

University of Mississippi

eGrove

---

Honors Theses

Honors College (Sally McDonnell Barksdale  
Honors College)

---

Spring 5-1-2021

## A Look at Financial Accounting Through Cases and Discussion

James Holman Buchanan

Follow this and additional works at: [https://egrove.olemiss.edu/hon\\_thesis](https://egrove.olemiss.edu/hon_thesis)



Part of the [Accounting Commons](#)

---

### Recommended Citation

Buchanan, James Holman, "A Look at Financial Accounting Through Cases and Discussion" (2021).  
*Honors Theses*. 1709.

[https://egrove.olemiss.edu/hon\\_thesis/1709](https://egrove.olemiss.edu/hon_thesis/1709)

This Undergraduate Thesis is brought to you for free and open access by the Honors College (Sally McDonnell Barksdale Honors College) at eGrove. It has been accepted for inclusion in Honors Theses by an authorized administrator of eGrove. For more information, please contact [egrove@olemiss.edu](mailto:egrove@olemiss.edu).

A LOOK AT FINANCIAL ACCOUNTING THROUGH CASES AND DISCUSSION

By: James Holman Buchanan

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

Oxford, MS

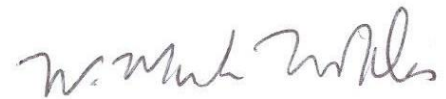
May 2021

Approved By



---

Advisor: Dr. Victoria Dickinson



---

Reader: Mark Wilder

# Table of Contents

Abstract .....	2
Case Study #1 .....	3
Case Study #2 .....	14
Case Study #3 .....	16
Case Study #4 .....	21
Case Study #5 .....	31
Case Study #6 .....	34
Case Study #7 .....	37
Case Study #8 .....	41
Case Study #9 .....	24
Case Study #10 .....	49
Case Study #11 .....	53

# Abstract

This thesis is the collection of twelve case studies completed over the course of a year in the Patterson School of Accountancy under the direction of Dr. Victoria Dickinson. This collection of case studies covers various topics, but most topics relate to Financial Accounting in today's world. A few of the topics of research include Britain's exit from The European Union, an analysis of a public company's Annual Report, and recent political discussions concerning the Electoral College. While most cases performed were research related, others were project-based such as obtaining a Certification from the Corporate Finance Institute in Excel and conducting interviews with older students in the Patterson School as well as current professionals. These case studies were performed using technical understanding gained from coursework as well as professional judgement. All of these completed cases contribute to a greater understanding of both the technical aspects of financial accounting as well as the practical aspects in today's accounting and business environment.

**Case Study One:**  
**A Tale of Two Cities**

## Introduction

As a junior beginning the recruiting process in the accounting world, having a better understanding of the potential cities I may go to is beneficial. Although I may think I understand these cities, what would be a fun city to visit and a good city to live in are two different things. The city I choose to do an internship is likely to be the city I accept a full-time job in. Which means having a better understanding of these cities is important. The two cities I have chosen are Dallas, TX and Atlanta, GA. Both of these cities are within driving distance (about 6 hours) of my hometown: Jackson, MS. This was the first reason I chose these two. Another reason I chose these cities was the size of economic activity in each of these. I feel that, being in a larger city, I will have the opportunity to work on large corporations and get to see the differences in various types of industries. Although the work I will be doing in each city is very important, my life and well being outside of work is also very important for a balanced life. In this study, various aspects of living and costs associated with these will be analyzed and compared. In this case, not only are numerical values compared, such as taxes or amount of rent, but also qualitative factors that make up a city such as its landscape, its size, and things to do in the city. Before doing this assignment, I assumed these two cities were very similar and although to some degree they are, there are also big differences in them.

### **1. Population size**

An important aspect of any city is the size of it. Both of the cities I have chosen have large populations, however, Dallas proper has a larger population compared to Atlanta proper. Dallas has an estimated population in 2018 of 1,345,047 compared to Atlanta, which had an estimated population of 498,044. This number may seem surprising, but when you look at the land size of each city it makes more sense. Dallas' land area is 340.52 square miles compared to Atlanta's

133.15 square miles. The number that matters most, in my opinion, is the population per square mile. Although Dallas does have a larger land area, the population per square miles is still higher at 3517.6 compared to Atlanta's, which is 3154.3. Dallas also has a larger metro area population of 7,233,323 compared to Atlanta's at 5,949,951. Although the land area of Dallas is larger, it still has a larger population density and larger overall population. Both cities are plenty big to offer me more than enough, so I would take the smaller population, Atlanta.

**2. Climate and Seasonal Fluctuations**

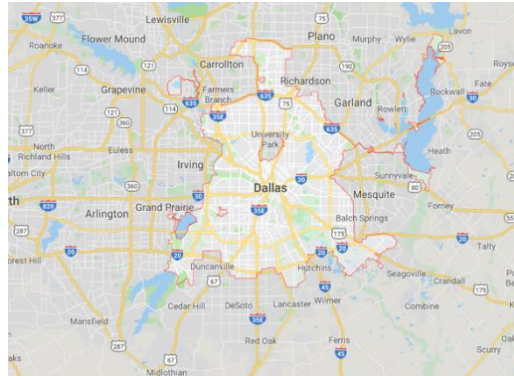
Both of these cities are located in the South and therefore, have comparable climates. The average highs and lows of each city by season is shown below. The average temperatures are taken from the median month of the three-month range.

City	Spring (Mar-May)	Summer (June-Aug)	Fall (Sep-Nov)	Winter (Dec-Feb)
Atlanta	High 73 Low 49	High 89 Low 69	High 74 Low 50	High 53 Low 33
Dallas	High 77 Low 51	High 95 Low 71	High 80 Low 52	High 57 Low 30

After looking at the chart, Dallas has hotter temperatures overall except in the winter when it can become colder than Atlanta. Atlanta has more moderate temperatures. For this reason I would prefer Atlanta.

**3. Topography, Scenery, and other geographical features.**

Dallas has a relatively flat topography. Its elevation ranges from 450 to 550 feet. Although Dallas is flat and dry, it has multiple lakes that surround the metro area.



Atlanta sits at the foothills of the Appalachian Mountains, which gives it an interesting topography. Its elevation ranges from 738 to 1050 feet. Below is a picture of Stone Mountain, which is located just outside the metro area of Atlanta.



Although Atlanta doesn't have that many geographical features, it has more hills throughout the city than Dallas. Additionally, Atlanta is just a short drive from the Smoky Mountains, which would be a quick and relaxing weekend getaway. When it comes to geographical features and topography, I prefer Atlanta.

