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A SURVEY OF ACCOUNTING CASE STUDIES

by
Madeline Grace Dyess

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

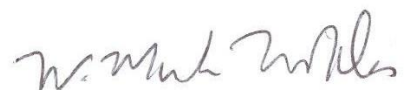
Oxford

May 2021

Approved by



Advisor: Dr Vicki Dickinson



Reader: Dean W. Mark Wilder

DEDICATION

I would like to dedicate my thesis to Bridget Nicole McMillian. She helped support me throughout the course of our accounting degree, and without her I would be nothing.

ABSTRACT

MADDIE DYESS: A Survey of Accounting Case Studies (Under the direction of Dr. Victoria Dickinson)

The following document contains work done over the span of a year under the direction of Dr. Victoria Dickinson at the University of Mississippi in the Honors Accy 420 class. For the thesis requirement in accordance with the standards set by the Patterson School of Accountancy and the Sally McDonnell Barksdale Honors College, I was able to complete a set of case studies pertaining to accounting. The purpose of this research program is to help equip students pursuing a career in the accounting field through a variety of accounting topics. Some cases focus on accounting principles in accordance with GAAP, while others focus on specific events that have occurred in the accounting field.

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Case 1: City Selection Case

ACCY 420

Maddie Dyess

Case Summary

For our first case in Accounting 420, we explored two different cities in which we are thinking about starting our career. We answered many questions regarding the makeup, the costs, and the attractions each city has to offer. Our topics ranged from researching prevalent industries in the city to where we planned on doing our laundry. In addition, we were able to construct a monthly operating budget for each city. This was extremely useful, in my opinion, because I was able to actually compare the cost breakdown of each city and also see where my money would be going. Case one required us to not only take time to research each city, but also weigh the costs and benefits of choosing where to live in the future.

I found this first case to be extremely helpful for me. I have never had to sit down and research a place I could potentially be employed in and also reside. Although it first overwhelmed me to think of the future in this capacity, I ended up feeling very prepared and educated. I do not feel as though I am blindly trying to plan for the future. Additionally, it was helpful for me to see the amount of taxes I would be paying based upon my salary. Since I am a college student, I have never had to budget for such a big expense. It is helpful to know first hand how much income tax will be taken out of my salary, and it is also extremely useful to know the amount of money I will be spending on rent. Finally, I enjoyed exploring what attractions and events each city has to offer. I do not think I would have done this on my own, and it ended up exciting me to potentially live in one of the two cities. Overall, case one was extremely helpful and also positive.

Case 1: City Selection Case

1. What is the population?
 - a. **Memphis** - The population of Memphis, Tennessee is 670,000.¹ Since I am from Jackson, Mississippi, I feel that the size of Memphis would be a great transition for me. I personally do not think that I would love being in a huge city and far from home; therefore, I believe Memphis would be a good size for me.
 - b. **Birmingham** – Birmingham is the most populated city in the state of Alabama with a number of 217,158 residents.² Compared to Memphis, Birmingham is much smaller. I really like that about Birmingham because I feel as though it would be even more similar to the area I live outside of Jackson.
2. Describe the climate and seasonal fluctuations. Are you accustomed to living in this weather? If not, describe some of the challenges from this climate.
 - a. **Memphis** - The climate in Memphis would be very similar to what I am used to in Jackson, Mississippi and Oxford, Mississippi. The climate in Memphis is composed of very hot summers and pretty moderate winters. It does not see a lot of snow during the colder months. As stated previously, I would definitely be accustomed to the living conditions in Memphis.
 - b. **Birmingham** – The climate in Birmingham is also similar to what I am used to in Mississippi. Since both Memphis and Birmingham are in the South, the climate is obviously going to be very similar to Jackson.

¹ <http://worldpopulationreview.com/us-cities/memphis-population/>

² <http://worldpopulationreview.com/us-cities/birmingham-population/>

Birmingham is very hot in the summer, and it also stays relatively warm year round. The winters are not extremely cold.

