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A Comprehensive Evaluation of Varying Accounting Principles Using Case Studies

by

Samantha Stershic

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

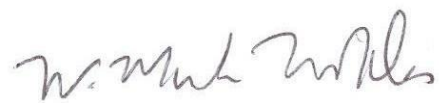
Oxford

May 2021

Approved By



Advisor: Professor Victoria Dickinson



Reader: Professor Dean Wilder

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Samantha Stershic

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DEDICATION

This thesis is dedicated to my family and friends who have never stopped encouraging me to reach my full potential. This thesis is also dedicated to my professors who encouraged the profession of accounting and who believed in me before I believed in myself. Thank you.

ABSTRACT

SAMANTHA STERSHIC: A Comprehensive Evaluation of Varying Accounting Principles Using Case Studies

(Under the direction of Victoria Dickinson)

This thesis is a compilation of case studies conducted over the last year. Each case was used to teach various accounting principles using application. The method used to learn the principles was different for each case. For example, a monopoly board was used to simulate how blockchain works in a way that was easier to understand and in a way that was memorable. Multiple interviews were performed to gain information on a student who had just completed a similar path and a professional in any field to gain knowledge about simply how to be a successful professional. Online research was also conducted for many of the topics discussed. All methods were effective in teaching the lesson of the accounting principle and providing the skills to implement the knowledge in the future. There was no one specific conclusion that was reached through this research, as many different topics were studied. That being said, a specific tax law, the Kiddie tax, was researched as it applies to money received by minors from making a profit via social media, which is becoming more and more important for accountants to understand. Additionally, current events, such as Brexit and the recent update to the fair disclosure regulation were discussed in order to apply the concepts we had learned to real-life events. In summation, a myriad of accounting principles was taught in ways that will be applicable to my future career both professionally and academically.

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LIST OF ABBREVIATIONS

CEO	Chief Executive Officer
CFO	Chief Financial Officer
COGS	Cost of Goods Sold
DAC	Deferred Acquisition Cost
EDS	Electronic Data Systems Corporation
EU	European Union
EY	Ernst & Young
FD	Fair Disclosure
GDP	Gross Domestic Product
GMAT	Graduate Management Admission Test
JMU	James Madison University
PwC	PricewaterhouseCoopers
PEO	Philanthropic Educational Organization
PPE	Property, Plant, and Equipment
SEC	Securities and Exchange Commission
UK	United Kingdom

City Selection Case

Introduction

This case is the City Selection Case in which two cities are chosen by a student and compared on different things, including activities in the city, the population, and the commute times. There are 15 different topics that are researched for each city and then written up to explain the findings and how the student feels about the findings. At the end of the case, a budget is created and based on the information found during the case, one of the cities is chosen as the preferred city and an explanation is provided.

The first city I researched is Charlotte, NC because I have a lot of family who live there and it is a city booming with younger generations, which is appealing to me. I have visited Charlotte on numerous occasions and have always enjoyed the city. My family living there is the most important reason because I will perform better in an area where I have people around who I know.

The second city I researched is Atlanta, GA. I am considering Atlanta because I have family who live in the city and within the metro area, and I have been to Atlanta many times. I love the big city, with the opportunities it has to offer, but also the fact that I would have family within driving distance, who would make my transition much easier.

I learned a lot about each city from doing this case and many facts that I never thought would be helpful when determining where I want to possibly start my career. Looking into the crime rates and school systems of each city are information that I was not originally considering when thinking about cities. I just assumed that crime happened everywhere, and I would be subject to it, no matter the city I chose. Although this is true,

I found it helpful to know which crimes were most popular, because high rates of specific crimes would ultimately impact my decision. Additionally, school systems are of no importance to me right now but knowing the school systems now allows me to consider staying in this city for many years, including when I start a family. The organizations in the areas were also interesting to research because when thinking about choosing a city, I was mostly thinking about work-related information and was not considering my personal life. Learning about the activities offered and organizations in the area were beneficial when making my ultimate decision on which city I preferred. Overall, this case taught me about a lot and made me consider additional information to research when thinking about moving.

Basic Facts (Charlotte)

The estimated population of Charlotte is 872,498 as of July 1, 2018 (U.S. Census Bureau QuickFacts: Charlotte City, North Carolina, n.d.). This includes about 66 percent of the population between the ages of 18 and 65 and about 50 percent of the population being female (U.S. Census Bureau QuickFacts: Charlotte City, North Carolina, n.d.). I really like the fact that there are a lot of younger people because it gives me the opportunity to be with people of the same age as myself. Having a majority female population is also something that I like because it will provide me with the opportunity to become friends with other women in my field. Overall, the population of Charlotte is smaller than I would have thought, which is great because I prefer smaller cities, but also has a lot of people for me to meet and work with.

Charlotte has a hot, humid summer and a cold winter, both seasons that I am used to. I am originally from Maryland and the climate in Charlotte is remarkably similar to

the climate I grew up in. The average high temperature is 89 degrees Fahrenheit, and the average low temperatures is 30 degrees Fahrenheit, which are terribly similar to the average highs and lows of my hometown (Weather in Charlotte, North Carolina, USA, n.d.). I like the idea of living in a city that is similar, weather-wise, to my hometown because it is one less thing that I will have to become accustomed to if I move. In addition, I will not have to buy a whole new wardrobe to support the new climate I live in; I will already be prepared.

The topography of Charlotte is mostly flat with a few elevated areas. There is also a couple of small rivers that run through the city, and a larger river that runs to the west of the city (Charlotte Topographic Map, n.d.). Charlotte has a beautiful scenery because there are a lot of forest areas that are also great for outdoor activities. Within Charlotte, there is the inner-city area but also areas that are less industrialized. These geological features are features that I would love because I would be able to get the events that large cities host, but also still have the opportunity to explore outdoors.

City Facts (Charlotte)

There are many key industries in Charlotte, including aerospace, automotive, food processing and manufacturing, information technology, biotechnology and pharmaceuticals, business and financial services, corporate headquarters, furniture, outdoor recreation, chemicals, and textiles (Key Industries in North Carolina: EDPNC, n.d.). The top five largest companies, in order, in Charlotte are Bank of America, Wells Fargo, Duke Energy, Atrium Health, and Novant Health (10 Top Companies to Work for in Charlotte, 2019). It is reassuring to see that business and financial services is one of the key industries and that two of the top five companies to work for are national banks. This

gives me additional opportunities and places to work and is comforting to know that the industry I am interested in, is especially important to the city.

The city of Charlotte has a few different insurance plans, for multiple age groups, for employers. They offer levels of health insurance plans depending on the premium amounts (North Carolina, n.d.). Additionally, Charlotte has many options for elementary, middle, and high schools and for public versus private schools. Many of the school options are rated very highly for grades K-12, which is important for my future family and me (Best Charlotte Schools: Charlotte, NC School Ratings: Best Schools, n.d.). I would want my kids to attend public school because I attended public school and I think you can learn a lot from being in public school. I think the lessons you learn in public school are lessons that cannot be taught in many other places nor are lessons that parents can teach their children. It is great to know that Charlotte offers many highly rated public schools and is something I am looking for when considering where to begin my career, and eventually my family.

Larceny, aggravated assaults, and vehicle thefts are the top three highest crimes committed in Charlotte (For Your Safety, n.d.). This is slightly concerning to know, especially because all three of these offenses have increased in the last year. I do not like that these crimes are committed thousands of times, but that just means that I will have to be careful if I move there. One area of Charlotte was ranked in the 25 most dangerous cities in the U.S. This area includes Tyron Hills and Lockwood communities (Mack, 2010). I do not like the fact Charlotte has areas on the most dangerous list, but it is good to know and consider before moving for an internship or full-time job.

Daily Life (Charlotte)

Each city and state have various taxes the population must pay. In Charlotte, the local income tax is 5.25 percent while the state and local tax burden is 9.8 percent (North Carolina Tax Rates & Rankings: NC State Taxes, n.d.). The state sales tax is 4.75 percent, and the local sales tax is 2.22 percent, for a combined sales tax of 6.97 percent (North Carolina Tax Rates & Rankings: NC State Taxes, n.d.). 0.81 percent of owner-occupied housing value is paid for property taxes, so altogether, based on a starting salary of \$55,000, I would pay \$5,390 a year for income taxes. I would likely not pay property tax if I lived in an apartment or if I lived with family members, which are both likely possibilities. I would also pay the 6.97 percent in sales tax on things that I purchased. The taxes for Maryland are a little bit higher, so I prefer the taxes in Charlotte. The only tax I have paid in my hometown is sales tax, which is six percent in Maryland, so the extra sales tax in Charlotte would take time to get used to.

There are many different places that I could live in Charlotte, most of them being apartments. I would expect to pay about \$950 in rent for an 824 square foot apartment (The Madison Apartments - Charlotte, NC, 2019). The apartment has one bedroom and one full bathroom, along with a kitchen, living room, and patio. It would come fully furnished and includes a fireplace, a walk-in closet, and a Wi-Fi hotspot. In addition, the complex contains a fitness center, three swimming pools, a barbecue area, and free parking offered for renters. I think this is a great option for me because it has a lot of aspects that I would be looking for and some aspects I had never considered for an apartment, such as a fireplace.



Figure 1

Living at the apartment from above, I would have quite a few options for grocery stores including Food Lion, Aldi, and Harris Teeter. These would all be within 10 minutes, driving, from my apartment and are all places I would be happy to shop at. I like the fact that I would have multiple places to shop at. I also would be happy with how close they would be to my apartment; that would make grocery shopping seem like less of a chore.

There is a washer and dryer included within the apartment complex, which is great news (The Madison Apartments - Charlotte, NC, 2019). This would mean that I could just do laundry at my apartment and I would not have to go anywhere to do it. I really like this feature of the apartment because it would be much more convenient for me to have a washer and dryer.

Transportation (Charlotte)

Charlotte has a couple of ways to get around the city, the two main ones being the bus system and the rail system. The transit services have over 70 different bus and rail routes that run throughout the city (Charlotte Area Transit System, n.d.). Having public transportation options is something that I look forward to because I do not want to have to rely on my car to get everywhere. In addition, depending on when I arrive and leave work may be during rush hour times, which I would prefer not to drive during. Having the many different routes will give me choices on how to get to and from work.

Based on the location of the apartment above, my typical commute could be anywhere from 10 to 25 minutes. The typical mode of commuting, right now, is by car, but Charlotte is working to improve the alternative modes of transportation (Charlotte Has Longest Commute Time in North Carolina, n.d.). This commute does not seem too long, and I think I would be able to handle it. I would prefer the other modes of transportation to be more fully supported, because that would give me more options.

The mode that I would use to get back home would be to drive my car back to Maryland. From Charlotte, it would take about 8 hours to get back to my house. I have driven from Maryland to Charlotte and know that I could complete the drive in one day. It would only cost me between \$40 and \$50 to drive back home. Knowing that I am a day's worth of travel away from home is another reason Charlotte is a city I am considering. I have done the drive before and would be comfortable doing it again and it is so much easier to drive rather than fly.