#### **4. Individual tax rate within the city.**

The immediate difference between Dallas and Atlanta is income tax. Dallas (being in Texas) does not have state income tax. This makes the income taxes in Dallas lower than in Atlanta.



The total taxes that would be paid on \$55,000 of income would be \$9,607 in Dallas (17.47 percent) versus \$12,279 (22.33 percent) in Atlanta. However, because Texas does not have income tax, property taxes will be more expensive, which would need to be considered if I decided to purchase a property. I prefer Dallas when it comes to paying income tax.

## **5. Transportation Hubs in the City**

Both of these cities have large transportation hubs. Atlanta is home to the world's busiest airport (Hartsfield-Jackson International Airport), while Dallas's DFW is lower on the list at number 15. One reason for this is that Dallas has a second airport (Love Field). Dallas is certainly the hub as far as car travel goes. It connects all of Texas as well as surrounding states with I-30, I-35, I-20, I-45 as well as numerous state highways. Atlanta is a major hub for connecting the Southeast with I-20, I-85, and I-75 connecting it all.

## **6. What are the city's most prevalent industries and largest companies?**

The prevalent industries that run Dallas are technology, airlines, and Energy, among others. The largest companies in Dallas are (in order): ExxonMobil, McKesson Corp, AT&T, Energy Transfer LP, and American Airlines group.

Atlanta does not have any specific industries, although it does have large companies. Atlanta's largest companies are (in order): Home Depot, United Postal Service, Coca-Cola, Delta Airlines, and The Southern Company.

## **7. Quality of the city's healthcare? Quality of the school districts? Would children attend private or public school?**

Texas Health Resources tops the list as the largest comprehensive healthcare system in North Texas and one of the area's largest employers with more than 20,000 employees, more than 4,100 beds, and more than 5,500 physicians.

The public school district in suburbs of Dallas is highly rated. Highland Park school district is also highly rated. I would try to live in a highly rated school district, and if not send my children to a private school.

There are many highly rated hospitals in Atlanta with Emory University having multiple locations.

Atlanta is similar in that its best school districts are outside of the city. If I chose to live in the city I would most likely send my children to private school and if not a public school in a suburb.

#### **8. Crime in the city and locations where crime is prevalent**

Dallas has a crime rate of 3960 incidents per 100,000 people or 3.96%. Most of this crime is concentrated in the South part of the city. Atlanta's crime rate is higher at 5712 incidents per 100,000 people or 5.7%, with most of this crime being concentrated in the Southwest part of the city. Both of these rates are for the city proper. Rates of crime are lower outside of the city.

#### **9. How much rent do you expect to pay?**

I would expect to pay a similar amount of rent in both of these cities. I have selected two bedroom apartments that I would split with a roommate.

5600 SMU Blvd – 2bed/2bath. 1059 sq. ft. - \$900/mo



5140 Willis Ave Dallas, TX, 75206 - 2bed/2bath 1045 sq. ft. \$896/mo



222 Colonial Homes Dr NW Atlanta, GA 30309 2bed/2bath 1013 sq. ft \$1085/mo



3380 Peachtree Rd NE Atlanta, GA 30326 2bed/2bath 1034 sq. ft. \$944/mo



**10. What is typical mode of commuting? What are your likely commuting times?**

In either city I would commute by car. I would commute in the rush hours so I would most likely be in traffic for a good amount of time. Depending on where I work in the city I could potential be going away from the traffic, which would be nice. There will be traffic in either city I choose.

**11. Where will you grocery shop?**

In Dallas, there is a Trader Joe's and other stores within a mile of where I would be living. In Atlanta, there is a Publix less than a mile away from where I would want to live.

**12. Where would you do laundry?**

There are washers in dryers in the apartments I chose.

**13. Name at least three religious, civic, or charitable organizations you would like to be active in.**

Dallas: Park Cities Presbyterian Church, YoungLife, Goodwill Industries Dallas

Atlanta: Peachtree Presbyterian Church, Boys and Girls Club, YoungLife.

**14. What are the sports, recreational, or entertainment activities that you would most likely engage in? Name at least five.**

Dallas: Cole Park Tennis Courts, Tenison Park Golf Course, lots of fitness centers nearby, lots of restaurants, bars, and shopping nearby (within a mile). Dallas also has the Dallas Mavericks who play in the American Airlines Center. I would enjoy going to concerts there.

Atlanta: Bobby Jones Golf Course, Bitsy Grant Tennis Center, Atlanta Beltline, Midtown bars/ restaurants, Atlanta Braves games, Philips Arena.

**15. What are modes of traveling back to your hometown from this city?**

Dallas and Atlanta are both about 6 hours driving distance from my hometown of Jackson, MS. Both of these places also have direct flights every day to and from Jackson.

**16. Develop a model monthly operating budget for each city for year 2, assuming that with bonuses for being a high performer, your annual salary is 60,000.**

**Dallas:**

**\$5,000/mo**

<b>Rent</b>	<b>\$900</b>
<b>Food</b>	<b>\$600</b>
<b>Entertainment</b>	<b>\$600</b>
<b>Gym membership</b>	<b>\$50</b>
<b>Utilities</b>	<b>\$100</b>
<b>Gas</b>	<b>\$90</b>
<b>Household items</b>	<b>\$100</b>
<b>Car insurance</b>	<b>\$125</b>

**Atlanta:**

**\$5,000/mo**

<b>Rent</b>	<b>\$1,000</b>
-------------	----------------

<b>Food</b>	<b>\$600</b>
<b>Entertainment</b>	<b>\$600</b>
<b>Misc home exp</b>	<b>\$100</b>
<b>Gym</b>	<b>\$50</b>
<b>Utilities</b>	<b>\$100</b>
<b>Gas</b>	<b>\$90</b>
<b>Car Insurance</b>	<b>\$125</b>

### **17. Preferred City**

The city I would prefer would be Atlanta, GA.

Conclusion: After looking at many different factors that go into what makes up living in a city, my preferred choice would be Atlanta. Atlanta is a major metropolitan city, but is not quite so big as Dallas. It has more moderate temperatures compared to Dallas and has a more interesting landscape. It is very close to North Carolina where I would enjoy spending time in the mountains. As far as rent and taxes go, the difference in the two is inconsequential. Atlanta has so much to offer as far as recreation and entertainment that I would enjoy. In conclusion, Atlanta feels more like home to me than does Dallas.