3. Describe the city's topography, scenery, and other geographic or geological features of the area in which the city is located. Include pictures where it is appropriate.
 - a. **Memphis** - Memphis offers a wide variety of life. The core of Memphis has five major districts with different neighborhoods and suburbs. There is a popular downtown area, but there are also parks and recreational areas. Tom Lee Park is a city park in Memphis that overlooks the Mississippi River.
 - b. **Birmingham** - The city of Birmingham is an urban area, while it is also a city consisting of mountainous terrain. Some of the parks in Birmingham are Red Mountain Park, Linn Park, and Avondale Park. In addition, the city has the Birmingham Botanical Gardens and the Birmingham Railroad Park.³
4. What are the individual tax rates within the city (e.g., consider federal, state, and local income tax, property tax, and any other taxes you'd be likely to pay. Quantify what this means based on a starting salary of approximately \$55,000/year)?
 - a. **Memphis** - Based upon a salary of \$55,000, the total income taxes I would pay would be around \$9,600. The federal effective tax rate is 9.82 percent, and the FICA effective tax rate is 7.65 percent. Tennessee does

³ https://www.tripadvisor.com/Attractions-g30375-Activities-c57-Birmingham_Alabama.html

not have an income tax on wages, but they have a high sales tax. After taxes, I would be looking at taking home around \$45,300.⁴

- b. **Birmingham** – The total income taxes I would pay with a salary of \$55,000 would be about \$11,947. In addition to the federal effective tax rate at 9.82 percent and the FICA effective tax rate at 7.65 percent, the state income tax rate is currently 4.25 percent. This would bring my total of state income tax payable to \$2,340 and leave me with about \$43,000 to take home.⁵

5. What transportation hubs are in the city?

- a. **Memphis** - The Memphis International Airport is located southeast of downtown Memphis. I find this a very attractive feature of Memphis since it would make travel very easy. It is also in driving distance to Jackson and also Oxford.
- b. **Birmingham** – Birmingham-Shuttlesworth International Airport is located in Birmingham. This would make air travel easy. In addition, Birmingham is located on Interstate 20, which makes it easy to drive to nearby cities and also home.

6. What are the city's most prevalent industries? What are the city's five largest companies?

- a. **Memphis** - The five largest companies headquartered in Memphis are FedEx, AutoZone, International Paper, ServiceMaster, and Mueller Industries. A big industry in Memphis is the healthcare systems it hosts,

⁴ <https://smartasset.com/taxes/tennessee-tax-calculator#GR8xqasvDC>

⁵ <https://smartasset.com/taxes/alabama-tax-calculator#Ui4yLhf9ZP>

St. Jude's Children's Research Hospital being one. Other industries include transportation and distribution, manufacturing, and agriculture technology.⁶

b. **Birmingham** - The economy in Birmingham relies on the medical industry heavily and also trade, finance, and research. Birmingham also has a huge industry for automotive manufacturing and distribution as well as metals.⁷ The five largest companies in Birmingham are The University of Alabama at Birmingham, Civil Air Patrol, BBVA Compass, Vulcan Materials, and Alabama Power.⁸ There are many other companies that employ large numbers of people, but these were some of the top organizations.

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

a. **Memphis** - The healthcare in Memphis is exceptional since there is not only St. Jude's Children's Research Hospital but also Methodist and Baptist Healthcare Systems. There are eight different school districts Shelby County, Achievement, Arlington Community, Bartlett, Collierville, Germantown Municipal, Lakeland, and Millington. I would most likely send my kids to public school, but I would also like to check out the private schools in Memphis.

⁶ <https://memphischamber.com/live-in-memphis/work/major-employers/>

⁷ <http://www.city-data.com/us-cities/The-South/Birmingham-Economy.html>

⁸ <https://www.zippia.com/advice/largest-companies-in-alabama/>

- b. **Birmingham** - In Birmingham, UAB hosts a great hospital system and also medical school. There are also multiple medical clinics in the area.⁹ The three main school districts in Birmingham are Mountain Brook City School, Vestavia Hills City School, and Homewood City School.¹⁰ The schooling system is very good in Birmingham, so I would feel confident in sending my children to a public school.
8. What types of crime are common within the city and where are the locations within the city to avoid?
- a. **Memphis** - The five worst neighborhoods in Memphis are Shelby Forest-Fraser, Parkway Village-Oakhaven, Downtown, White Haven-Coro Lake, Berclair-Highland Heights.¹¹ The types of crime in Memphis are assault, robbery, rape and murder. Memphis usually ranks very high in violent crimes for major cities around the U.S.¹²
- b. **Birmingham** - According to research, Birmingham experiences more property crimes as opposed to violent crimes. The main crimes in the area are assault, robbery, and rape.¹³ Additionally, the most dangerous neighborhoods are Druid Hills, Airport Highlands, Central City, and Fountain Heights.¹⁴
9. Based on where you see yourself living for the first three years, how much rent do you expect to pay? Back up this assertion with sample properties (including