Activities (Charlotte)

PEO is an organization that I am apart of here in Oxford and an organization that I would love to continue to be part of in Charlotte. Fortunately, this organization has branches all over the country and it would not be hard for me to transfer to the Charlotte branch. Another organization I would love to be a part of would be a food bank. There would be one, named Second Harvest Food Bank of Metrolina, less than 20 minutes from my house, which would be great. A third group I would love to participate in would be the Next Level Church. It is a non-denominational church about 15 minutes from the apartment stated above. All three of these organizations are like the organizations important in my life, and I would love to be able to participate in them in Charlotte.

Charlotte offers a lot of different kinds of activities, which means I will have no problems finding things to do. One activity I am interested in is the US National Whitewater Center because I love whitewater rafting (CLT Outdoor Activities & Adventures: Charlotte's Got a Lot, n.d.). Other activities I would be interested in include, the Charlotte Rail Trail, the George Poston Park, and AerialCLT (CLT Outdoor Activities & Adventures: Charlotte's Got a Lot, n.d.). There seem to be many parks in Charlotte, which I would love to experience, and I have always been interested in learning about aerial techniques. Another place I would love to visit would be the Daniel Stowe Botanical Garden. I love going to botanical gardens to sit, relax, and read a book. I would have plenty of things to keep me busy in Charlotte.

Basic Facts (Atlanta)

The population of just the city of Atlanta is a little under 500,000 people, which was estimated in July 2018 (U.S. Census Bureau QuickFacts: Atlanta City, Georgia;

United States, n.d.). This includes about 70 percent of people between the ages of 18 and 65, and 51 percent of the population being women (Atlanta, Georgia, n.d.). I like that the male to female ratio is almost one-to-one and that there would be a large amount of people who are in my age group. I would have plenty of people to meet and connect with.

The climate of Atlanta is a little different than I am accustomed to. It would be warmer in the winter and there would be less snow than what is usual in Maryland. In addition, the high temperatures in the summer are slightly less than I would have thought, and I think is less than the average high temperatures in Maryland (Data, US Climate. "Temperature - Precipitation - Sunshine - Snowfall", n.d.). I do know that there would be more humidity in Atlanta, which I have become more used to after living in Mississippi. I do not mind that Atlanta is warmer than what I grew up in, and I like the fact that the winters would be more bearable.

Atlanta has a high elevation, compared to where I grew up, but I do not think that will impact my living there. The city is also situated on a ridge that is located south of the Chattahoochee River. There are many parks in the city and surrounding areas. Having access to parks would be great because I would love to sit and relax at a park. I would also really enjoy exploring these areas, including the Centennial Olympic Park, which is pictured below.



Figure 2

City Facts (Atlanta)

The top five industries in Atlanta include agribusiness, finance, mining, services, and technology and telecommunications (Companies & Industries, n.d.). The five largest organizations in the city are Coca-Cola, Home Depot, UPS, Delta Air Lines, and Turner Broadcasting (Companies & Industries, n.d.). The headquarters of these five organizations are all located in Atlanta. It is comforting to know that the financial industry is one of the top industries in Atlanta because that would give me increased job opportunities. Additionally, the five main organizations are all ones that I have heard of, which means that Atlanta offers diverse and influential jobs.

Georgia, as a state, takes part in a federally facilitated health insurance exchange which residents must sign up for in December of the previous year (Norris, 2019). The initiative is popular, and more residents are choosing the federal run plan versus private health insurance companies. The city also offers quite a few options for both private and public schools, for all ages. My children would most likely attend public school because I think it is important for them to be immersed in public school culture. A lot of the schools listed are highly rated and a couple counties keep showing up with many highly rated

institutions (Best Atlanta Schools: Atlanta, GA School Ratings: Best Schools, n.d.). It is important to know which of these counties have good schools, especially when I am older and have a family.

Fraud and robbery from motor vehicles are the most common types of crime in Atlanta (Atlanta Police Department, n.d.). Both crimes concern me because I could be easily susceptible to both. This is helpful information because now I know that these crimes are popular in Atlanta. There are also areas to avoid based on the map from the Atlanta police department. Again, this is useful information when looking for places to live and things to be aware of.

Daily Life (Atlanta)

The individual income tax rate is 5.75 percent and there is a 9.1 percent state and local tax burden (Georgia Tax Rates & Rankings: Georgia State Taxes, n.d.).

Additionally, the state sales tax rate is 4.00 percent, and the local sales tax rate is 3.29 percent, which leads to a combined state and local sales tax rate of 7.29 percent (Georgia Tax Rates & Rankings: Georgia State Taxes, n.d.). There is also a 0.88 percent property tax. The sales tax for Atlanta is a little bit higher than what I am used to but is something I could become accustomed to. The other taxes are about the same rate as other states. Based on a yearly salary of \$55,000, I would pay about \$5,000 in taxes. This value does not include the money that I would pay when charged with sales tax.

An apartment that I would consider living in if I happen to move to Atlanta is a one bedroom, one bathroom, 762 square foot apartment (Flats at Perimeter Place Apartments - Atlanta, GA, 2019). The rent would be \$1,243 a month but includes a fitness center, kitchen appliances, full size washer and dryer, a pool, and Wi-Fi. I would

not need a roommate for this apartment and there is covered and garage parking available for residents. This apartment has multiple amenities that I am interested in having and looks modern compared to other apartments I looked at. This would be a wonderful option for me, especially because it is centrally located. The balcony is another feature of this apartment that I love.



Figure 3

There are multiple grocery stores in the area including Kroger, Walmart, and Target. It would take me about 10 minutes or less to arrive at any of these stores. I would love to have options when it comes to grocery stores where I live, because there is a larger variety. I would be happy to shop at any of these locations and would appreciate the short distances to all three.

The apartment spoken about earlier includes a full washer and dryer, which means I can do my laundry in the comfort of my own home. This would be a wonderful perk because it would be much more convenient than having to go somewhere else to complete my laundry. Having the appliances in my apartment, would also cut down on the cost of laundry because laundromats and laundry services can be awfully expensive.

Transportation (Atlanta)

Atlanta has multiple different transportation options, the two main ones being the rail system and the Atlanta streetcars (Georgia Commute Options, n.d.). Both are run by the local government and cover miles through the city. The city also promotes walking and biking as a convenient and healthy way to get around. These options would be wonderful to have because it means I do not have to drive to work every day, and I can walk to places around the city.

The typical mode of commuting is by car, but the city is encouraging more people to take public transport. Residents of Atlanta have one of the worst commutes in the country because there is a large amount of traffic. Because of this, I would utilize the public transit most days; it would be faster and more convenient. My commute would be at least 20 minutes because the apartment stated above is further outside of the city. A 20-minute commute would be doable for me and I have no problems with that.

In order to get back to my hometown I would either fly home or drive. Atlanta has a major airport and flying out of Atlanta would not be an issue, it would just be expensive. My other main option would be to drive, which would be about a 12-hour drive. I have done this drive before and it is awfully long, especially if I am going by myself. If I flew home, the cost would be between \$300 and \$400. Driving would be

much cheaper, likely less than \$100, but would be inconvenient. I do not like that my options to get home are either expensive or time-consuming, so I am glad to know this information before possibly moving here.

Activities (Atlanta)

As mentioned in the Charlotte portion of this question, I would continue to be a member of PEO and would switch groups wherever I moved. Another organization that I would be part of in Atlanta is the Buckhead Church, which is a non-denominational church about 15 minutes from my theoretical apartment. Dress for Success Atlanta is a third organization that I would choose to be part of because it is a volunteer place that empowers women. These three organizations represent my values and parts of me that I would want to continue in Atlanta.

There are many activities and things to do in Atlanta and I do not think I would be bored. Some of the activities/places that are interesting to me include the Atlanta Botanical Garden, Centennial Olympic Park, the High Museum of Art, Skyline Park, and the Shops at Buckhead Atlanta (Discover 50 Fun Things to Do in Atlanta, n.d.). The vast number of parks and outdoors spaces are appealing to me because they are good places to walk and relax. Additionally, some of the parks hold outdoor concerts, which is also something I would attend. I love shopping so the Shops at Buckhead would be a great activity for me. Another thing Atlanta has to offer are murals and public art. I would love to walk around the city and admire the local art.

Budget

Table 1

Projected Monthly Income	
Income 1	\$5,000.00
Extra income	\$0.00
Total monthly income	\$5,000.00

Actual Monthly Income	
Income 1	\$5,000.00
Extra income	\$0.00
Total monthly income	\$5,000.00

Total Actual Income	\$5,000.00
Total Actual Costs	\$3,196.00
Total Difference	\$1,804.00

Table 2

Projected Monthly Income	
Income 1	\$5,000.00
Extra income	\$0.00
Total monthly income	\$5,000.00

Actual Monthly Income	
Income 1	\$5,000.00
Extra income	\$0.00
Total monthly income	\$5,000.00

Total Actual Income	\$5,000.00
Total Actual Costs	\$3,454.00
Total Difference	\$1,546.00

Full Analysis

After analyzing both cities, Charlotte is my preferred city. This is for many reasons but the main ones being it is more convenient, and I have more family that live in Charlotte than Atlanta. Charlotte would be the cheaper option, the commute would be shorter, and the weather is remarkably similar to where I grew up, which is what I would prefer. Being surrounded by family would be greatly beneficial for me while I transition,

but also for the time that I live there. I will be happier and will perform better if I have family around. This is something I have learned when transitioning to college and when studying abroad. Both cities have equal opportunities for organizations that I would be happy to be involved in and for recreational activities. Additionally, in the future Charlotte would provide higher rated school systems for my children, which will be especially important to me. Overall, Charlotte provides more of the things I am looking for when thinking about moving to a new city, at least for a couple of years, if not for many, and I would live a happier life in Charlotte than in Atlanta.

Brexit Case

Introduction

This case is based off a movie about Brexit. There are and have been two options for Britain: leave the European Union or stay in the European Union (EU). Most of the news in the United States is centered around why Britain should stay in the EU, even though the vote in 2016 resulted in most citizens voting to leave the union. The movie focused on the opinion to leave the EU, which was highly informative and quite a few reasons were given as to why Britain should leave. These reasons included the fact that the EU is destroying some of Britain's industries, the EU is corrupt and not transparent, and leaving the EU would not impact trade as much as some people believe. The people in the movie had a strong view on the EU and called the association many names, including basket case and anti-democratic. Facts and research backed up all of their claims, however there is another side to Brexit.

The other option of Brexit is for Britain to stay a member of the EU. There are also valid reasons to stay including how Brexit would negatively impact the economy, the prices

of everyday items, and the value of homes and pensions (Get the Facts, n.d.). One of the main concerns is that the economy could not handle Brexit as it has not completely recovered from the 2007 recession, which would lead to another recession, or possibly even a collapse, in the British economy. The government and officials have until the end of October to create a deal (Barnes, 2019). If a deal is not made by then, Britain will likely still leave the EU, just without a deal, which would cause a separate set of complications for Britain. The only other option for Brexit would be to completely cancel everything, which would mean Brexit would not happen.