## References

<https://www.census.gov/quickfacts/dallascitytexas>

<https://www.usclimatedata.com/climate/dallas/texas/united-states/ustx1575>

<http://www.destinationdfw.com/DFW-Quality-Healthcare-Hospitals-and-Physicians/>

<https://www.quickenloans.com/blog/federal-income-tax-brackets>

<https://www.dallasnews.com/business/2019/05/30/the-2019-list-of-dallas-fort-worth-s-150-largest-public-companies/>

[https://www.tripadvisor.com/Attraction\\_Review-g35283-d108695-Reviews-Stone\\_Mountain\\_Park-Stone\\_Mountain\\_Georgia.html](https://www.tripadvisor.com/Attraction_Review-g35283-d108695-Reviews-Stone_Mountain_Park-Stone_Mountain_Georgia.html)

<https://www.cnn.com/travel/article/worlds-busiest-airports-2018/index.html>

<https://www.aerialstock.com/media/afb4d070-9231-4d05-b8f0-ab8679cf83b5-aerial-photograph-of-the-high-five-interchange-in-dallas-texas>

<https://upgradedpoints.com/hartsfield-jackson-atlanta-international-airport-review>

**Case Study Two:**  
**Excel Certification**



For this case, we were tasked with completing an excel certification course. The course was “Excel Crash Course” and was offered by the Corporate Finance Institute. Excel is widely regarded as the most important software to understand in the accounting and business world. Not only being able to understand, but being able to perform shortcuts to complete tasks more efficiently is a differentiator in the workplace. This crash course explained the basics of excel such as data entry, formulas, formatting, etc. The course was taught in modules that included videos practice examples, and quizzes. You must pass each quiz to continue on to the next module.

I already was familiar with excel, but I found this crash course helpful because it refreshed my memory on some of the basics, and also taught me a few shortcuts and features that I didn’t already know. Excel being as comprehensive and complex as it is, there is always something new to learn. After completing the certification, I was given this certificate attached below.



**Case Three:**

**Brexit**

## Introduction

For this case, we watched a film concerning “Brexit” and what the decision of the United Kingdom leaving the European Union would mean for the country. The U.K. has been in the European Union since it was formed and has since then always been one of the largest contributing countries in the EU. In short, being a part of the European Union allows member countries to have favorable trade deals with one another, and allows open borders between member countries. This allows workers and travelers to flow freely throughout the European Union. The film showed both politicians and citizens who gave their opinions about why the U.K. should leave the European Union. The film also explained the European Union and the problems with it. These problems involved the transparency of the EU, the compensations for EU officials, and especially the regulations the EU enforces. The film focused on the negative effects the EU regulations have on the economy in Britain and this history of the British economy and production. The film clearly favored the idea that Britain should leave the EU, and convincingly explained why throughout the film. However, there are two sides to the story. Back in 2016, when the decision was put to vote, leaving the EU was the winner, but only by a slim margin. This showed just how divided Britain is on the decision. Politicians from both the Conservative and Labour parties support both decisions, which makes things even more divided. British government is actively working to strike a deal with the EU prior to their set deadline of October 31<sup>st</sup>.

The film watched in class is pro-leave for the U.K. Those who are shown on the film are all pro-leave and give their opinions for why that is. One of the most basic reasons for leaving it is to restore democracy in the U.K. Democracy is the idea that the people rule the county by voting on representatives to office. However, the EU is made up of officials who are appointed by the EU

itself, with no input from the U.K. There is a Parliament in the EU made up of officials from all member countries, however this group does not make decisions. The video went on to ask citizens in the U.K. if they recognized their EU representatives and to no surprise, no one recognized the representatives. This system is the opposite of democratic. Not only are there regulations placed on the U.K. that they cannot control, but they also cannot even elect who is establishing these regulations. On top of the EU appointing their people in power, these officials are over paid. The video explained that many officials are paid \$200-300k or more as well as an endless list of benefits. All of these factors have led many citizens in the U.K. to distrust that the EU has UK's best interest in mind, and instead prefer to opt for equality in the entire EU.

One of the main concerns of British Citizens are the regulations that the EU places on the U.K. These types of regulations limit the economic ability of industries in the country. One example cited in the video is how some EU regulations support large companies despite lack of manufacturing efficiency or the quality of the products. This leads to companies producing inferior products with inefficient manufacturing and no consequences. Another issue that the video talked about was with the fishing industry. The EU placed large regulations on the fishing restricting the fishing rights for many British while giving more fishing rights to other EU member countries. These are just two examples of the negative effects that EU regulations have on the British economy.

The film talked about the history of the U.K.'s economy through WWI and WWII. With these wars came increased government control and regulation. By the end of WWII, the U.K. government had a large government with many regulations on business. This led to decreased

productivity, product shortages, and inflation. On the contrary, Germany needed to build from the ground up and their leader at the time encouraged this by very few regulations. This led to high productivity, higher wages, and a bustling economy. The film then talked about exactly what regulations there are in the EU. It was shocking how many regulations have been place on everyday items throughout a home. In addition to these, there are numerous taxes, quotas, and complex regulations on businesses. All of these make the cost of living higher.

The film then decided to look at Switzerland, which is one of the most unregulated countries in the world. Switzerland is not a part of the EU, yet has free trade agreements with countries all over the world. Zurich is a very clean and wealthy city that benefits from successful businesses. Switzerland has the lowest unemployment rate in Europe, low tax rates, and good income equality. These positive characteristics can be attributed to Switzerland's truly democratic government that is ruled by politicians who are elected by citizens and who must listen to citizens' desires. The success of Switzerland is an example of how a country in Europe can be very successful and not be a member of the EU. Although the EU provides fair trade agreements, a country does not have to be a member to trade with the EU.

Proponents of the stay campaign for Britain believe that the U.K. would be less successful in trading if they separate from the EU. They believe that the loss in trade from leaving the EU would outweigh the savings in EU membership fees. Another primary argument of the pro-EU proponents is economic stability and job security. They believe that the UK would lose their status as the major financial center of Europe if they do not have a relationship with other European countries through the EU. They also believe that leaving the EU would compromise the ease of

immigration between the U.K. and other EU member countries. All of these things are concerns for many in the U.K. and is why many believe staying in the EU is the right decision.

There are many issues at play with the decision of whether the U.K. should or should not leave the EU. The people have voiced their opinion to leave the EU, but the government has been struggling to work out agreements to allow the U.K. to leave. The main points of the agreement are the rights of EU and British citizens, the money for the UK to pay the EU, and the backstop of the Irish border. British government has set a deadline to strike a deal by October 31<sup>st</sup>, however based on the latest news it sounds like there has not been much success in passing a deal. If a deal is going to happen, and the U.K. does leave the EU it will be a drastic change for the U.K and Europe as a whole.