⁹ <https://health.usnews.com/best-hospitals/area/birmingham-al>

¹⁰ <https://www.niche.com/k12/search/best-school-districts/m/birmingham-metro-area/>

¹¹ <https://www.roadsnacks.net/worst-neighborhoods-in-memphis-tn/>

¹² <https://www.areavibes.com/memphis-tn/crime/>

¹³ <https://www.neighborhoodscout.com/al/birmingham/crime>

¹⁴ <https://www.roadsnacks.net/worst-neighborhoods-in-birmingham-al/>

pictures). Describe the square footage, amenities, need for a roommate, and availability of parking.

- a. **Memphis** – I would expect to pay around \$1,200 if I were to live in a one-bedroom apartment. Two properties I particularly like are Barboro Flats and the Lofts at Merchants Row Apartments.¹⁵ I would like to live in downtown Memphis in a loft style apartment. Ideally, I would love to have a roommate, but I would plan for living alone. Both of these properties have parking. The one-bedroom apartments at Barboro Flats are around 750 square feet, and the Lofts at Merchants Row range from 700-1250 square feet for their one-bedroom units.¹⁶ The location is the best amenity both of the properties offer.

Figure 1-1:



Barboro Flats, Downtown Memphis¹⁷

Figure1-2:

¹⁵ <http://loftsatmerchantsrow.com/floor-plans/>

¹⁶ <http://barboroflats.com/amenities/>

¹⁷ <https://www.downtownmemphis.com/guide-to-downtown/barboro-flats/>



Lofts at Merchants Row Apartment, Downtown Memphis¹⁸

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

- a. **Memphis** - The typical mode of commuting in Memphis is by car. I would probably allot about 30 minutes of time to get to work each day. There will be a little more traffic than I am used to. Barboro Flats and the Lofts at Merchants Row is about a 27 minute drive to EY.
- b. **Birmingham** - Like Memphis, the common way of getting around the city is by car.

11. Where will you do your grocery shopping?

- a. **Memphis** - I will grocery shop at Kroger, Wal-Mart, and Trader Joe's.
- b. **Birmingham** – I will grocery shop at Wal-Mart and Trader Joe's.

12. How will you do your laundry?

- a. **Memphis** - I would plan on having a washer and dryer at my apartment, so I can do laundry myself.

¹⁸ <http://loftsatmerchantsrow.com/about/>

- b. **Birmingham** – Again, I would plan on having a washer and dryer at my own apartment.
13. Name at least three civic, religious, or charitable organizations you would like to be active in.
- a. **Memphis** - I would definitely try to find a church and get involved in some sort of bible study. In addition, I would love to be involved in the National Headquarters of Kappa Delta located in Memphis. I have been a KD at Ole Miss since freshman year.
 - b. **Birmingham** - If I found myself residing in Birmingham, I would love to go to Church of the Highlands and also get involved in a bible study. One of my mentors used to attend this church, and I would love to see if it would be a good fit for me. I would also try to find a Kappa Delta Alumni group to be involved in.
14. What are the sports, entertainment, or recreational activities that you would be most likely to engage in within the city? Name at least five activities.
- a. **Memphis** - I would love to be involved in the music festivals and go to concerts in Memphis. I would also like to attend some Memphis Grizzly games. I enjoy exercising, so I would like to explore some of the park areas in Memphis. There is a lot of good shopping in Memphis that I would most definitely love to check out.
 - b. **Birmingham** - Birmingham tends to feature concerts for many of my favorite artists. I would enjoy getting to attend these concerts on weekends off from work. The city has many parks and areas to hike. I love the

outdoors and exercising, so I feel as though I would really enjoy that aspect of Birmingham. The Summit Mall is located in Birmingham with a lot of great stores; furthermore, there is the Riverchase Galleria located right outside of Birmingham. The SEC Baseball Tournament is located every year minutes from the city, and I would love to attend the games. There is also the Birmingham Zoo, which I have never been to.