Through this case I have learned a lot about the details of Brexit and about both sides of the argument. There are valid points to both sides, and I do not know which one is the best option for Britain. As a future accountant, it would be best for Britain to stay in the EU because it would be less complicated for financial institutes. However, the decision is not based off this and with my newly acquired information, I am interested to see what the end of this month brings regarding the decision of Brexit.

Summary of Movie

The movie about Brexit was informative about the opinion of British people who think Britain should leave the EU. This opinion is not as represented in the United States news and it was engaging to hear the opposing viewpoint. The movie started off by saying that if Brexit happens, there is no going back, and people cannot change their minds on whether or not they want it to happen. Additionally, within the first few moments the EU was said to be turning into a dictatorship. The viewpoint that the movie was representing was made early on and was consistent throughout the entire movie.

In addition to be called a dictatorship, the EU was also said to be failing, an “economic basket case”, and anti-democratic. These descriptions of the EU are extreme but are backed by facts and statistics. The man in the movie went to Brussels to gain more information on the EU and was told that there were over 50 EU buildings, just in Brussels. People on the streets of Brussels were asked if they knew any of the officials in charge of the EU. There are four presidents of the EU, which could be a lot to remember, but most of the people who were interviewed had never even heard of the four presidents, nonetheless any of the higher officials. This is because the EU officials are appointed, and the citizens have no say in who is elected to these positions. They also debate topics in secret and do not make the information public. Britain has voted against 72 topics in the EU and have been overruled all 72 times. Officials of the EU oversee their own pay, so they charge themselves less interest and pay themselves a lot more than what is appropriate. Naturally, people do not want to be controlled by people who do not listen to them nor give them information.

Besides the EU being corrupted, it has taken a lot of industry away from Britain. For example, when Britain joined the EU, they lost control of their fishing grounds and then the EU paid fishermen to leave the industry and destroy their boats. Fishermen were interviewed in the movie, and a lot of them spoke about how their careers and livelihoods had been destroyed. One fish auction used to have over 200 boxes of fish and now have about 12 boxes up for auction. Along with the fishing industry, the EU has created competition in the sugar industry. This has led to a decline in the sugar industry because the people are buying the cheaper sugar, rather than the local sugar. The fishing and sugar industries have been completely taken over by the EU.

There are other reasons Britain wants to leave the EU, including the number of rules given by the EU, the trade bloc, and the fact that the EU would still trade with Britain, even if they left. The EU has administered an absurd number of rules and regulations on random and common things. For example, there are over 100 rules about pillows, 454 laws about towels, and over 12,000 laws about milk. Other everyday products subject to laws include toothpaste and toothbrushes. Additionally, the EU is the only declining trade bloc in the world, which could be reason enough to leave. Some of Europe's biggest companies, like Nestle, are not located in Europe. Even if Britain leaves the EU, the union would likely create a trade deal with Britain because the other countries in the EU would still want British products to be available. One researcher in the movie even said that if you want to avoid trade, you should join the EU.

The conclusion from the movie was that Britain wants to and should leave the EU. Final reasons include the fact that the EU is not transparent and British citizens want to have power to remove and vote for the people that govern them. Britain wants Britain to oversee themselves, not the EU.

Opposing Viewpoints

The movie focused on the viewpoint that Britain should leave the EU. However, there are citizens who believe leaving is the wrong decision. About 48% of British citizens voted to not leave when the issue was put to vote back in 2016 (Lindsay-Watson, 2016). Even though most people who voted want to leave, 48% is a considerable amount of people who do not want to leave. A few of the many reasons to stay include the number of jobs and opportunities that being in the EU provide, the money saved from being an EU member, and the economy without the EU (Lindsay-Watson, 2016).

Over three million British jobs are connected to trade between the EU and UK. The number of jobs is expected to increase significantly over the next couple of years, if Britain decides to stay in the EU (Get the Facts, n.d.). In 2016, one in ten British citizens were said to have a job through the EU. In addition, being part of the EU provides further holiday and retirement benefits that British citizens would not have if they left. The wages in Britain have also increased because of help from the EU and would likely drastically decline if they were not part of the EU anymore.

Money is another reason citizens want to remain as part of the EU because leaving the EU would increase the price of many items that families buy at the grocery store on a weekly basis (Lindsay-Watson, 2016). Energy bills, mobile roaming charges, credit card fees and petrol would become more expensive without being in the union. Holidays and vacations are estimated to be about £300, or about \$366, more expensive without membership in the EU (Lindsay-Watson, 2016). This price increase includes the price of airline tickets because it would be more expensive to fly in and out of Britain if it was its own separate country. Research funding, another expense, in Britain is the second largest beneficiary of EU funding, and if Britain leaves, this funding would deteriorate significantly, if not completely (Lindsay-Watson, 2016).

The British economy is a third major reason some citizens voted to stay (Get the Facts, n.d.). Brexit could lead to an economic recession which would inadvertently cut public spending, job opportunities and financial security for families. This recession could happen for years in the future and would take a while for Britain's economy to be as stable as it is now. Additionally, the value of the pound would likely decrease significantly, which would increase the costs of shopping and mortgage rates, and decrease the value of homes,

by an estimated 18 percent (Get the Facts, n.d.). If leaving is what Britain decides to do, the GDP of the country is estimated to fall around six percent. Experts say that the economy is still unstable from the 2007 recession and would not be able to handle leaving the EU. There are obvious reasons for Britain to stay in the EU, but the question is whether or not they are stronger than the reasons to leave the EU.

Synopsis of Near-Future Brexit Decisions

Brexit was first voted on in 2016 and since, Britain and the EU have been trying to develop a plan for Brexit to occur and trying to figure out what the best plan for Britain is. The deadline for the Brexit decision has been pushed back multiple times by the Prime Ministers and Parliament. During this time, a new Prime Minister, Boris Johnson, was appointed when Teresa May, resigned. Johnson was the one who asked for an extension on the Brexit deadline (Barnes, 2019). The current deadline is October 31, 2019. On this date, Britain will, as of right now, leave the EU with or without a deal. The British officials and government are working to create a deal with the EU but even without a deal, Britain will be leaving on the above date. If a no-deal Brexit occurred, the UK would immediately leave the customs union and the single market, which are made to make trade easier (Barnes, 2019). This could be very detrimental to the economy and officials are working to avoid this situation completely.

Before the October 31st deadline, the Queen will have a speech on October 14th, which could cause the backing of an early general election (Barnes, 2019). An early general election is already expected to happen after October 31st. The government could also vote to create a new law that would specify and allow an early general election date. The Prime Minister could also call a vote of no confidence in the government which could lead to the

government continuing with their plans, a general election, or no election, in which the old government would continue to be in charge.

There is also the opportunity to cancel Brexit altogether. Article 50 would have to be revoked and legally Brexit would be canceled (Barnes, 2019). The government does not seem to be considering this as a viable option, currently; they are focusing more of their efforts on creating a deal before the October deadline. Whatever happens, Britain could change drastically by the end of the month.

Conclusion

The movie was highly informative on the opinion for Britain to leave the European Union. The researchers made it clear that the EU is a detriment to their country. Their industries are being compromised and many citizens are out of work; work that has been in their families for decades. All topics of the EU are debated in secrecy and are not released to the public. In addition, the officials are appointed and can choose their own salary, which means the countries and citizens of the EU have truly little say in anything that happens in the EU. Trade wise, the movie said Britain would not be hurt too badly if they leave, because the EU would still want British products and would therefore create trade between the two entities.

Other people believe that leaving the EU would be even more harmful to their economy, industries, and job opportunities. Being part of the EU provides many jobs for British citizens, which would disappear if they left. Prices of everyday things, like groceries, credit card payments, and travel would greatly increase, which would be costly for the citizens of the UK. Mortgage rates would also increase, and the value of homes

would decrease; another cost if Britain leaves the EU. There are both advantages and disadvantages for leaving the EU.

Within the month of October, a decision will be made. There is a hard deadline of October 31st, 2019 in which Britain will leave the EU. This is not dependent on a deal and officials are currently working to create a deal with the EU before the deadline arrives. The other option would be to cancel Brexit altogether, which is not an option a lot of people are invested in. The advantages and disadvantages of canceling Brexit are unknown at the moment, and any decision that is made will greatly impact the current state of the UK.

Aflac Case

Introduction and Purpose

This case assessed our team's ability to navigate a company's annual report and draw conclusions from the information contained within the 10-K. This is essentially a public document required by the United States Securities and Exchange Commission (SEC) to be released publicly for use by potential investors, explaining a company's financial position, current operations, finances, risks, and opportunities. From the annual report, an investor can determine how a company generates profit, what markets it currently operates within, and risks faced by the company. The 10-K contains financial statements including the income statement and balance sheet and disclosure of any accounting practices used to record information about policies, inventory, etc. The 10-K also includes signed letters from the CEO and CFO that signifies the accuracy of the books.

Our group was assigned Aflac, a supplemental insurance company. Aflac was founded in 1955 and is based in Columbus, GA. The company focuses its efforts primarily on policies that are not covered by primary insurance companies; they help cover expenses that health insurance does not. The company generates revenue through health insurance premiums, voluntary supplemental insurance, and life insurance, doing business in both Japan and the U.S.

Through the annual report, our team obtained information about the company's auditor, KPMG. We also evaluated Aflac's balance sheet, looking at its assets, liabilities, and equity accounts. We determined the amount of revenues generated within the United States and outside as well as the income generated from other operating expenses. We found the costs included in the cost of goods sold and noted who the suppliers were. We were also able to analyze the change in expenses and revenues over the past three years and draw conclusions based on the information found within the annual report as well as supplemental articles to support what we saw in the financial statements. We compared net income to cash flow from operations and noted what accounted for the difference. This case helped us learn to better navigate a 10-K, a skill undoubtedly valuable in the accounting industry. It gave us the opportunity to evaluate the information contained within the annual report and draw conclusions about the position of the company.

1. What is the nature of the company? Based on what you read in the company's annual report, how do they generate profit? Where is it headquartered? Where do they do business? What is their fiscal year end? If this date differs from the calendar year-end, why did they choose it?

Aflac is a supplementary insurance company. The company focuses on policies that pay cash to help cover expenses that health insurance does not. The company generates profit through health insurance premiums, voluntary supplemental insurance, and life insurance. This information was gathered from the annual report under Item 6. According to Item 8 Note 2, Aflac is headquartered in Columbus, GA and does business in Japan and the U.S. The Fiscal year end was found in Exhibits, Financial Statement Schedules, showing that Aflac reports its year-end as the calendar year-end, December 31.

2. Who are your company's auditors? Name the firm and city.

KPMG audits Aflac. The firm is located in Atlanta, Georgia.

3. Describe each asset on your company's balance sheet. Determine any relevant accounting policies related to these accounts. Now do the same for liabilities and equity accounts.