**Case Four:**  
**Financial Statements**

## Introduction

For this case study, we were given a list of questions to answer about a specific company. Our group was assigned FedEx and we were to use their annual report (or 10-K) to answer these questions. As an intern at a public accounting firm, one of the tasks that we will most likely be given is to read through a 10-K and to describe each line item in the balance sheet and to be able to confirm that amount. To be able to do that, one must understand each line item and understand what happens within the company to get to that number. In the balance sheet there are assets, liabilities, and owners equity, however, these three sections get divided into many different accounts. It is important for the auditor to know how each account is found so that the auditor can confirm the amount. The first question that is answered in this case study is asking about the nature of the company's business. An auditor must first understand the business before he or she can properly audit the business. This includes understanding how the company generates revenues, the company's operating expenses, and what investment in assets the company makes to support its daily operations, as well as understanding the company's equity and debt structure. Another question that is beneficial to ask is who are the company's suppliers, where the company's headquarters are, as well as asking questions related to how the company's revenues and expenses have changed over the past few years. It is important for the auditor to be able to account for changes in revenues and expenses. It is also important for the auditor to understand which line items are considered estimates or judgments so that they can understand which accounts have the potential to change. All of these are questions that an auditor needs to be able to answer to properly perform an audit.



## Company Operations

The first question to address is: what does the company do? Although this may seem like an obvious question to answer, it is vitally important for auditors to understand a company's business strategy. FedEx provides a portfolio of transportation, e-commerce, and business services through companies collectively, operating independently and managed collaboratively, under the respected FedEx brand. The company generates revenue and ultimately profit through providing transportation services with their FedEx express, ground, and freight services in over 220 countries. FedEx is headquartered in Memphis, TN and operates on a year-end date of May 31. FedEx uses a May 31 year-end to limit the negative seasonal impact within the industry.

## Independent Auditor

FedEx is audited by Ernst and Young LLP located in Memphis, TN.

## Balance Sheet

The first line item in the company's assets section of the balance sheet is Cash and Cash Equivalents. This section is the most liquid asset, which is why it is presented at the top of the current asset section. Liquidity is how fast an asset can be converted to cash. Cash Equivalents is referring to Cash that is in excess of current operating requirements that has been invested in short-term, interest-bearing instruments with maturities of three months or less at the date of purchase and is stated at cost, which approximates market value. The next line item is receivables. This account represents funds that customers owe FedEx and should be collected within the fiscal year. Allowances is a contra account that can include refunds given on services or accounts that are estimated to not be collected. The next line item in the asset section is spare parts, supplies and

fuel, less allowances. Spare parts (principally aircraft-related) are reported at weighted-average cost. Allowances for obsolescence are provided for spare parts currently identified as excess or obsolete as well as expected to be on hand at the date the aircraft are retired from service. These allowances are provided over the estimated useful life of the related aircraft and engines. The majority of our supplies and fuel are reported at weighted-average cost. The next item is prepaid expenses and other. Prepaid expenses include services that FedEx has paid for and will benefit from within the fiscal year.

The next section is Property, Plant, and Equipment. This may be the most important asset on FedEx's balance sheet considering assets such as planes and trucks are used to complete the daily operations of the company. These assets are depreciated as follows: Substantially all property and equipment have no material residual values. The majority of aircraft costs are depreciated on a straight-line basis over 15 to 30 years. FedEx periodically evaluates the estimated service lives and residual values used to depreciate the property and equipment. Equipment categories include:

- Aircraft and related equipment - Wide-body aircraft and related equipment 15 to 30 years.
- Narrow-body and feeder aircraft and related equipment 5 to 18 years.
- Package handling and ground support equipment - 3 to 30 years
- Information technology - 2 to 10 years
- Vehicles and trailers - 3 to 15 years
- Facilities and other - 2 to 40 years

An important account for property plant and equipment is the accumulated depreciation and amortization account. This is a contra-asset account that collects all the depreciation costs from the assets and subtracts that value from the book value of the assets. The next asset account is

Goodwill. Goodwill is recognized for the excess of the purchase price over the fair value of tangible and identifiable intangible net assets of businesses acquired. Several factors give rise to goodwill in FedEx's acquisitions, such as the expected benefits from synergies of the combination and the existing workforce of the acquired business. Goodwill is reviewed at least annually for impairment. In FedEx's evaluation of goodwill impairment, they perform a qualitative assessment to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment is not conclusive, the company proceeds to test goodwill for impairment, including comparing the fair value of the reporting unit to its carrying value (including attributable goodwill). Fair value for FedEx's reporting units is determined using an income or market approach incorporating market participant considerations and management's assumptions on revenue growth rates, operating margins, discount rates and expected capital expenditures. Fair value determinations may include both internal and third party valuations. Unless circumstances otherwise dictate, they perform our annual impairment testing in the fourth quarter.

The other side of the balance sheet is liabilities and stockholders investment. The first section is current liabilities. The first line item is current portion of long-term debt. This is the amount of the long-term debt that FedEx owes in this period. The next item is accrued salaries and employee benefits. This is an accrued liability that the company owes on services that it has already received. In this case the company owes employees for work they have done. The next account listed is accounts payable. This account is the amount of money that the company owes to its suppliers within this fiscal period. The next account, Accrued Expenses, includes expenses the company owes to its suppliers for services or goods they have already received.

The next section is long-term liabilities. These are amounts that the company will owe in the future.

These accounts include:

- Long-term debt less current portion - These are debts that are owned minus the portion that will be paid this period.
- Deferred Income taxes. - These are taxes that the company will need to pay in the future beyond this period.
- Pension, postretirement healthcare and other benefit obligations - this account represents what the company will owe its employees upon retirement.
- Self-insurance accruals - this account represents the amount that the company is insuring itself.
- Deferred lease obligations - this is the amount the company will owe in the future on lease obligations
- Deferred gains, principally related to aircraft transactions - Gains on the sale and leaseback of aircraft and other property and equipment are deferred and amortized ratably over the life of the lease as a reduction of rent expense. Substantially all of these deferred gains are related to aircraft transactions.

The last section on the balance sheet is Common Stockholder Investment. These accounts include:

- Common stock, \$0.10 par value; 800 million shares authorized; 318 million shares issued as of May 31, 2019 and 2018
- Additional paid-in capital - additional amount paid above par value of stock
- Retained earnings - accumulated net income less dividends
- Accumulated other comprehensive loss - losses from non-regular activities

- Treasury stock, at cost - stocks that the company has bought back to increase EPS and decrease dividend payments.