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

- a. **Memphis** - I would drive back to Jackson from Memphis. It is about a three-hour drive, which would be about a \$30 tank of gas there and back.
- b. **Birmingham** - The drive from Birmingham to Jackson is a little over three hours. Like Memphis, I would drive my car and spend around \$30 on a tank of gas there and back.

16. Based on your findings, 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.

a. **Memphis**

Year Two -
Salary 60,000

Taxes	<11,090>
Rent	<14,400> (1,200/mo)
Food	<4,000> (333/mo)
Grocery/Shopping	<2,400> (200/mo)
Phone	<1,800> (150/mo)
Gas	<900> (75/mo)
Utilities	<1,800> (150/mo)

Clothes	<600> (50/mo)
Savings	<1,500>
Car insurance	<1,200> (100/mo)
Travel	<2,500>
Spotify and Hulu	<240> (20/mo)
<u>Tithe</u>	<u><3,000> (250/mo)</u>
	\$14,570

b. Birmingham

Year 2 -

Salary 60,000

Taxes	<13,625>
Rent	<12,000> (1,000/mo)
Food	<4,000> (333/mo)
Grocery/Shopping	<2,400> (200/mo)
Phone	<1,800> (150/mo)
Gas	<1,200> (100/mo)
Utilities	<1,800> (150/mo)
Clothes	<600> (50/mo)
Savings	<1,500>
Car insurance	<1,200> (100/mo)
Travel	<2,500>
Spotify and Hulu	<240> (20/mo)
<u>Tithe</u>	<u><3,000> (250/mo)</u>
	\$14,135

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

- a. I would prefer to live in Memphis, Tennessee if the opportunity presents itself. I feel as though the opportunities I would obtain for my career are greater in Memphis rather than Birmingham. It is a bigger city than Birmingham, and it also is the headquarters of many large businesses. In addition, Memphis is very close to Oxford, Mississippi.

Case 2: CFI Course

ACCY 420

Maddie Dyess

Case 2: CFI Course



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Sep 30, 2019

Case 3: Brexit Case

ACCY 420

Maddie Dyess

Case Summary

For our third case in Accounting 420, Dr. Dickinson showed the class a documentary on Brexit. The film was only about an hour, but it was extremely informative and helpful in understanding the perspective of British people in regards to Brexit. Generally, I have a hard time keeping up with the news and what is going on around the world. I have known about the Brexit deal, but I have never actually studied and thought about the entire situation from the viewpoint of the citizens involved. Britain and the European Union are currently in negotiations to determine how and when Britain will exit from the EU. This situation is huge for British people.

The documentary broke down how the European Union works and who is in charge. In addition, many experts and citizens talked about the idea of accountability and the lack of it in regards to the power of EU officials. They also discussed how Britain can survive and cope if they are able to leave the EU. The film prompted viewers like myself to ask what really is going on behind the scenes of the European Union. As an American, this is not a question I think about too often, but I learned that it is important to be educated on this topic. In the accounting world, big international changes like Brexit are affecting and will affect businesses and organizations. Even though I am only a student now, I think it is extremely vital that I learn to recognize the importance of studying the economic and social effects of situations like Brexit.

Case 3: Brexit Case

October of 2019 is a huge month for Britain. The latest deadline for Brexit is quickly approaching, and currently the European Union and Britain are negotiating an agreement for the break away. There are details to be worked out from both sides in order

for Britain to successfully exit from the European Union. However, at this point, British people and their prime minister, Boris Johnson, are ready to leave whether deals happen or not. The biggest obstacle in the way of agreement is the topic of preventing a hard border between North Ireland and the Irish Republic.¹⁹ The issue with the border carries over into regulating customs, tariffs, and checks. As to be expected, these topics are not easy to plan and control. Johnson states, “I’m cautiously optimistic. We have made some pretty big moves. We are waiting to see whether our European friends will help us and whether we can find the right landing zone.”

I think a movement as large as Brexit should urge us to ask a couple important questions. Mainly, where does society come into play? How does a shift such as Brexit affect British citizens? What are they feeling? What are they unaware of? What do the British people want to see their country achieve? These questions capture the central message of the documentary; furthermore, the film prompted viewers to really analyze the role British people play in Brexit.