Aflac has many assets on the company's balance sheet, all recorded in millions. These include securities available for sale, which are priced at fair value and are worth \$82,895, securities held to maturity that are worth \$30,218 at amortized value, equity securities at fair value of \$987, and other investments of \$7,706. It is important to know that for the mortgage and asset backed securities, Aflac uses a constant effective yield, which is recalculated to consider the actual adjustment had the new effective yield been applied at the time of purchase. Cash and cash equivalents are valued at \$4,337 and cash on hand, money market instruments, and other debt investments with a maturity of 90 days or less when purchased, make up this value. PPE is made up of land with a value of \$168, equipment and furniture with a value of \$400, buildings at \$456, and accumulated

depreciation at \$581. This depreciation is computed on a straight-line depreciation where buildings have a life of 50 years and furniture and equipment have lives of 20 years.

Accrued investment interest is another asset on the balance sheet that is valued at \$773.

Receivables is the last asset recorded at a value of \$773.

The liabilities and equity on the balance sheet are also recorded in millions. Policy liabilities, with a value of \$86,368, unpaid policy claims worth \$4,584, unearned premiums valued at \$5,090, and other policyholders' funds, with a value of \$7,146 are a large portion of the liabilities section. Unpaid policy claims are estimates computed on an undiscounted basis using historical statistical analysis adjusted for current trends and conditions. Additionally, the insurance premiums include those for cancer, accidents, hospitals, critical illnesses, dental, vision, term life, whole life, long-term care, and disability, and are recognized as revenue over the premium-paying periods. Notes payable has a value of \$5,778 while payables for return of cash collateral on loaned securities is worth \$1,052. Income taxes are valued at \$4,020 and other liabilities have a value of \$2,906. Other liabilities include derivatives from consolidated variable interest entities. Common stock under the equity section of the balance sheet is at \$10 at par value. 1,900,000 shares were authorized in 2018 and 2017, but only 1,347,540 shares in 2018 and 1,345,762 shares in 2017 were issued. Additional-paid-in-capital has a value of \$2,177 and retained earnings is worth \$31,788. An unrealized foreign currency transaction loss of \$1,847 documented, along with an unrealized gain on fixed maturity securities valued at \$4,234 and an unrealized loss on derivatives worth \$24 were reported. A pension liability with a value of \$212 was recorded in the equity section, in addition to the treasury stock, valued at average cost, worth (12,789). A two for one stock

split did occur in February 2018, which affected the liabilities and equity of Aflac.

Finally, it is crucial to know that the assets, liabilities, outstanding principal, and related accrued interest accounts are translated from Japanese yen to dollars at an end-of-period exchange rate. Other revenues, expenses, and cash flow are translated using average exchange rates for the period. Aflac is a large company and therefore has many assets, liabilities, and equity, all with separate accounting policies.

4. Describe your company's customer base-who are they and how do they use your company's products or services? Describe your company's specific sources of revenue and their revenue recognition policies. How much revenue comes from outside of the U.S.?

Because Aflac is an insurance company, the company's target customer is 35-54-year-olds. This target market is addressed through the Aflac Duck commercials. Aflac specializes in cancer expense insurance, but has expanded its market into supplemental insurance, which helps customers pay out-of-pocket expenses not covered by primary issuers. Aflac's supplemental health and life insurance policies are classified as long-term contracts, which is where the revenue comes from. Generally, the contract provisions cannot be changed, but the premiums can be adjusted for prescribed guidelines. The premiums, as stated above, are recognized as revenue while related amounts of benefits and expenses are charged against the revenues. The premiums are collected over a shorter period than the length of the period for which the benefits are provided. Any possible gross premium in excess is deferred and recorded in earnings, so that profits are recorded in a constant relationship with insurance. Any benefits are recorded as an expense when they are incurred and liabilities for future policy benefits are recorded when premiums

are recognized. 70 percent of the company's revenue comes from Japan, which besides the United States, is the only other market for Aflac.

5. Describe your company's suppliers – who are they and what products or services do they provide to your company? What types of costs are included in your company's COGS?

Aflac's suppliers are unlike many other industries. There are basic needs of insurance companies, that are costs all companies incur. Aflac has simple suppliers for things such as office supplies, office equipment, and material for insurance cards. Much of Aflac's business is not, however, generated from the sale of insurance cards. The main suppliers of Aflac's insurance policies are the policy holders themselves and banks. Policy holders pay forward for insurance policies, which in turn finance their own and others insurance policies. Insurance works by pooling policyholders of similar risks monthly payments to cover losses. Risk and savings plans play an important role in the supply of the company.

Because Insurance is a service company with no tangible product changing hands, most of the costs of goods sold will be incurred from salaries. The direct materials associated with cost of goods sold are minimal and are hardly calculated. Items like insurance cards are pennies on the dollar to distribute. The largest cost of goods sold incurred is through the issuance of salaries of workers directly involved in the sales and service of insurance policies. All other expenses are indirect costs.

6. Describe each category of other operating expenses on the income statement – how do these expenses help generate revenue?

The list of operating expenses includes amortization of deferred policy acquisition costs, insurance commissions, insurance and other expenses, and interest expense. There is an expense for amortization of the DAC. A deferred acquisition cost is when the costs for acquiring a new customer are drawn out along the period of the insurance contract. This expense allows Aflac to not incur such high costs at the beginning of an insurance policy, rather the expenses are stretched across the term of the contract. Insurance commissions are closely tied to employees' salaries. As incentive for selling insurance policies, employees are given percentages of sales. This expense encourages workers to excel in their issuance of policies. On the consolidated statement of comprehensive income is the expense for insurance and other expenses. This includes insurance claims. A claim is request to the insurance company to cover the costs for a loss. This is the intangible product, that drives revenues for an insurance company. When an incident happens, people file for claims to Aflac for events covered in their contract. Aflac then provides their customers with compensation. The last expense on the statement is an interest expense. The interest expense covers interest incurred on cross currency, interest tax, and any outstanding debts. Interest expenses are basic expenses of doing business.

7. How have revenues and expenses changed over the past three years? Can you find any articles in the business press to support what you are seeing in the financial statements?

In the year 2016, Aflac had revenues of \$19.225 billion and expenses of \$18.492 billion. The following year their revenues dropped by 3.6 percent to \$18.531 billion and their expenses dropped by 4.6 percent to \$17.649 billion. Last year Aflac had revenues of \$18.677 billion and expenses of \$17.775 billion; rises of 0.8 percent and 0.7

percent, respectively, from 2017's revenues and expenses. The revenues from 2018 were still down 2.9 percent from two years prior with expenses being down 3.9 percent. One article from the CFO talks about this small decline in Aflac's revenues. The article, titled "For Aflac, Slow Growth Means Extra Cash Flow", says that the reason for Aflac's fall in revenues over the last couple of years is because they are able to acquire more profitable cash while in this low-growth mode. When Aflac's growth rate slows down, their cash flow and capital generation start to pick up. On average, Aflac is investing \$800 million towards the company's common stock dividend yearly and also has a \$250 million venture capital fund.

8. Compare your company's net income to their cash flows from operations. What accounts for the difference?

In 2018, Aflac's net income was \$2.92 billion and their cash from operations was \$6.014 billion. The difference between the net income and the cash from operations is because there are accounts and other factors that affect net income but are non-cash. The accounts receivable account and capitalization of deferred policy acquisition costs both increased that year, this increase in these accounts increases net income but are both non-cash. The other accounts that affect this difference between net income and cash from operations are amortization cost, policy payable and income tax payable, and a loss in an investment. All of these accounts increased over the year, which caused a decrease in the net income. But because all of these accounts are non-cash, they do not decrease cash flow so must be added back to net income in order to find the cash from operations.

9. Which accounts on your company's balance sheet contain estimates or judgement?

Aflac's balance sheet includes a few estimates and predictions requiring judgement from the company. It carries a reserve as a liability which is predicted based on how much is required to pay future benefits. The company calculates as an estimate the amount of tax that is payable. Aflac also estimates the fair values of its security on a monthly basis.

The company uses judgement to estimate its deferred Policy Acquisition Costs and the liability for future estimates.

Thomas Sowell Case

Introduction

This case is written about an interview of Thomas Sowell. Sowell is an American economist and author with views that are different than expected. Questions about Sowell's childhood, beliefs and changes in beliefs, and books were asked. Sowell seems to be a well-rounded man who grew up in Harlem, has experienced the Korean War, and has battled with racism, as he is an African American man. His point of view is remarkably interesting and seems to have altered after major points in his life, such as the Korean War. He has seen and experienced a lot during his lifetime, and all events were interesting to listen too, due to his unique perspective.

I learned a great deal from hearing Sowell's interview. I had never heard of Sowell prior to watching this interview but he seems to be very respected in the sense that his views are different, but he stands by what he believes no matter what others may say. Hearing Sowell's viewpoints were very interesting, and I especially enjoyed listening to his take on slavery, as it was different than I anticipated. I learned about the different

novels Sowell has written and the two competing ways of life that he discussed. I especially found interesting that Sowell does not choose a side when discussing the two ways of life. Additionally, Sowell spoke about Marxism quite a bit, which I learned from because I am not remarkably familiar with Marxism. This interview was very educational, and I greatly enjoyed hearing Sowell's perspective on many different issues, including some from before I was born.

Summary of Movie

Throughout his life Sowell believed in Marxism, especially believing that the rich got rich from taking from the poor. He also touched on socialism and how it is a fantastic idea but not a great reality. Sowell went on to then discuss retrogression, which he believes is the experience of African Americans. He spoke about how there are various laws and policies that only aid one group of people yet harm a separate group of people. The schooling of African American students was also discussed, and the main point of this conversation was that even if African American students are close to the intelligence of other students, they will still fall behind because the teacher will teach at the rate of the highest intelligent students. Additionally, Sowell believes that university teaches black students to be inadequate.

Sowell and the interviewer moved on to discuss additional current issues, including charter schools, lotteries to get into schools, and the effect of slavery. Charter schools, as Sowell believes, have been wonderful, but are constantly faced with obstacles. These obstacles have caused the schools to not be able to expand, leaving many students on the waiting list. Sowell stated that teacher unions are one of the major reasons the

mayor of New York is trying to get rid of charter schools. This is just one example of the aforementioned obstacles.

Some schools have lotteries for students to be enrolled. Essentially, students are put on a waiting list and then selected at random to become a student at the school. One of the issues Sowell discussed about these lotteries is that the students who put themselves in the lottery are not tested for intelligence or for placement. This means that students of all academic levels are placed into the same classrooms and are all expected to learn at the same rate, because the teachers are not aware of their levels of intelligence. This goes back to the issue of the intelligence gap that Sowell discussed, specifically the impact on African American students who are intelligent but are not the most intelligent students in the classroom.