#### Customer Base, Source of Revenues

FedEx operates under four individual operations: FedEx Express, FedEx Ground, FedEx Freight, and FedEx services. Each of these divisions has a different customer base.

- FedEx Express offers a wide range of U.S. domestic and international shipping services for delivery of packages and freight.
- FedEx Ground serves customers in the North American small-package market, focusing on business and residential delivery of packages weighing up to 150 pounds
- FedEx Freight is a leading North American provider of LTL freight services, offering choice, simplicity and reliability to meet the needs of LTL shippers. Internationally, FedEx Freight Canada offers FedEx Freight Priority service, serving most points in Canada, as well as FedEx Freight Priority and FedEx Freight Economy service between Canada and the U.S. In addition, FedEx Freight serves Mexico, Puerto Rico and the U.S. Virgin Islands via alliances.

FedEx generates revenue through shipping rates it charges its customers for using their shipping services as well as other fees it charges customers for supplemental services related to shipping. FedEx recognizes revenue once there is satisfaction of the performance obligation. For transportation services, revenue is recognized over time as FedEx performs the services in the contract because of the continuous transfer of control to the customer. FedEx generates 22,109 million in revenue outside of the US.

### Suppliers and Cost of Good Sold (Services Rendered)

FedEx uses a number of suppliers to perform their services. The main suppliers include airplane (Boeing, Airbus mainly) and various vehicle manufacturers that either lease or sell to FedEx. Because FedEx is a service business, its main operations do not include selling goods; therefore there is no cost of goods sold. However, there are operating expenses.

### Operating Expenses

FedEx's operating expenses include: Salaries and Employee benefits, Purchased Transportation, Rentals and Landing Fees, Depreciation and Amortization, Fuel, Maintenance and Repairs, Business realignment costs, Goodwill and other asset impairment charges. All of these expenses allow FedEx to offer their services which generates revenue.

### Changing Revenues and Expenses

FedEx had the following revenues and expenses in years 2017-2019:

2017

Revenues = 60,319 M

Expenses = 55,753 M

2018

Revenues = 65,450 M

Expenses = 61,178 M

2019

Revenues = 69,693 M

Expenses = 65,227 M

2019 had TNT Express integration expenses and business realignment costs.

### Net Income and Cash Flows

Cash flow from Operations: 5,613 M

Net Income: 540 M

Net income is lower because it accounts for cash and noncash expenses as well as financial and investing activities and other expenses that decrease net income. Cash flow from operations includes all of these noncash expenses that were subtracted to get Net Income.

### Estimates and Judgments

Accounts that are estimated are: Allowances, Depreciation/amortization and Pension actuarial estimates.

### Conclusion

In this case study, many questions were answered regarding FedEx Corporation. These are all questions that an auditor of the company would likely need to be familiar with and be able to answer thoroughly. As an auditor, one needs to be able to confirm the numbers a company is showing and it is difficult to confirm numbers if the auditor does not know where such numbers came from. It is also important for an auditor to understand how the company classifies its assets, liabilities, and stock holders equity, as well as what recognition principles the company uses related to these accounts. It is important to consider all the aspects of a company when performing an audit. The auditor needs to understand the basic operations of the company that generates revenue, which includes the customer base. Understanding the customer base can assist an auditor better understand the company's core market and understand revenues from different regions. On the other side of revenues are expenses. The auditor needs to be familiar with the company's main operating expenses and why these may change over time. Lastly it is important for an auditor to be able to look at financial statements from multiple years and be able to explain changes in

accounts such as revenues and expenses. If there are large changes in these accounts without any explanation, there is a problem. Understanding the company's cash position is another important aspect for an auditor. It is important to consider the company's actual cash flow relative to net income. One of the most important things an auditor needs to be aware of are accounts that have been estimated or were determined by judgments. These accounts have not been confirmed and are only estimated based on calculations. Although estimates can be accurate, it is important that an auditor discloses that these values were estimated and are not confirmed. There are many aspects of an audit that the auditor needs to be aware to have full understanding of the company in which he or she is auditing.



**Case Study Five:**  
**Electoral College/Financial Aid**

## Introduction

For this case, our class engaged in a discussion over two questions that are being debated in the current political debates. The first question addressed the presence of the Electoral College and whether or not we thought the Electoral College should continue to exist. Through discussion our class was able to listen to both pros and cons of the Electoral College including discussion about why the Electoral College was established by our founding fathers. We then further discussed the effects of what would happen if the Electoral College were abolished.

The second question that our class addressed was whether or not each resident of the United States should receive \$1,000 a month as aid. The first question that was brought up concerning this issue was: where will the money come from? We discussed how taxes across the board would increase and how this would kill the middle class. Additionally, this would increase taxes for businesses in one way or another, which would only increase prices for consumers. Additionally if businesses were paying more in taxes, they would not be able to employ as many workers or would not be able to pay them high wages. Another point that was brought up is how this money would be disbursed and how would individuals spend this money? It would be impossible to ensure that individuals pay for their well being instead of spending the money on drugs or gambling. There were many good questions raised in discussion as to how feasible this universal aid would be and what it would look like if it was to actually happen.

After a good discussion about both of these topics, we watched an interview with Thomas Sowell who is an economist and he gave his opinion on many hot topics in the United States today. One of the topics that Sowell talked about was affirmative action. He talked about how at many Ivy

League Schools the minority groups tend to do the worst academically, but not all minority groups, as Asians tended to do the best. He explained how although these are some of the brightest students, they feel they are inferior because they attend an institution that does not match their academic capabilities. Because the institution accepted a student based on their race and not capability, they are putting that student in an environment where they would not thrive. However, if that same student went to a different school that matched their capabilities, the student would be more likely to succeed and feel accomplished. Another topic that Sowell discussed was raising the minimum wage. He discussed the simple fact that if minimum wage were raised, there would simply be fewer jobs. Product prices would also be increased and those employees that are earning more would also be spending more and the effect would be useless. He then touches on how many problems in the US are problems that can be found anywhere in the world. He says “No matter where you go in the world, there will be some sort of inequality, that’s just life.” He talks a bit about paying reparations and says, “Slavery happened all over the world. So wouldn’t the entire world pay reparations?” He then goes on to say that while socialism is a great idea, it is not a great reality. The last thing Sowell is asked is about our current president, Donald Trump, and his opinion of him. Sowell says that “Trump’s rhetoric does not give a good example for American families, however, his policies speak for themselves.” Sowell provided a wise perspective on the economics involved with politics and looking at facts to form opinions.