Simply put, the European Union is complicated. While the EU is a unified political and economic union for over 20 states, it is also a very confusing organization with numerous councils, committees, and presidents. There really is no clear answer as to who is in charge; moreover, those in charge are not well known by the British people. One expert interviewed in the film explained that transparency is a huge part of democracy, and Britain should be upholding democracy. The confusion the EU creates is the opposite of establishing a transparent organization. Regulation by the EU was described in the documentary as “invisible barbed wire.” They have formulated

¹⁹ <https://www.bbc.com/news/uk-politics-49881345>

thousands of rulebooks, even to the point in which they cannot even state how many laws and rules exist. This affects many businesses in Britain because it makes it extremely hard to start a business. Established firms love the EU because their rules destroy new competition. The union is secretive and fails to uphold the principle of full disclosure that we value in the accounting world. To me, the EU operates more as a dictatorship rather than championing the voices of the people it serves. The British people want their voices back and also a say in how their country is operated. They want the power in the hands of Parliament, not officials working for the EU.

The EU has managed to destroy many different industries in Britain over the years. For example, the documentary discussed the fishing industry in North Shields that was ruined by EU regulation. John Ellis, a veteran fish merchant, explained how the fish auction in North Shields went from auctioning 12,000 boxes of fish a day to only around 200 now. This is due to lost fishing grounds from bans by the EU. Situations such as these not only hurt entire industries, but they also hurt the jobs and income of the people involved.

This type of regulation by the EU has not always been the case for Britain. Before World War I, unregulated Britain experienced commercial and industrial revolutions. The war changed everything, and the government quickly took control over industry. All aspects of everyday life became regulated from elements like toys to huge industries such as housing. Unfortunately, as one expert explained, regulation is the enemy of competition and competition is what sparks growth in an economy. At the same time Britain was rebuilding from the war, Germany was too. Unlike Britain, Germany became a powerhouse and experienced huge economic successes from their deregulated

government. To escape the confines of the post war world, Britain joined the EU. As the film stated, “Europe looked like the future, more like powerhouse Germany.” However, Britain’s joining of the EU has led them down the road to where they are today. If things go right this month, Britain could potentially on the track back to an unregulated economy.

I believe that it would be a positive thing for Britain to leave the EU and establish itself separately. It could potentially turn around many British industries and open up job markets that have been lost over the years. Britain is one of the biggest markets in the EU, and I think their strength as a country would give them the ability to be separate from the organization. Of course, at first there will be many issues to work out, but I feel as though that would be expected following such a huge change. While it is a risk, I believe it is a risk worth taking. I feel as though the British people feel similarly. It is not only an important economic act, but it is also an important political act that supports the freedom of the British people. This freedom has gradually been taken from the citizens year after year. They deserve to be heard, and they deserve to claim the power to remove the people that govern them.

Case 4: CAREMARK RX Case

ACCY 420

Maddie Dyess

Case Summary

This case consisted of a detailed financial analysis of a large company. The company that our group was given is Caremark RX, a widely known subsidiary of CVS. We were prompted to evaluate the makeup of our company through analysis of the 10K as well as other financial statements and related footnotes. We were able to look in depth at the nature of the business as a whole, where and how their profit is generated, as well as locations and their purposes. The 10K also provided us with details about Caremark's auditors and their signature of approval on their financial statements that were released to the public. We were also able to dissect each part of the company's balance sheet as well as identify certain accounting principles that they have adopted in regards to inventory and revenue recognition. This case allowed us to identify Caremark's customer base, specific sources of revenue from this customer base, Caremark's suppliers and what they supply. The financial reports provided us with a detailed understanding of what costs are incurred and which costs are placed into cost of goods sold, and why. We examined the progress of the company over the past few years in regards to revenues, expenses, net income, cash flow. Lastly, we were able to understand which sections of the balance sheet contained judgements or estimates in reporting and how these are used in a real-life setting. This case as a whole allowed us to apply our previous accounting knowledge while evaluating real financial reports from a large company in analyzing what is changing and occurring in the business and how this might affect different sections of the end of year reports that are visible to the public and stockholders.

Case 4: CAREMARK RX Case

Caremark RX defines themselves as the pharmacy benefit management portion of CVS’s business that processes prescription claims. It is distinct from CVS’s pharmacy operations in that CVS is a high-volume operator that deals directly with drug manufacturers, setting prices, and handling mail orders. Caremark RX is able to generate profit from prescription drug sales as well as name brand merchandise. The two revenue streams are labeled as “Pharmacy” and “Front store and other” on the related revenue statements. Front store and other refers to products such as over the counter drugs, personal care items, and cosmetics. These are the two main categories in which Caremark provides business for CVS which are shown in figure 4-1.

