson can stay on top of the changing online environment is by upgrading their systems and hardware as soon as possible. The automation of updates has made this easier for companies to do, but they must be authentic updates from the vendor. Updates allow for Tyson's systems to essentially fill in patches where there may be a weakness in security measures. Additionally, Tyson's technology team must have a system-recovery plan. The creation, testing, and utilization of a recovery plan would ensure the protection of critical data as well as outline the steps of how to move forward from a breach of security. By encrypting backups and storing data offsite and offline when possible, Tyson can limit the exploitation of its sensitive data. Removing unnecessary hardware from the server and training employees on the use of their systems provides additional safety measures in protecting

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<sup>78</sup> [www.bloomberg.com/news/articles/2021-05-31/meat-is-latest-cyber-victim-as-hackers-hit-top-supplier-jbs](https://www.bloomberg.com/news/articles/2021-05-31/meat-is-latest-cyber-victim-as-hackers-hit-top-supplier-jbs)

<sup>79</sup> [www.justice.gov/opa/pr/four-russian-government-employees-charged-two-historical-hacking-campaigns-targeting-critical](https://www.justice.gov/opa/pr/four-russian-government-employees-charged-two-historical-hacking-campaigns-targeting-critical)



their data. One of the biggest changes in recent years is the implementation of duo-security and multi-factor authentication. When signing onto a server, computer, or various online accounts, the software can require multiple passcodes and pin numbers to ensure the person logging on has the right credentials to access the information.

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

Signature:

Virginia Barksdale



## EXECUTIVE SUMMARY

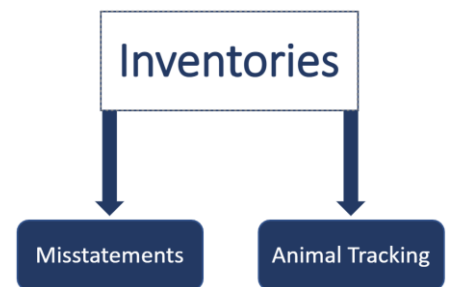
### Overview

Tyson Foods is a leading multinational provider of chicken, beef, and pork with considerable sway over both its corner of the market and the future of the industry. Over this semester, we examined the organization from the perspective of many different service lines, but the variety of Tyson’s business pursuits and product offerings led us to center our audit findings for this presentation. The most pressing risks on that front related to *inventory*, *accounts receivable*, and *intangible assets*.

### Inventory

Tyson values inventory at the lower of cost or net realizable value, but the inventory method used in tracking varies between FIFO and the weighted average method. Cattle are typically bought directly from suppliers, whereas Tyson provides their own chickens to contracted farmers who solely raise the chickens. Areas for improvement:

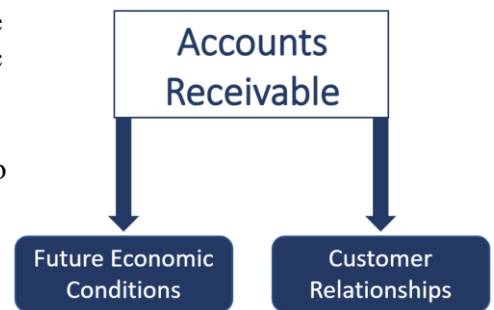
- Mail invoices and ERP software systems
- Physical inventory counts and flow documentation



### Accounts Receivable

In determining an appropriate allowance for doubtful accounts, the company uses historical performance evaluations, future economic conditions, level of the account, and customer relationships. Tyson does not grant payment financing terms greater than one year, as the majority of their customer contracts are short-term, and they do not require collateral in customer transactions. Areas for improvement:

- Periodic evaluation of customer credit
- Ratio analysis and tracing transactions



### Intangible Assets

Tyson’s fair value calculations for intangible assets are based on multi-period excess earnings and involve Level 3 inputs, which can require estimates and assumptions about future economic activity. Tyson has used both income and market approaches in calculating goodwill, and they use relief-from-royalty and excess earnings methods for other indefinite-life intangible assets. Areas for improvement:

- Routine impairment checks
- Data analytics for forecasting and industry benchmarking