**Case Study Six:**  
**Regulation Fair Disclosure**

## Introduction

In this case we were asked to explain Regulation FD as if we were being asked what Regulation FD is by a public accounting client. After reading a few articles that explained Regulation FD and the reasons why the SEC imposed it in 2000, I was better able to understand why it is in place. One of the articles from the *New York Post* explained the case of Jack Grubman who was a telecom analyst for Salomon Smith Barney. It explained how Grubman attended board meetings of WorldCom and had information that other analysts or individual investors did not have. This helped me explain to the client why Regulation FD exists. I then addressed questions that a public accounting client would have about what Regulation FD meant for his company and if he was in violation of Regulation FD. Regulation FD is just one regulation from the SEC but it is important as a future accountant to understand the rules and why they exist so that I can explain the rules to my client. If I end up working for a publicly traded company, rules like Regulation FD will be paramount and I will need a firm understanding of them.

Regulation FD (Fair Disclosure) is a regulation the SEC imposed on publicly traded companies in 2000. Simply put, the regulation requires that if a company shares nonpublic information to certain individuals, the company must also publicly disclose that information. Before, companies would often exclusively share information with market professionals such as stock analysts. With the regulation in place, it allows small investors the same access to information as large Wall Street analysts.

Although large Wall Street analysts may be brilliant, it doesn't mean that they are the only ones that can evaluate companies and their stocks. The individual investors can be just as brilliant. This

is why Regulation FD requires companies to disclose any information publicly so that all investors, large or small, can have the same information and be on a level playing field. In the case of Jack Grubman, he attended WorldCom board meetings, which seemed as if he was working more for the company rather than his investors. By getting inside information, he was able to allow insiders to dump stock of WorldCom before it took a nosedive.

By the CEO posting company performance information on his personal Facebook page, he violated Regulation FD. Although this is nonfinancial information, it is still relevant information about the performance of the company. By posting the information to his Facebook page, it restricts those who are not his friend on Facebook, which means the information was not disclosed publicly.

In this case it depends what type of Facebook page is used. If the CEO has a “public figure” page where anyone has access to it, then it is perfectly legal to post company performance information. However, the Reed Hastings rule says that access to information cannot be restricted which would be the case if the CEO posted the information to his personal Facebook page where only his friends could view the information.

## **Case Study Seven:**

**Is it taxable?**

## Introduction

In this case, we were given a story about a partner who had a client with a daughter who operated a lucrative YouTube channel. The partner handles all of his client's personal finances, which includes the client's family, yet this was the first time the partner was hearing of the YouTube channel. This case was an interesting one because although a child having a significant income is rare, it is happening more often today with media sites such as YouTube, Instagram, TikTok, etc. At the end of the day: any type of personal income needs to be taxed. In this case we investigated tax rules regarding a dependents tax filing as well as rules that govern taxes related to unearned taxes. We then investigated ways that the client could deduct taxes by looking at expenses towards producing the YouTube videos. Oftentimes, I believe the amount of taxes that must be paid by the top YouTube channels is overlooked. We were unaware of the severity of making the mistake of not paying taxes on YouTube channel ad revenues. If not making the proper filings for the channel, the IRS may impose fines and penalties due to the tax evasion. We also learned the importance of admitting to your mistake and being proactive in order to help your client. Due to the large amount of income earned by Emma, she must file her own tax returns.

Dear Buchanan Short Partners,

It has come to my attention that a client of mine may have an issue regarding his child's income. This is the first time I have been informed of his child's YouTube Channel and the income that has comes with it. I apologize for missing this and am working to rectify this issue as soon as possible. His child operates a YouTube channel that generates a yearly income of roughly \$150,000 per year. I am currently getting in contact with the client and am working to get to the bottom of this situation. It is clear that the client will need to file a separate tax filing for his



daughter's income. The child is a dependent of the client, but still needs to have an individual tax filing for her income. Firstly, we are going to gather information regarding the child's income via YouTube as well as any other merchandise she is sent. I will be looking into the history of the child's YouTube income and find out how much in taxes needs to be paid from past years.

Dear Mike,

After having lunch with you the other day, I realized there might be an issue we need to address regarding Emma's YouTube channel. As you mentioned, she makes between \$10-15,000 per month. Because she has her own income, and especially at an amount of roughly \$150,000 per year, it is critical that I address the tax complications of this as soon as possible. I will need to get in contact with you and Emma to build a timeline of the past four years and the amounts of income she earned all of those years. We will need to pay the back taxes and fees associated with those. I will also need to know where she has deposited or invested it so that I can address any unearned income she has accumulated. There will be fees associated the back taxes It is critical that we handle this in a timely manner in order to avoid issues with the IRS. If you could go ahead and start gathering any information you have, we can get ahead of this before it becomes a larger problem.

Although she will need to begin paying taxes on her income, there are many ways to earn deductions. For example, if she has spent money on a camera, traveled to do a video, or bought software, these all qualify as deductions up to \$12,000 (since 2018). Basically, any expenses she has incurred to produce her videos can be deducted. Like I mentioned above, Emma will have to file taxes for her income separately from you (I can take care of this on your behalf for her). The

good news is, is that she is in a lower tax bracket than you, only paying 24% compared to your current 37%. Let's set up a meeting at my office as soon as you can come in and we can start tackling this issue.

**Case Eight:**

**Blockchain**

## Introduction

For this case, we played monopoly, but treated the game as if each of the players was a property manager. Each “property manager” started with \$1500 that he or she could use to invest in properties. Each player had to communicate with the “Cloud” as well as “big mama” and “big papa” to process the transactions. The “Cloud” represented cloud computing in banking and “big mama” and “big papa” represented the owners of the properties. This case was an interesting one because we took a classic game like monopoly and added real world elements, such as accounting entries and processes. The system that we were using in this scenario was like block chain. Each of the property managers had to contact the cloud at some point and enter their transaction into a block to be added to the block chain. To complete any transaction, the manager had to tell the runner their security key. This is similar to how block chain information requires a private key to retrieve and edit information. If a property manager landed on a spot, they would have to check with the cloud (the block chain) to see if another manager happened to own the same property. Transactions for purchasing new property would have to go through big mama and papa and then would be sent to the cloud to record that transaction. After reading about block chain, I learned that one reason for its use is that any edits to information will be easily noticed. When any information in a block is edited, it alters information in the following block and so on. So if someone wanted to alter the information in one block, it would raise lots of red flags by changing information in multiple blocks.