Figure 4-1:

	Percentage of Revenues		
	2018	2017	2016
Pharmacy ⁽¹⁾	76.4%	75.0%	75.0%
Front store and other ⁽²⁾	23.6%	25.0%	25.0%
	100.0%	100.0%	100.0%

Caremark is headquartered in Woonsocket, Rhode Island and they do business in 49 of the 50 states in the United States as well as in Washington D.C, Puerto Rico and Brazil. Caremark’s fiscal year in regards to financial reporting ends on December 31st, the end of the calendar year. Caremark RX’s auditors are Earnst & Young LLP, at the Boston, Massachusetts location.

Caremark RX’s asset portion of the balance sheet consists of cash and cash equivalents, short-term investments, accounts receivable, inventories, other current assets, property, plant, and equipment, goodwill, and intangible assets. Cash and cash equivalents consist of cash and temporary investments with maturities of three months or less when purchased. Caremark also invests in short term money markets and other debt securities that are also considered cash equivalents. According to the 10-K, “These funds

are highly liquid and readily convertible to known amounts of cash.” Caremark has short-term investments, consisting of “certificates of deposit with initial maturities of greater than three months when purchased that mature in less than one year from the balance sheet date.” An example of a short-term investment would be an entity such as a savings account or government bonds. Accounts receivable are outstanding balances that are owed to the reporting company. This amount is reported as “net”, meaning the balance of estimated receivables that will be uncollectible at the end of the period are deducted from the total amount receivable. Caremark’s main source of receivable balances are amounts due from third party providers, clients, and vendors. Caremark’s inventories are stated at the lower of weighted average cost or market. Inventory counts are taken on a regular basis in each store and pharmacy and are continuously counted throughout the cycle to validate inventory balances on hand at any given time to ensure that physical amounts match reflect those reported in the accompanying consolidated financial statements. Other current assets are generally a group of different things that Caremark values and benefits from that are not under one of the main current asset categories. Property, plant, and equipment (PPE) includes property, buildings, equipment and improvements to leased premises. According to the 10K, “They are depreciated using the straight-line method over the estimated useful lives of the assets, or when applicable, the term of the lease, whichever is shorter. Estimated useful lives generally range from 10 to 40 years for buildings, building improvements and leasehold improvements and 3 to 10 years for fixtures, equipment and internally developed software.” Goodwill represents an intangible asset that is acquired when a company buys an existing business. Goodwill is not amortized over time, but it is subject to frequent

reviews to evaluate its value. Intangible assets include things such as trademarks, leases, and patents. For Caremark, purchased customer contracts and relationships are amortized using the straight-line method over their estimated useful lives between 9 and 20 years. The liabilities section of Caremark RX's balance sheet consists of accounts payable, accrued expenses, short-term debt, current portion of long-term debt, long-term debt, deferred income taxes, and other long-term liabilities. Accounts payable are generally amounts that are due to parties for services or products that have already been received, but have not been paid for. In other words, they are purchased on credit. Caremark's accounts payable are generally comprised of purchases for goods, interest, and insurance. Accrued expenses are expenses that have been incurred, but not yet posted in the general ledger. These appear on the financial statements due to an adjusting entry made at the end of the period to account for expenses that are yet to be posted. Short-term debt is debt that is expected to be paid off within one year or before the end of the accounting period, whichever is longer. Caremark's short-term debt is solely consolidated of commercial paper. Commercial paper is money issued by a corporation, usually to finance accounts payable or inventory accounts for the short-term. Long-term debt is any other form of debt which will be paid off after one year or after the current accounting period. As long-term debt matures, portions become current, because they will be paid off in the current year, but were originally considered to be long-term. This section of the balance sheet is dedicated to long-term debt that will be maturing this year or within the current accounting period. As previously mentioned, long-term debt is any debt that will not be paid off within one year or within the current accounting period. Caremark's long-term debt is comprised of multiple notes due. These notes are due at different times in between