Jim Crowe was alive and preaching his beliefs during Sowell's lifetime. Sowell had a couple of interesting ideas about slavery, the main two being that slavery was not confined to one race and people should just get over it. If reparations were given to families whose ancestors were impacted by slavery, Sowell believes reparations would have to be given to half the globe. This connects back to his statement that slavery did not impact only one race, and numerous other groups of people were forced into slavery. He concluded this conversation by saying that people need to move past slavery, get an education, stay married, and get a job.

Agree/Disagree

Over the course of the interview, many topics were discussed and many of those were controversial. I had varying levels of agreement on the different topics but Sowell's views on slavery and school lottery systems were the two main ideas that I agree with.

Sowell stated he has a hard time supporting the idea that a group of people should apologize to another group of people for something their ancestors did in the past. Slavery was a terrible thing to happen to so many men, women, and children, but it happened years ago, and I do not agree that families should take responsibility for the actions of their ancestors; they are not the same people and I would like to think most current generations would not make the same decisions.

Regarding the lottery systems, I agree it is a problem that students are not tested for placement purposes. I believe it is detrimental to learning when students of all levels of performance are thrown into the same classrooms. It is important to keep students of similar levels together so that all students can receive the type and pace of education they deserve. By placing students of various levels in the same classroom, I would expect an increase in the education gap because the students performing at lower levels, will continue to fall behind, therefore increasing the gap.

The one main idea I disagreed with Sowell on is that President Trump has had far better policies than many other Presidents. Politics is not something I am extremely interested in, nor is it something I follow. Based on what I know, I do not agree with most policies President Trump has put into place nor do I think they are better than policies enacted by previous Presidents. I will say President Trump has stuck to his word more so than other Presidents, I believe. During his campaign, the President said he was going to complete various projects and fix problems our country has, as most candidates say, but I have seen him follow through on promises he made during his candidacy. I do not necessarily agree with these policies, which brings back the point that I disagree with Sowell's view of President Trump's policies.

Conclusion

Prior to watching the interview, I had never heard of Thomas Sowell before. He was portrayed as an interesting man who has seen and been through a lot in his lifetime. Sowell was able to touch on many topics in the interview, which caused it to be intriguing for the duration of the interview. Some of the topics covered I was unfamiliar with, including Marxism, which made the interview very informational for me. Sowell was also able to provide his opinion on past and current controversial issues. The opinions he gave were different than what I expected his beliefs to be but were nonetheless intriguing and well-educated statements.

Of the many topics discussed, I agreed with most of what Sowell said but specifically, I agreed with his view on slavery and the issue with school lottery systems. To put it frankly, Sowell believes people need to move past slavery and, even though I would say it in a less direct way, I still agree with what he is saying. The issue with school lottery systems is that students in the lottery are not tested for performance levels and if they are chosen, could possibly be put in a room with students at various levels. I, along with Sowell, think this increases the intelligence gap because the students who are behind, will continuously fall further behind if placed in a classroom where all levels of performance are represented.

Sowell stated that President Trump has implemented policies that are generally better than previous Presidents. This is the main statement from the interview that I disagreed with. I do not agree with most of President Trump's policies and therefore do not think that his policies have been better than other Presidents. However, Sowell also stated that if President Trump comes on the television, he will turn it off, which makes

me believe that Sowell does not necessarily like the President. I am more inclined to agree with Sowell's personal feelings toward the President than I am to agree with his view on the President's policies.

Because of what I learned and how I tend to agree with Sowell, I will begin reading more of his writings and considering his viewpoint. I very much enjoyed listening to the interview and look forward to reading more of Sowell's opinions.

Regulation Fair Disclosure Case

Introduction

This case is about the Regulation Fair Disclosure (Regulation FD) which was put into effect in 2000. I had never heard of this regulation by name and was able to learn all about it. The wording of the official SEC report for this principle was difficult to understand because the language was professional. After reading through the report and using the other available resources, I was able to understand the rule. I used this knowledge to explain to my client in layman's terms what this rule means and how it affects the financial reporting of my client's company. Some of the financial reporting aspects will not change because the public information is released the same way (Katz, 2000). The major difference now is that companies cannot disclose private information to a handful of people, but the same information must be disclosed to the public. This allows an even playing field for companies, analysts, and investors.

The Regulation FD has subset rules that discuss trading securities, of which I knew little about. I learned about how people can be charged with fraud depending on how they use the private information that was released (Katz, 2000). Essentially, if a

person uses the private information to trade securities after learning the information, that person is violating Regulation FD. I was able to learn about trading securities, private disclosing, and how reporting information has changed since Regulation FD was passed.

Gaining knowledge about this rule will be beneficial to my career later on because now I understand how financial and/or nonbusiness information must be reported. I will be able to advise my future clients more knowledgeably and be able to guide my clients in order to avoid completing an unlawful act. Furthermore, this information also gave me some insight on how analysts think and are viewed. As someone who wants to work with finances for their career, understanding analysts will become greatly beneficial. Overall, it is important for me to learn about this topic because it is something that affects companies every day and will be part of my career in the future.

Explanation of Regulation Fair Disclosure

Regulation FD impacts how private information is disclosed by companies. There are rules and guidelines for what information a company must release to the public or what information can be kept within the privacy of the company. All companies must be aware of which information must be made public. Selective disclosure is when companies choose to release some of their private information to specific people or companies. Regulation FD provides rules for companies to follow if and when they want to selectively disclose information.

The rule states that if a company wants to release some of their private information to someone, generally securities market professionals and holders of the issuer's securities, the company must make that private information public (Katz, 2000). The SEC further explains how this new rule could count as trading. Trading occurs when

private information is used to favorably manipulate the stock market. A subset to the main rule discusses how people with knowledge of the information can be accused of trading. If a professional is aware of the private information while making a sale or purchase of securities, then that professional will be said to have been trading. Like many other rules, there are exceptions. If a sale or purchase of securities were already a work in progress, the professional may continue through with this transaction, even with knowledge of the private information. The other exception is when the private information would not affect the transaction or process that is already in motion. At this point, the professional can continue with the transaction.

Another subset rule states that when a person is told of the private information, they are obliged to a duty of trust (Katz, 2000). The rule discusses how the misappropriation theory, which explains that a person who uses private information in trading securities commits fraud against the person who gave the information, can apply to situations that fall under nonbusiness circumstances, including family and personal relationships. A person who falls under this category who trades after receiving a tip or who trades in breach of confidentiality violates this subset rule. However, if a person trades and is in breach of a reasonable expectation of confidentiality, does not necessarily break the rule.

Overall, this can affect my client's financial reporting actions because it is important to be aware of when to disclose the release of private information. The release of public information is the same and does not change under this new regulation. Where my client needs to be diligent, is if they are releasing private information, to whom they are releasing it too, and what that person is planning on doing with the said information.

Being knowledgeable about these specifics is particularly important when discussing financial reporting actions.

Why Regulation FD Exists

Regulation FD exists to give equal opportunities to people of all careers and walks of life. Prior to Regulation FD, some companies were giving private information to specific Wall Street Analysts who would use this information to help themselves and the company get ahead and make a lot of money. Now that Regulation FD is in effect, companies cannot only give one or two people specific information, they must give everyone the same information. This also helps with the fact that some companies were more focused on the status of their analyst versus their actual opinion. Regulation FD made it possible for Wall Street analysts and someone not in the financial field to make decisions based on the same public information. Additionally, Wall Street analysts are valued more for their opinion because it is likely different than another analyst, but all based on the same information (Smith, 2007). The bottom line is that Regulation FD was created to prevent companies and analysts from having an advantage over other companies and analysts.

Opinion on Regulation FD Violation

Based on my informed opinion, I do not believe my client violated Regulation FD. My client posted private information onto his personal Facebook page, which made the knowledge public, assuming my client has a public page. Regulation FD states that a company or person cannot give exclusive private information, but that they can release private information as long as it is released to everyone, in order to level the playing field (Lomax, 2010). Additionally, all the people who have access to my client's Facebook

page are now obliged to a duty of trust. However, if people with this information use it to complete the trading of securities, then they will be violating Regulation FD because people cannot use private information when conducting security trades.

Opinion on Regulation FD Violation (after article)

After reading the article about Elon Musk and a tweet he had posted, my opinion on whether or not my client from the previous question violated Regulation FD has not changed (Bloomberg, 2018). Elon Musk and Reed Hastings both posted private information about their companies to social media accounts. Assuming my client's account, along with Musk's and Hastings', were public accounts, there is no violation. The information is accessible to everyone and therefore the playing field remains to be fair, and each person can make their own opinion based on the information released. Additionally, because this information is now considered to be public information, I believe that people and analysts alike can use this information to trade securities. Regulation FD prevents people from using private information to trade securities, but if the information is released to everyone, I consider the information to be public information for anyone to use.

Conclusion

I found this case very interesting because it was the first time I have ever read or learned about a specific SEC regulation. This regulation specially focused on information being privately versus publicly disclosed. I was intrigued by the language of the proposal and how in depth each part was written. Although the language was confusing, I appreciated the amount of explanation and thought that went into the policy. Regulation FD was interesting to read about because it happened so long ago and is still a widely

known and used principle. As recently as 2018, Elon Musk was thought to have violated Regulation FD. I can only imagine that this rule will continue to play a big part in the reporting of financial information, and I look forward to being able to use the information I have learned in my future career.

Is It Taxing? Case

Introduction

For this case, we were acting as an accountant for our CEO and when learning more about him, he proudly informed us that his 13-year-old daughter has been a YouTube star for the past four years. Along with this information, he mentioned that his daughter Emma has been earning between \$10,000 and \$15,000 a month since she has become a star. As the accountant filing his taxes, this immediately raised a lot of flags and questions as to whether or not the money his daughter is earning should be taxed. Another question that needs to be answered is who exactly is supposed to pay the tax if this income should be taxed. It then became our responsibility to determine the answers to these questions and figure out a way to approach our CEO about the situation. After conducting research, we have determined that our CEO should have been reporting his daughter's income from YouTube as part of his income and he should have been paying taxes on this income throughout the past four years (Topic No. 553 Tax on a Child's Investment and Other Unearned Income (Kiddie Tax), n.d.).

Research was conducted to determine how YouTube pays its vloggers and from this, we learned that because Emma is underage, her father, our CEO, had to put his name on the account receiving the revenue from YouTube (How Do YouTubers Get Paid?, 2018). This means that the income from YouTube is legally under his name and should

be recorded in his income for each year, and therefore our CEO should be paying taxes on this revenue. We were able to come to this conclusion by learning about various tax rates and laws depending on dependents ages, amount of revenue, and the year the taxes were submitted (The Dirty Dozen: 12 Tricky Tax Dependent Dilemmas, 2019). This information about taxes will be beneficial as we become accountants. Even though we both want to pursue audit accounting, it is still beneficial to at least understand the tax section and to be able to contribute to the conversation when taxes inevitably come up in our careers.