In the game, I was a property manager in state number two. There were four total states, each with a complete set of monopoly properties. Although we were playing on the board in our state, we were able to purchase property in other states. This meant that someone from a different state could

own property in my state, and if I landed on that property, I would have to pay rent to him or her. This was the interstate commerce portion of the game. We would play monopoly like normal, but each time we landed on a property, we had to run any transactions through big mama and big papa and then through the cloud (the block chain). Once we purchased a property, we were assigned which state that property was in, and then we would have to make a journal entry recording that purchase. We would also record journal entries for any revenue or expenses we incurred. For this game though, by the time I owned properties, I didn't have enough time collect any rent before the class period was over. However, I was able to collect revenue from passing go, and some chance and treasure box cards. Looking back on the game, I think it would have been beneficial to have not purchased any properties, if the goal of the game was to have the most money at the end. This was because there was not enough time to recoup the initial investment in rent payments. However, if you look at the balance sheet, individuals who purchased properties that received multiple rent payments would have a higher number of assets.

I think this case was an interesting one because it got us to think about how accounting processes and block chain are used in the real world. I think the block chain is a very intuitive way of sharing information with strength in encryption and privacy that normally does not come with quick communication of information.

**Case Nine:**  
**Interview of Professional**

## Introduction

In this case we were asked to interview someone we know in the community or a family member that is either retired or well established in their career. We were given a series of questions to ask that prompted the conversation. In my case specifically I interviewed my dad considering we are both quarantined at home and I really have never asked him about his life and career choices. This case is beneficial because knowledge is power. It is important to hear about real experience that others have had because although things change in life, many times history can repeat itself.

Although I have a good idea of what I want to do, there are still so many decisions I have before me in life. It is extremely beneficial to learn from anyone who has experienced life and decisions that they have faced and reasons for making those decisions. By asking questions and learning from the triumphs and failures of someone who has already progressed through their career, it enables me to be able to handle life choices, having learned from the experience of others.

I think by completing this case, I can learn from the perspective of someone who is older than myself and can give me their view of the world. I can also learn helpful advice for the working world since I will begin working in the real world in less than a year.

Brooks' life started in Houston, TX where he was born, but he soon moved to Atlanta, GA at an early age where he grew up. In Atlanta he was a part of your typical American family and enjoyed playing baseball and basketball when growing up. He wasn't sure what exactly he wanted to do in life, but knew if he worked hard at the task at hand the rest would take care of itself. When deciding

on a college, he originally had planned to attend Wake Forest, but ultimately ended up at Baylor University when his parents decided to move to Fort Worth, TX.

Brooks was glad he ended up going to Baylor instead of Wake, because he forced to make more new friends and get out of his comfort zone. He loved everything about college, but especially being involved in intramural sports and a part of his fraternity. He decided to major in finance, but still wasn't exactly sure what he wanted to do after college. After a couple years of school and learning more about the business world, he decided that he wanted to go to law school. From there he worked very hard to make sure he had the grades to get into law school. After applying to many law schools, he was very excited to have been accepted to Baylor Law and could continue to live in Waco.

After law school, it was time to get a job. Brooks said his job search was very similar to the recruiting that I am participating in with accounting firms, except this was with law firms in Dallas. In Dallas, Brooks was hired by Jackson Walker LLP and did business litigation. He worked there for about 2 years. After that, he began to work at Trammell Crow in transactional deals for another 3 years during which time he met his wife, Holly. After living in Dallas and getting married, the couple decided to move to Jackson, MS where Holly was from. In Jackson, Brooks worked for Butler Snow where he worked in business litigation. This job required him to travel a good bit around Mississippi. Brooks worked for Butler Snow for about 17 years before he decided to take on a different business venture. In 2008, Brooks became a partner in an artificial turf company in Jackson. The company was a contractor of artificial turf playing fields, golf courses, as well as residential and commercial spaces. He said he enjoyed the experience of being a part of a business instead of just a service business and learned some valuable business insight. After four years of



being in the artificial turf industry, he could not see any more growth in that business and decided to return to the law. In 2013, Brooks was hired by the newly named C Spire Wireless as general counsel when C Spire was growing into the home and business service industry. Brooks currently still works for C Spire. He says he enjoys the work more than any other job because it is the most stable, when compared with hourly billing at the law firm and contract to contract commissions in the turf business, however it allows him to still do what he likes which is the law. He also is proud of how great of a company is for the communities of Mississippi and all the innovations that C Spire is working on.

Brooks says the most important part of his life is to have a balanced life. He was been married for (almost) 30 years and has three children. He has also been able to be involved in the community through church, service organizations, as well as other things with family and friends. He has also loved being involved in his kids' lives. He says "rarely will you look back and say 'I wish I had spent more time at the office, but many people look back and regret not spending more time with the people and things they care about.'"

His favorite vacation he has taken was a trip he took to Hawaii with the family. Lots of activities and nature for the whole family to experience. He says one thing he would change would be when he moved to Jackson, to have explored more options when getting a job that would have been a better fit for a job. That is the only change he can really see himself making. If he could share advice to a younger self, he would say to give thoughts to what you want to do in life. Not to take a job just because it's a job, but to take a job because it's what you want to do, or it's on the path to what you want to do. He also says to make decisions not just to please others but to make

decisions for yourself. He says that he is most proud of his kids. He is proud of his kids because he thinks they reflect well on his ability to have a good work life balance. He thinks the biggest challenge for his generation will be to retire and to be content with that. He thinks his generation, more so than the generation before him, was very high pressure. It will be hard for that generation to be content without work. He thinks the biggest challenge for our generation will be somewhat of the opposite. He thinks our generation has too much expectation for instant gratification and forgets that it takes hard work and time to get where you want, instead of having everything you want from the start of your career.

**Case Ten:**  
**Peer Interview**

## Introduction

For this case, we were tasked with interviewing a senior in accounting that had recently completed an internship with an accounting firm and write a summary of what we discussed. Normally, we would have had some of these students come to our class and we would have a Q&A during that time, but since we no longer have in-person classes, we did it this way. I think this case was one of the more useful cases we have done because it involved finding out information from someone who is just one year ahead of us in the accounting world. Although we are nearing the end of the recruiting process and most of us already know or will know soon where we are interning, the information that we learned will be useful knowing what to expect from the internship as well as what our employers will expect from us. This case was helpful for me because I am considering multiple options for what firm to choose as well as what service line. I was able to hear from experience what it's like to be an intern. I think by completing this case, it will benefit me going into an internship and hopefully into a full-time job. We are fortunate at Ole Miss for the accounting school to be so good that we have older students who can come back and share their experience and advise. I think by doing this assignment, we will all be better off going into out internships.

For this case, I was matched up with Colin Baker. Colin completed his winter internship at KPMG in Dallas working with the Deal Advisory group. This was beneficial for me because I am considering both Audit and Deal Advisory for an internship. I have heard much about audit, since we get a lot of exposure to it at Ole Miss, but I had not heard much about the Advisory practice.