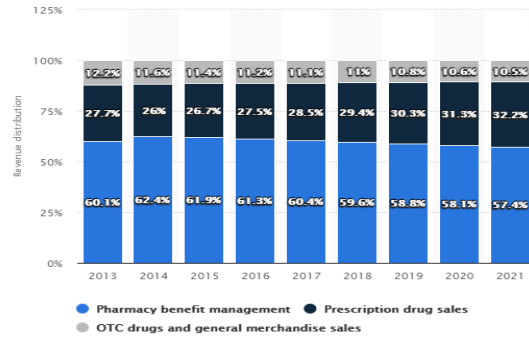
2018 and 2045. Under long-term debt, Caremark has a section labeled “deferred income taxes”. When income taxes according to tax laws differ from those according to the company’s statements due to a difference in income recognition, the difference can be recorded as a liability under deferred income taxes. Any liabilities due after one year or the current accounting period that do not match the definition of any of the terms above, can be categorized under other long-term liabilities. The equity section of Caremark RX’s balance sheet consists of preferred stock, common stock, treasury stock, shares held in trust, capital surplus, retained earnings, accumulated other comprehensive income, and noncontrolling interest. Preferred stocks are shares of stock that provide a fixed dividend. The payment of preferred stock is prioritized over the payment of common stock. Caremark has no preferred stock on their balance sheet, and reported a balance of zero. Common stocks are general shares of a company. Owning shares of common stock give the stock-owner a portion of ownership and may provide payments, referred to as dividends, after certain periods. Caremark’s common stock shares have a \$0.01 par value. Caremark authorized 3,200 million shares, issued 1,705 million shares, and had 1,060 million shares outstanding at December 31. Treasury stocks are shares outstanding that are purchased back from the issuing company. Caremark values their common stock at the cost at repurchase and as of December 31, they had repurchased 697 million shares of treasury stock. The sum of these shares is 37,765 million which is deducted from the Stockholders' Equity section of the balance sheet. Shares held in trust are designated for use under various employee compensation plans. Because the company owns these shares, they are excluded from the computation of shares outstanding. Caremark maintains grantor trusts, which holds approximately one million shares of its common

stock as of December 31. Capital surplus is the amount of money that is made on the sale of common or preferred stock that is over par value. When shares are sold for more than the company values them, the excess is added to Stockholders' Equity under the capital surplus section. It may also be referred to as additional paid in capital. The amount of accumulated net income a company has at a given point in time is referred to as retained earnings. Retained earnings are carried over from period to period. Retained earnings is reported less any dividends declared to pay to shareholders. Accumulated other comprehensive income consists of changes in revenues, expenses, gains or losses that have not yet been realized. Generally, it consists of gains and losses on investments, pension plants, or hedge funds. Caremark's loss due to accumulated other comprehensive income was due to losses associated with retirement benefit plans, hedge funds, and cumulative foreign currency translation adjustments. Noncontrolling interest is the portion of equity ownership in a subsidiary not attributable to the owners of a corporation. Due to the acquisition of Omnicare in 2015, Caremark obtained a 73% ownership interest in an LLC. This ownership was valued at fair value and the company purchased the noncontrolling interest in the LLC for \$39 million.

Caremark describes their clients as primarily employers, insurance companies, unions, government employee groups, health and Medicare plans, managed Medicaid plans, and individuals. Clients have access to their services through both public and private exchanges. The specific sources of revenue include pharmacy benefit management, prescription drug sales, OTC drugs, and general merchandise sales. The breakdown of revenues by specific sources can be shown in figure 4-2.

Figure 4-2:

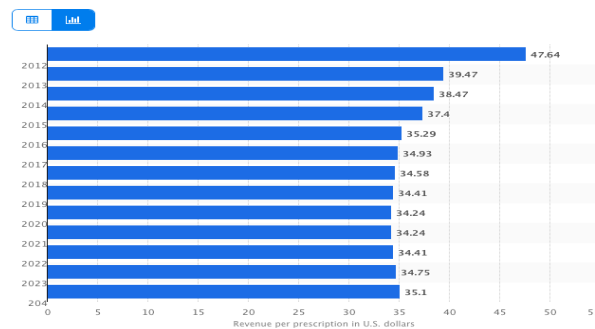
CVS Caremark's revenue distribution from 2013 to 2021, by product group*



According to the footnotes of the financial statements, revenue is recognized when, “persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller’s price to the buyer is fixed or determinable, and collectibility is reasonably assured. Revenues from mail service prescription drug sales are recognized upon delivery. Additionally, revenues from third party pharmacy prescription drug sales are recognized at the point-of-sale, which is when the claim is entered in a processing system. The majority of revenue comes from inside of the United States, as almost the entire business is located within the United States, and drug sales outside of the country are subject to extremely high regulations. Revenue from inside of the United States is shown in the following figure.