Letter to Colleagues

Dear colleagues,

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

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

The child's yearly income should have been reduced from taxes by at least \$47,520 and up to \$71,280 in terms of 2017's taxation laws. From 2018 on, the income should have been reduced from taxes by at least \$44,400 and up to \$66,600. Additionally, the child should have filed Form 8615, also referred to as the Kiddie Tax, which is a form for children who have unearned income (Kagan, n.d.). There are other criteria for this form, but the child fits these obligations, especially considering the amount of money that was made from the YouTube account.

Regarding the promotional items and products, I have concluded that the items are to be considered gifts (The Dirty Dozen: 12 Tricky Tax Dependent Dilemmas, 2019). The products are seen as a probable advertising expense in relation to the respective firms, and the products are sent in hopes that they will be used in a vlog. There is no indication that the products are "unearned", as I am positive that there is no existing contract demanding the return of the products if the items are not promoted in said vlog. I felt obliged to inform you all of this situation, and I have already taken steps to ensure my client is fully informed about the situation.

Thank you,

Samantha Stershic

Letter to CEO

Dear Mrs. Watson,

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

Unfortunately, I have some bad news. During our lunch meeting, you mentioned your daughter Emma and how successful she is with her YouTube channel. As a tax accountant, my mind immediately went to the tax aspect of these funds. After doing research and communicating with my team, we have concluded that you should have been paying income tax on these funds since your daughter has been earning revenue. Because your daughter is underage, your name must be put on the AdSense account which is the account used to pay your daughter (How Do YouTubers Get Paid?, 2018). This means that although she is the one earning the money, your name is on the account and it is your money. These additional funds should have been included in your income tax for the last couple of years. I suggest that we work together and submit past due tax returns for the previous years and get this situation fixed before it becomes a major issue.

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

Thank you,

Samantha Stershic

Monopoly Meets Blockchain Case

Introduction

For this case, the game of Monopoly was used to represent how a blockchain system works. There were four groups of business managers (or states), one group of auditors, and a group that was named the Cloud. We also had a Big Mama and Big Papa who were controlling all of the assets. The runners from the Cloud would have to record every transaction that was made, either between business managers or between a business

manager and Big Mama or Big Papa. In order to simplify this process, each student was given a security code that was used to record transactions instead of recording the names of the people involved in the trade. Additionally, prior to buying property, the business managers had to check with the runners to determine if someone owned that property in another state. If that property was owned in another state, then that business manager owed rent to that person. There are a lot of rules to this game, and it was very confusing to play. However, after reading more about blockchain, I realized how similar the game was to how blockchain actually operates.

Blockchain is always something that has confused me but playing this version of Monopoly and reading about blockchain have made my understanding of blockchain clearer. The rules we used to play the game, coordinate with aspects of blockchain, which will be discussed later. I learned about the difficulty of infiltrating or hacking the transactions with in blockchain. During Monopoly, all the transactions went through the same process and were based off of what other people had bought, which is similar to the blockchain. Some of the runners had realized they were recording the transactions incorrectly about halfway through the game, but because all the transactions were connected to those incorrect ones, they could not be changed without changing every transaction after the incorrect ones. Even though the game was confusing to play, I will always remember this example and be able to use my knowledge of blockchain in my future career.

Blockchain Explanation

Blockchain is definitely a more recent technological advancement and is hard to understand even when layman's terms are used. I read an article explaining what

blockchain is and having played the blockchain version of Monopoly, I understand blockchain more. From what I understand, blockchain is a way to record transactions and digital data in a public database (Reiff, 2020). Because the information is stored in a public database, anyone can access this information. Another aspect of blockchain is obviously the privacy aspect of it. If the information is public, then it needs to also be protected. Instead of the information being categorized by the name of the person involved in the transaction, each transaction and person are given security codes and numbers that are unique to that transaction (Reiff, 2020). The unique code given to each transaction is called a hash. Each hash is different and each one is created through an algorithm. Additionally, each hash is built on the prior hashes, which adds a level of security to blockchain. For example, if a hacker alters a hash, each hash after that one will need to be recalculated based on the new hash. Recalculating these codes would take an extreme amount of time and brain power and makes it hard to hack into blockchain. We experienced this as discussed previously when it was realized that the transactions had been recorded incorrectly.

When a purchase is made through a company that uses blockchain, the transaction, including the purchaser's information, must all be verified. Once everything has been verified, the transaction is then stored in a block with the digital signatures of both the purchaser and the company that was purchased from (Reiff, 2020). The block is then given a hash, which is built upon the previous hashes and is unique to this transaction. Once the block has been given a hash, it can officially be added to the blockchain and then that transaction becomes available to the public to view. It is also important to note that each new block is added to the end of the blockchain, which again

is for security purposes. Another interesting piece of a transaction becoming part of the blockchain, is that the new block must be added by specific computers. Very few computers have been tested and approved to add blocks to the blockchain. A computer must solve an overly complex computational math problem, and if the computer solves this problem, it then becomes an eligible blockchain computer. Computers must run awfully expensive and timely programs to solve these problems, which makes eligibility exceedingly rare (Reiff, 2020).

My Role in Blockchain Monopoly

I was what we called a business manager in our game of Monopoly. In blockchain terms, I was a purchaser that was creating transactions that would eventually be added to the blockchain. As a business manager I was buying properties and paying rent to people both in and outside of my state. When a transaction occurred, either a runner would come to record the transaction, or I had to complete the transaction through Big Mama or Big Papa with a runner present. Either way, my turn number, which we used as a transaction code, was recorded, my digital signature, the other person's digital signature, the money involved, and the transaction occurring was all recorded. Once this happened, I had to make sure my digital money ledger was accurate and up to date. There were auditors coming around the states to try and make sure that we were all being honest. Because some of us were confused about the rules, I am sure there were problems that the auditors found, but again they could not necessarily be fixed without then re-recording each transaction after the problem transaction.

Overall, it was certainly interesting to play this version of Monopoly with my extremely limited knowledge of blockchain and how it operates. The game was

confusing, and I think certain rules or aspects of the game could have been explained in a better way, such as the owning of the same property in multiple states, but I admire Dr. Dickinson for being able to come up with this case on her own. After taking time to read articles on blockchain and further understand how it works, I was even more impressed with the Monopoly game because it was very similar to how blockchain runs. My blockchain Monopoly experience is how I will, from now on, understand how blockchain works and is something I will use when it undoubtedly arises in my future career. I think this case was successful because of what I did learn.

Financial Statements

Figure 4: Owned Property Ledger

Digital Cash at End of Game: 1083

Properties Owned	# of Houses	# of Hotels
<u>Reading Railroad</u>	<u>0</u>	<u>0</u>
<u>Ventnor Ave</u>	<u>0</u>	<u>0</u>
<u>Oriental Ave</u>	<u>0</u>	<u>0</u>

Figure 5: Digital Money Ledger

#	DESCRIPTION OF EVENT	AMOUNT	
0	Contributed DIGITAL CASH to start business.	\$1,500	
1	Receive cash from Mary Reid (car)	50	1550
1	Bought Reading Railroad	(200)	1350
2	Paid Rent to Dalton for PA Railroad	(25)	1325
3	Paid rent to John	(22)	1303
3	Bought Ventnor Avenue	(260)	1043
5	Paid Holman for birthday	(10)	1033
5	Paid Maddie rent	(50)	983
6	Bought Oriental Avenue	(100)	883
6	Passed go	200	1083

Figure 6: Income Statement

YOUR NAME: Sammie Stershic
Income Statement
For the First Period of Operations

REVENUES	<u>1,750</u>	
<i>minus</i>		
EXPENSES	<u>667</u>	
<i>equals</i>		
NET INCOME	<u>1083</u>	(If this number is negative, you have a NET LOSS)

Figure 7: Retained Earnings Statement

YOUR NAME: Sammie Stershic
Statement of Retained Earnings
 For the First Period of Operations

Beginning Retained Earnings	\$0	
<i>plus</i>		
NET INCOME	<u>1083</u>	← Enter amount from INCOME STATEMENT here
<i>minus</i>		
Dividends	\$0	
<i>Equals</i>		
Ending Retained Earnings	<u>1083</u>	

NOTE: If you had a NET LOSS instead of NET INCOME, then you would subtract the amount of the NET LOSS on the NET INCOME line. This means that your ENDING RETAINED EARNINGS will be **negative**.

Figure 8: Balance Sheet

YOUR NAME: Sammie Stershic
Balance Sheet
 TODAY'S DATE: 2/29/20

ASSETS:		
Cash	<u>1083</u>	
Properties	<u>560</u>	
Buildings	<u>0</u>	
Total ASSETS:	<u>1,643</u>	← Total of CASH, PROPERTIES and BUILDINGS
LIABILITIES		
	<u>0</u>	
EQUITY:		
Stock	<u>560</u>	
Ending Retained Earnings	<u>1083</u>	← Enter amount from ENDING RETAINED EARNINGS from Statement of Retained Earnings here
Total LIABILITIES PLUS EQUITY:	<u>1,643</u>	← Total of LIABILITIES, STOCK AND ENDING RETAINED EARNINGS

Conclusion

After experiencing a replica of blockchain, I think it could work for the entire global economy, but I think it would take a lot of research and trials before it was

released. There are a lot of areas of the process that could have problems and it is important to be prepared for these issues and to have solutions already on hand for when these problems occur, if blockchain becomes part of the global economy. Another aspect of blockchain that concerns me is the monetary factor. From what I understand, blockchain is expensive to test and implement, and there would be continual expenses for the duration of blockchain usage. If blockchain is implemented into the global economy, it would have to be used for many years for the technology to be worth it. Blockchain is a big change from how our economy currently runs and I am afraid that if it fails after implementation, that would be worse than not using the technology. I believe it would be detrimental to the economy to switch over to using blockchain and must switch back, because it does not work. In the end, I think it is very risky, but could be very worthwhile, so it is a question of whether the technology will sink or swim.

Interview Case

Introduction

This case was a fairly simple, yet interesting case. I was asked to interview someone in the business world, whether I knew them or not. One of my father's best friends, who I have met on few occasions, was more than happy to be interviewed. Shawn Donovan is an extraordinarily successful businessman and after working very hard, he was able to retire earlier than the average retirement age. As Donovan stated in the interview, the balance between social and academics was hard for him to grasp in college, but after transferring colleges and re-focusing, Donovan was on the right path. Throughout his career, Donovan was the Chief Sales Officer and Chief Revenue Officer for many companies, including Neustar, Fiserv, and Acxiom. In retirement, Donovan is

very physically active by playing golf and basketball, and also greatly enjoys traveling with his family. Having worked hard his entire life, Donovan was able to provide wise words for my future career and professional life.

Having had opportunities to speak with various professionals, whether through school or through my parents, I was curious to hear the advice of someone as successful as Donovan, but also someone I have met in non-professional settings. There were a couple of things I learned from our conversation, one of those being the fact that it is important to provide value to the lives of your friends, but also that they are doing the same for you. This is something that Donovan is proud of doing during his life so far and something that I think is admirable, and something I hope to achieve. The most important advice I learned is to love what you do. There are many people I know whose careers are focused on other aspects besides enjoying their job, and sometimes that may be necessary, but if you do not enjoy what you are doing day after day, the job is not getting done well. Additionally, it can affect your mood and mental state. Working hard and staying focus will easily follow if the job is one that interests you.