The first question I asked Colin was why he chose to do the deal advisory internship. He told me that he wasn't sure which service line he wanted to do between audit and tax. He said he met an older student at Ole Miss that had done deal advisory and he had encouraged him to find out more about it. Colin did some research and met more professionals in the deal advisory practice and decided that's what he wanted to do. He said he didn't have a specific city he wanted to be in, but the deal advisory professionals he had met were from the Dallas office, so he applied for the internship there.

When I asked what he did every day, and he explained to me that the deal advisory practice has two units: AAS and FDD. AAS stands for accounting advisory services and works on bankruptcies, IPO's, cleaning up books, and strategy. FDD stands for financial due diligence and basically gives their clients an objective opinion of the value of potential companies to buy and strategy of how to do the deal. He was on AAS for the first part of his internship and was sent on a project in San Antonio working on a carveout with USSA. He said he was the only intern on that job and really enjoyed the team. He said there was a lot of work to do but he enjoyed being tasked with a lot to do.

After that 4 weeks, he was sent back to the Dallas office to work in FDD. He said this group had just started a project and it was in the earlier stages. They were still in early stages of acquiring data from company and did not have a lot of work for the interns to do. He said he would do some work, but had a lot of time to do homework. At the end of this rotation, however, all of the interns were given a case to complete on their own in a week. He said this case took all day and night and

it was crazy how much work they each put into it. He said he enjoyed the competitive environment and getting the opportunity to show what he could do.

When asked what his favorite part about the internship was, he said working on the case. He said the amount of information he learned in such a short amount of time was incredible. He also said he really enjoyed working on the team in San Antonio and seeing the dynamics of the team at work.

When asked about the people he was working with, he said he loved them. He said they were all very sharp and it really encouraged him to do the best job he could. He said most of the interns were from UT- Austin and Texas A&M.

He said he really enjoyed Dallas and is excited that he just accepted a full time offer beginning Fall of 2020. He said that he is not planning on doing a masters program at this point, because he already has the 150 credit hours needed to sit for the CPA exam.

Colin said to not be expected to know specifics about the job, but to really show that you care and will put in the work.

**Case Eleven:**  
**Financial Crisis**

## Introduction

For this case, we were asked to watch the documentary *Inside Job* and read a few articles that explained Crony Capitalism, the 2008 financial crisis, and how it all happened (and continues to happen). The information in this case is important because with the current Covid-19 crisis, we may begin to see some similar things happening in our country. I was interested in this case, because I have been interested in why the 2008 financial crisis happened. I did a report on it when I was a senior in high school. But, looking back on it now that I have a few years of college, accounting and finance classes, and more political knowledge under my belt, I had a whole new understanding of it. I also think it is a worthwhile case for us to do, because much of what we do as accountants has to do with rules, regulations, and compliance, much of which was ignored during the years leading up to the financial crisis. Another reason completing this case is important, is because it reminds us of just how quick our economy can turn upside down. And knowing that, we can better understand the importance of a good stable job like that of an accountant.

Completing this case certainly had me questioning how the bankers like Goldman Sachs could get away with everything that they were doing. The amount of previous Goldman Sachs employees that would later work in the government at some point was astonishing. And lastly, the amount of compensation and bonuses that top investment bank executives received. I have always heard the phrase “income-inequality” and have never given much thought to it. Completing this case really made me ask the question, is it ok to have income inequality if it was gained by the way of these investment bankers? The last article talking about Trump from an investment banker’s perspective made me wonder that when Trump says “drain the swamp” if he is talking about getting rid of all



of those former Investment Bankers that have found themselves in the government thanks to previous administrations. Sounds plausible. And a reason they hate Trump.

Completing this case did not change my beliefs, but instead helped to solidify or validate my beliefs. The free market works by being just that, free. But when the government starts getting too involved, it throws everything out line. Unfortunately, many politicians are quite unfamiliar with the free market, because they have only worked in their political bubbles, and therefore think government is the answer to all of our problems. What happened to cause the financial crisis boils down to a very simple thing: the lines were blurred between business and government. The government started operating to please the investment banks, not to regulate them. This was caused, in large part, because many appointed government officials were previously executives at large investment banks. As more and more regulations were removed, the investment banks were able to behave less and less ethically until legitimate active regulations were being violated, but by that time the investment banks were too large to stop. There are many people to blame and reasons to blame them. Investment bankers for their greed, regulators for turning a blind eye, and even politicians that made decisions that were best for these investment banks and their relationships, not the American people. All of these factors snowballed into what eventually became the financial housing crisis and then the oil crisis. Knowing what happened in the past and reasons for why they happened would make you think that things have changed, and hopefully to some degree they have. Looking into the future, it is important to realize past mistakes that were made and be able to address why those mistakes were made.

When I think about what I have read and my role in society, I believe it is important to have pride for what we do. As an accountant, it is crucially important that the work we do is ethical and truthful. It is our job to ensure that companies are telling the truth and to ensure that a company's accounting is accurate. By doing this, we are protecting investors in that specific company and also the entire faith in the market. I think that whatever job you have, whether it is as an accountant, a government position, or any other job it is vital to have pride in what you do. For me, having pride in what I do requires ethics, morals, principles, and to ultimately do what is right. To have pride means looking out for your client's best interest, not just your own.

At this point it is hard to tell the magnitude of the impact that the current virus crisis will have on our economy. It certainly will have some impact, and it will take some time for the market to recover, but until there are no more restrictions it will be hard to tell. Once states fully open back up, then we can see the impact this crisis has had on consumer buying and spending patterns. Although people may spend less money on entertainment, they may spend more money on home improvements. Although people may spend less money at restaurants, they may spend more money on groceries. I think the market will bounce back, but it will look different than it did before this virus, at least until there is an effective treatment. Once there is an effective treatment and/or a vaccine, consumer confidence will begin to return to normal and only at that point I think we would start to return to normal. I think that this virus certainly has had an effect on the political climate. Going into the election this fall, it seems the Democrats are using this crisis against Trump one way or another. If too many people die, Democrats will blame Trump for opening up our country too soon. If this virus has a detrimental impact on our economy, Democrats will also blame Trump. So, no matter what, Trump will be blamed for doing something wrong. Even still, I think our

country will be resilient through this virus and we will bounce back. I think that the administration's response to this epidemic has been excellent considering the unprecedented times. I think even with the criticism from the left, Trump will still be able to win against Biden, no matter how hard the left tries to hide him from the headlines.