Prior to College

Donovan was born in Rochester, New York and lived there until he was about eight years old. He then lived in Mechanicsburg, Pennsylvania and lived there until he was a sophomore in high school. Due to his father's business, his family then moved to Fairfax, Virginia where Donovan lived all throughout college, before he started his career in Plano, Texas. An interesting fact about Donovan is that during his first three years of high school he attended three different high schools. It was not until his senior year that he had been at the same high school for more than a year.

College Years

James Madison University (JMU) was Donovan's college of choice for his first three years of college. During these three years, Donovan greatly enjoyed college. However, he admitted that the social and academic aspects of college were not evenly balanced. Because of this, Donovan decided to transfer to George Mason University where he finished his degree in public administration in two additional years. There was an epiphany for Donovan where he realized that he needed to buckle down and put more focus on school if he wanted to be successful. He was able to stick with it and finished college with an impressive GPA of 3.4.

Entering college, Donovan had wanted to become a basketball coach and started out studying sports management. Politics began to peak Donovan's interest and he altered his career path to include getting a degree in public administration and possibly running for local office, and more if that was an opportunity that presented itself. From looking at Donovan's resume, you can see that this was not the path he ended up taking and the new path all started with a job at Premium Distributors, which is a distribution company for the Miller Brewing Company.

As most college students do, Donovan decided to work to earn extra money while going to school. He was able to get a job working for the Miller Brewing Company, along with a second job at George Mason University. Even before graduating from George Mason University, the Miller Brewing Company offered Donovan a full-time position. He accepted the position to work within the local distribution sector in Alexandria, Virginia. This position was not aligned with Donovan's academic vision, but at the time, the monetary benefits of having a full-time position directly out of college,

was more important to Donovan. During his time at the Miller Brewing Company, Donovan had the opportunity to work in sales which he in turn found rewarding and eventually made a career out of.

Career

After working for the Miller Brewing Company, Donovan went to work for Electronic Data Systems Corporation (EDS), where he worked for 20 years. Donovan worked his way through the company, working in the Federal Government sector of the company and eventually moved to sales, which he had to apply for. After entering the sales division, where Donovan worked for most of his EDS career, he became the global sales leader for the entire company.

Once he left EDS, Donovan worked for various public and private equity companies. Acxiom, Fiserv, and Neustar are the three companies Donovan worked for after EDS. At all three of these companies, Donovan was the Chief Sales Officer, along with the Executive Vice President of Acxiom, and the Chief Marketing Officer at Neustar. Donovan officially retired in 2018, but now works as a transformational growth advisor. It is clear to see that Donovan worked hard and was successful in his professional life. If you ask him, Donovan will say that his personal life was just as rewarding.

Personal Life

Outside of work, Donovan described his life as “extremely rewarding”. He has been married since the age of 25 and has two kids, both of which are older and out of the house. Donovan is most proud of his children and how they have become successful and independent. Watching and helping his children succeed has been one joy that Donovan

is deeply passionate about. Other passions of Donovan's include traveling and working out. As stated earlier, Donovan enjoys golfing, running, and playing basketball. Working out helps to reduce his stress along with keeping a healthy lifestyle, which is important to Donovan. It is important to me to work out, however I would much prefer to discuss traveling, and Donovan was kind enough to tell me about his favorite vacation.

The Greek Islands is Donovan's favorite vacation spot, so much so that he and his family have gone multiple times. The reason Donovan enjoys the Greek Islands is for many reasons. One reason is how the people look at life, which is by accepting life as it comes but also living it to the fullest. The people are also proud, even after everything the country has been through politically and financially the last couple of years. Additionally, there has not been as much development as one may expect, so Donovan enjoys the fact that you can see ruins and volcanoes, but also can just chill on the beach for the day. The last reason that the Greek Islands are Donovan's favorite vacation spot is because of the history and the culture of the islands. As a history fanatic, Donovan enjoys learning about the past way of life, but also enjoys experiencing the current way of life.

Advice

I spoke with Donovan about two things that he would change in his life, if he could, and how I can learn from those things. One of which would have been to focus more on academics in college. The social aspect of college is also important, but the main goal is to find the balance that works for you. Donovan learned this lesson towards the end of his college years but made sure to find that balance for his career, which helped him to excel. In addition, Donovan said it would have been helpful to contemplate his future career and then apply those thoughts to his academics and classes. The second

thing Donovan would change, would have been to be more active and present in his family's life earlier on in his career. This is something Donovan now focuses on but advises to be aware of it as I start my career and possibly have a family.

Additionally, I asked Donovan what advice he could give me or what he wished he knew when he was 21. There were many pieces of advice that he was willing to share, but again the most important one was to love what you do, because everything else will fall into place if this becomes true. Donovan also advised to work for good leaders and to not work for bad leaders because in the end, they can be a barrier to professional growth and success. Learning from good and bad leaders will also help you to become a better leader and to be successful.

Challenges

To conclude the interview, I spoke with Donovan about challenges that his generation has faced and what challenges he expects my generation will have to handle. Growing up, Donovan said there was a hope that children would be more successful than their parents, because as he says, parents always want better for their children. The hardest challenge for his generation was figuring out how to make this happen, while also raising children to do the same and to treat people the way they want to be treated.

Donovan believes that the biggest challenge for my generation will be and is climate change and he states that his generation should have been more concerned with this issue. One of the problems within the issue of climate change is that some people do not consider climate change a real thing nor an issue. In addition to climate change, Donovan thinks that our other biggest challenge will be politics. He spoke about a History Channel documentary about George Washington that brings to light how

different the politics nowadays are than from when the country was created. If we as a generation want the outcomes that we say we do, then we have to get more involved in politics to aid in support of what we believe is right, and that is not a small feat.

Conclusion

This case was different than our other cases and I think it was an interesting case. I enjoy speaking to people about their life and how they got where they were, however, I feel as if that conversation does not come up in a regular discussion. I have learned a lot from speaking with Shawn Donovan, who is my father's best friend, but also somebody who I never knew a whole lot about. With the help of this case, I was able to learn about Donovan but also learn how to become a successful professional. I learned that it is important to respect the people you look up to and to enjoy what you are doing, but to also make sure your family comes first. Balancing a social life and academics is also something Donovan highly encouraged and is something that has really helped him become as successful as he is. All in all, I think these types of conversations should happen more frequently because you never know what you may learn.

Honors Internship Interview Case

Introduction

For this case, I was paired with a senior accounting student at Ole Miss who has just completed his internship with an accounting firm and was told to interview him. Josh Cathey is the senior I was partnered with. Cathey just completed his internship with PricewaterhouseCoopers (PwC) in Charlotte, North Carolina and was a part of the audit/assurance group within PwC. As someone who has just interviewed for internships in Charlotte, I was excited to talk to Cathey, not only about the internship in general, but

also about the city of Charlotte, and PwC. I currently have three offers for my internship next year, and Cathey shared with me that he had four offers during his junior year.

Because of this, Cathey had a lot of experience with the process and answered a lot of my questions. I was able to speak with Cathey and learn more about him, but also, I learned a lot about the internship and the day-to-day of an intern at a big four accounting firm.

The best piece of advice that Cathey gave me, is that the decision of which company to intern with should feel natural, but no matter which company I choose, my internship will be what I make of it. Additionally, Cathey described his clients and the different types of teams he worked on during the internship. I learned that each team is quite different and can make or break your experience. In the end, Cathey reassured me that if I do not work well with a team, my superiors would work with me to make sure I am comfortable at work; you do not work as well if you do not work well with your team.

Another topic that Cathey and I covered were the upcoming virtual Summer Leadership Programs and I expressed my concern about not being able to complete the programs in person. Cathey was able to shed some light on his experience and he felt that I would not lose a lot by participating in the virtual programs versus the programs that are normally in person, which was immensely helpful to calm my nerves. The programs are important, but Cathey said that he did not think the programs would drastically change my view of each firm. The conversation we had was highly informative and I really appreciated having the opportunity to speak with and learn from Cathey.

Personal Life

Cathey and I are both in the Honors College at Ole Miss and have had a couple of conversations classes together, but I did not know a lot about who Cathey was. I started

the conversation by asking questions that you generally learn about someone when you meet them. Cathey grew up in Charlotte, North Carolina where his father is an accounting professor, and his mother is a teacher at the high school. Growing up in Charlotte was the main reason that Cathey returned for his internship and is where he will start his career.

As an Ole Miss student from extremely far away, I always get asked why I decided to go to Ole Miss, so I asked Cathey for his reasons. Ultimately, Cathey wanted to go someplace that is different than Charlotte; he did not want to attend a school where a lot of people from his high school went. The Honors College and the Patterson School were also impactful on Cathey's decision, and once he saw and fell in love with the campus, there was no reason for Cathey to not go to Ole Miss. Cathey has been incredibly happy at Ole Miss the last couple of years and has enjoyed his experience very much.

Career-wise, Cathey originally wanted to be a dentist and go to dentistry school. However, in high school he completed an aptitude test that guided him towards accounting, along with his father who had been in accounting for many years. Cathey told me that he had enjoyed taking Introduction to Accounting I and II, which was reassuring for him. In addition, Cathey enjoyed the fact that he had to use critical thinking skills frequently, as opposed to math where the work is more straight-forward. As a senior, Cathey has applied and been accepted in to graduate programs to continue his learning of accounting.

Cathey applied to Wake Forest, Ole Miss, and Notre Dame for his master's degree and decided to attend Wake Forest. After completing his internship, Cathey said a lot of people in his office have either graduated undergraduate or graduate programs from

Wake Forest. Cathey likes the idea of having a large alumni base that he can connect with through his office and through Wake Forest. His degree will be a Master of Science in Accounting with a focus in audit, which Cathey will begin working on later this year. In order to apply and be accepted into graduate school for accounting, most students take the Graduate Management Admission Test (GMAT). Cathey was able to give me some advice and information about the GMAT that was extremely helpful and information I will use when I sit for the exam.

Interview Process

As previously stated, Cathey received offers from the big four accounting firms (Deloitte, PwC, EY, KPMG), which means he completed many interviews and has a lot of experience with the whole process. I have just completed all of my interviews and I now have to make my decision. Even still, I wanted to hear about Cathey's interview experiences and especially his summer leadership program experiences. If you ask most accounting students, along with Cathey, we will say that the whole process is exhausting because it just seems like everyone is asking you the same questions. The companies are trying to learn the same things about each student, so the questions are generally similar, and it is difficult to make each interview unique.

Along with four internship offers, Cathey also received invitations to attend summer leadership programs for each firm. Summer leadership programs are generally held at the office in the city you would be working with and are multi-day programs, where students get to experience the culture of the firm and meet the people they might be working with. Cathey said that each firm talks themselves up and explains why their firm is the best, which is understandable because they want you to work for them. The

programs were very helpful in Cathey knowing each firm's main clients, which were helpful in his final decision. According to Cathey, EY made it known that their culture was important and that they have both large tax and advisory groups. Cathey also enjoyed Deloitte's culture and was able to tell me that they have a lot of out-of-state clients, in case that is something I am looking for in a firm. PwC was obviously the firm where Cathey decided to work and the decision came down to the fact that the Charlotte office was very goal-oriented, and he worked the best with the people at this firm. At the end of the day, the big four firms are very similar in opportunities and the differences come down to the culture and the people of the office.

Internship

Cathey was very honest with me about the ups and downs he experienced during his internship, which occurred between January and March of 2020. I really appreciated hearing all aspects of Cathey's experience and I was especially interested in hearing about each different client that Cathey had worked on. The first week of the internship was spent completing training, which Cathey said was not the most interesting thing he had ever done. He advised me to pay extra attention to the software advice because each intern will have to learn that eventually and it is helpful if you can pick it up quicker than others. For his first client, Cathey worked on a steel manufacturing company, which was not his first choice of client. Cathey told me that he did not get along well with his group of auditors on this client and he felt as if he was doing very remedial work. Additionally, Cathey felt as if there was not enough communication between the group members. This group worked between about 8:30 am and 9:30 pm, which no one was thrilled about. In the end, Cathey was excited and nervous to work with another team.

Interns specifically within PwC tend to switch clients every two or three weeks during their internship to make sure they experience different clients and groups. Cathey's second client was Bank of America, which is one of the biggest clients that PwC Charlotte has. There were more people on this team and Cathey said he enjoyed working with this group much more than the first. Bank of America was the type of client Cathey had his eye on before starting his internship. Cathey had to learn which tasks to complete first, when given multiple, and said he used Excel quite often. The hours on this client were from about 8:30 am to 11:30 pm, which again nobody is necessarily happy about. However, Cathey did say that PwC provided a lot of dinners for the team because of how late they were working during busy season. In addition to the long hours, this group sometimes worked on Saturdays, but Cathey was quick to explain that the long hours and working on Saturdays only occurs for a couple of months during busy season.

For his third and final client, Cathey worked on a private company and his team was made up of three people, which is an exceedingly small group. When working in the private sector for auditing, the team usually sees the audit from start to finish, as opposed to a large public company, where a team may only work on one account within the audit. Cathey was able to experience different aspects of the audit process working for this client and he was appreciative for this opportunity.

Fun Facts

I sometimes find interviews to be boring, so I thought I would ask Cathey a couple of fun questions to not only spice up our conversation but to also add some fun to my report. As someone who is a big proponent of Taco Tuesday, I asked Cathey if he was a soft- or hard-shell type of person, and he responded by saying he is definitely a

soft-shell person. The next question was asking what animal Cathey would be and why. When completing his Freshman Ventures trip in Seattle, Cathey and his group were on a bridge during a sunset when they saw an eagle fly across the water, looking very peaceful. Cathey wished that he could do that same thing and because of this, answered my question by saying that he would be an eagle, if he could. The final question, which I found the most interesting, was if Cathey could have any superpower, which would it be and why. Cathey said he wished he could read minds, especially during his internship. It would have been helpful, he said, to be able to understand the dynamic of the group by reading everyone's mind instead of trying to figure out who gets along with who. I chuckled at this response because I feel like having this ability would help in many situations in addition to an internship, but unfortunately, it is impossible.

Conclusion

I ended my conversation with Cathey by asking him if he had any additional advice that he could give. Cathey suggested that I keep an open mind about grad school and that for my decision, for both grad school and my internship, I should listen to my gut. Additionally, Cathey advised that I look at the clients that each firm has in order to help make my decision, because it was important for him to work for a company with specific clients and doing research on each firm really helped make the decision easier. In the end Cathey said that there is no bad decision for me at this point and whatever firm I decide, I will just have to make the most of it. I really enjoyed my conversation with Cathey and was incredibly grateful for his honesty about everything. I learned quite a bit, and I overall feel more relaxed after speaking with him, and who knows, depending on my decision, we may become coworkers.

Financial Crisis Case

Introduction

For this case, we looked at the financial crisis of the early 2000's and the events leading up to the crisis. A video about crony capitalism was watched, along with a movie by the name of Inside Job, and three additional articles were read (Ferguson, 2010). This case was interesting to me, especially now, because we are going through a type of financial crisis and it was intriguing to learn about the last major US financial crisis. I did not know a lot about the financial crisis before this case and I enjoyed becoming more educated. I appreciate the wide variety of information because it was much easier to understand the language that was used in the given resources. A lot of the terminology I had not heard before and was initially confused about but were very well explained throughout my research.

Starting out, I watched a couple minute video on crony capitalism, which is a term I had never heard before. Essentially, crony capitalism occurs when the government buys supplies from companies who are doing them favors, even if their prices are higher (PragerU, 2016). To an extreme, an entire industry could become a client of the government. Understanding this topic was beneficial, especially when watching Inside Job. The movie contained a lot of crony capitalism especially in the financial sector of the US because people who were exploiting US citizens either entered the financial government sector before the crisis really hit, or even during the crisis. By having people inside the government running the financials for the country, certain companies were able to get away with a lot of scams. Collateralized debt obligations and credit default swaps are two financial ideas that were created and used for the purpose of making a lot of

money very quickly, without evaluating the possible risks they might cause (PragerU, 2016). Goldman Sachs was a major player throughout all of the information I read/watched, and it seems as if they were leading the whole crisis (Salmon, 2009). They were obviously not the only culprit, but Goldman Sachs had their hand in a lot of different financial aspects, especially considering that a lot of their ex-employees went to work for the financial sector of the government. After thinking about the knowledge, I have gained, I can say that I believe Goldman Sachs is a company that needs to have strict regulations and separation of duties. I learned a lot about the economy and the financial crisis and am grateful for the knowledge that I now have on the subject.

Change in Beliefs

After watching/reading about the financial crisis, my beliefs on the subject have definitely changed. Prior to this case, I am not sure I ever really thought about what caused the crisis to occur because I did not understand what had happened. Looking back, I think I assumed that the crisis was just something that happened and did not have an actual explanation. It is one of those things where you learn about it as a kid and even when you become educated, that reasoning from your childhood is the reasoning you still believe, no matter if it makes sense or not.

Now I feel as if I have a greater understanding for the causes of the crisis and just about the crisis in general. In my opinion, there were a lot of people at fault and many people who knew what was happening/what was going to happen and turned a blind eye to the problem. At some point, it became so hard to turn back once the risky business started happening because if someone had tried to correct it, the economy may still have collapsed. That being said, some people may have realized that turning point had passed

and wanted to make as much money as possible, because either way, the economy would be ruined. I found it very entertaining to hear the salaries and bonuses of employees who were working for the companies involved in the decline of the economy. These people were making more money in one year than most people make in a lifetime (Taibbi, 2010). I have a feeling that a lot of people could not see past the fact that their bank accounts were drastically increasing. I do not understand enough to say that I have a solution that may have worked back in the day, but I know there were people involved in this business who did understand the consequences and just decided to ignore them.

For the future, I think it is imperative that people learn about what happened and why the crisis occurred, so that we as a society can make sure it does not happen again. As I said above, I also think companies need to be more regulated than they were in the early 2000's, especially when it comes to electing officials to the financial sector of the government, after they have led a large financial institution. I think that is a conflict of interest and a breach of security. Implementing segregation of duties, I think, would be helpful to prevent another financial crisis because then the decisions, files, etc., flow through many people, which will help to combat fraud. The chances of another financial crisis occurring eventually, are remarkably high and I hope by that point, there will be more people how are willing to be honest and respectful towards their organization and their clients.

Roles in Society

My beliefs about my role in society, both personally and professionally have changed significantly after watching/reading the provided material. Prior to this case, I believed that on a personal level I had responsibility to society to spend my money

correctly and to report any corruption that I may be privy too. Professionally, as a future accountant, I was prepared to audit correctly and to again report and fix any corruption that my client may have taken part in. Somehow, through all of the risky business, not one auditor said anything, and that suggest to me that the companies were doing a good job of hiding the corruption, or the professionals were being paid off.

On a personal level, I now think it is my responsibility to keep a closer eye on the economy so that I can protect myself if anything like this happens again. Additionally, because I understand the crisis more so than others may, I feel it is partially my responsible to warn my friends and family if I notice a drastic negative decline in the economy. Professionally, I feel more responsible as well. When thinking about my future career, I will aim to be diligent in my work so that I can detect anything that may be hidden. I will also continue to learn about the economy and be aware of current events, so that I can prepare my clients for what might be happening and so that I am aware of anything that may impact my clients. There is a part of me that feels like the auditors let us down during this time, because they are the people who are supposed to find the mistakes or dicey information. I want to make sure that I am as prepared as I can be for a financial situation to occur, so that I do not let down my client, my team, or people who use my reports for their personal knowledge.

Current Virus Crisis

The current virus crisis has already impacted the economic and political climate of the US. Just by looking at the stock market, it is obvious that the economy is hurting, which is due to the fact that people are spending less money. Restaurants and attractions have all closed down to prevent the spread of the virus and people are staying in to

prevent the spread of the virus; the money being put into the economy now, is not nearly as much as is put into the economy normally. The economy is obviously being negatively impacted and I believe it will take a while to recover from the damage already done and the damage that is yet to come.

President Trump has been scrutinized to see how he is/will be working to prevent the spread of the coronavirus and there are a lot of people who do not agree with some of the actions he is taking (Cohan, 2018). There is a presidential election this year and how the President continues to handle this virus crisis may lead to a change in the outcome of the election. In addition, state and local governments are also being praised and criticized for their reactions to the virus, which again can either help or hurt their career. Politically, the virus has been impactful and only time will tell if it will be beneficial or detrimental for the country.

Based on recent financial history and our current precarious state, I think it is important to keep an eye on big companies who may have connections in the government. The companies with connections may use the level of weakness within the country to their monetary benefit, which is what occurred during the last financial crisis. With everything going on, it is difficult to stay on top of everything and I am sure it is hard to monitor major financial companies' activities, but if they are not being watched, another major financial crisis could arise from the current virus crisis.

Conclusion

This case has opened my eyes to the financial world and how many aspects can impact our economy. I have learned a lot, not only about the financial crisis, but also about certain companies that I thought I was familiar with. One example being Goldman

Sachs. I have heard about the company and knew they were an investment banking company but had no idea the extent to which they are involved in the finances of our country, both back then and now. Learning about these companies has certainly changed my beliefs and perspective on my role in society, both personally and professionally. I now believe I have more of a responsibility to understand the financial situations of our country so that I can help others make the right decisions. As a future auditor, I also feel obligated to prepare my future clients for any major situation that may occur and to be diligent when auditing certain companies, to help prevent any crises. This has been a very thought-provoking case and even though in future years we may not be going through a virus crisis, I think this is something that all students interested in finance/accounting should learn about.

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