Figure 4-3:

Revenue per retail prescription at CVS Caremark in the United States from 2012 to 2024 (in U.S. dollars)*



Caremark's main supplier is CVS. They provide Caremark with their prescription drugs, which is the majority of Caremark RX's business. Cost of goods sold includes physical costs of the products sold as well as buying and warehousing costs. These costs are added together and deducted from total revenues to evaluate gross profit. Operating expenses in the Pharmacy Services Segment include selling, general and administrative expenses, depreciation and amortization related to selling, general and administrative activities, administrative payroll, employee benefits and occupancy costs. Operating expenses in the Retail Segment include separate selling, general, and administrative expenses as well as depreciation and amortization expenses. These expenses help generate productivity which in turn generates revenue through sales of products and services offered by Caremark.

Revenues and expenses have fluctuated throughout the past three years. Revenues have increased consistently from 2016 to 2018. Revenue in 2018 was equal to 194,579 million. Revenues increased from 184,786 million in 2017, and 177,546 million in 2016. Expenses have also been steadily increasing from 2016 to 2018. Total expenses in 2018 were equal to 190,558 million, 175,248 million in 2017, and 167,160 million in 2016. According to related footnotes, the increasing revenues are increasing primarily due to an increase in the pharmacy services segment. Increasing expenses are due to increased goodwill impairment charges and an increase in acquisition- related expenses. CVS Health is primarily made up of Caremark, and CVS Health bought Aetna, a health insurer, in 2018 which is a large contributor to the increasing acquisition costs that increased total expenses.

Caremark's had a net loss of 596 million in 2018. However, Caremark's cash flow statement showed an increase in 2,395 million in cash throughout the course of 2018 due to operating, investing, and financing activities. The net loss was due to expenses attributable to mergers and acquisition costs. These expenses are not expected to recur because they are a result of the purchase of Aetna and merging of CVS Health and the health insurer. There was an increase in cash flow primarily due to the closing and selling of multiple stores around the United States. The selling of these assets compensated for the high expenses in the cash flow statement.

There are accounts included in Caremark's balance sheet that contain estimates and/or judgement to report. Estimates have to be made for various assets and liabilities arising from Caremark's participation in the Medicare Part D program based on past information and predicted future events. Estimations due to the Medicare Part D program include estimates of low-income cost subsidy, reinsurance amounts, coverage gap discount amounts payable or receivable, and estimates for claims that have been reported and are in the process of being paid or contested and for claims that have been incurred but not yet reported. In regards to past estimations of these assets and liabilities, the effect of these estimations has not been material to Caremark's financial position. Allowance for doubtful accounts is estimated as a predicted amount of receivables that will eventually be uncollectible. Estimates for inventory losses are also made for eventual losses that will be incurred, meaning the inventory that will never reach the customers. Both allowances for doubtful accounts and estimates for inventory losses are estimated based on past performance and management's predictions for the future. Amounts assigned to identifiable intangible assets and goodwill are established from management

estimates and valuation techniques. When preparing these estimates, historical results, current operation trends, sales, profitability, cash flow, and forecasts are considered and taken into account. Significant judgement is required for determining income taxes and the related taxes payable since, in the ordinary operations of the business, there are transactions where the ultimate tax incurred is uncertain to management. Caremark believes that their estimates for income taxes and related taxes are reasonable and estimated to the best of their ability given the available information, actual results could differ from these estimates in a material way.

Throughout the analysis of Caremark RX, we scrutinized the financial information provided primarily in the 10K. The information we found was primarily able to show the different types of accounting principles that are in use by Caremark. We practiced looking at the financial statements and recognizing the parts of the statements from our previous knowledge. After recognition, we followed the progress of the company and saw the growth over the years. Given a large company, there were many aspects that branched off from the main statements that provided more information about how Caremark operates. The case study aided in our understanding of how companies, specifically a large subsidiary perform.

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Case 5: Thomas Sowell

ACCY 420

Maddie Dyess

Case Summary

For our final case in the fall portion of Accounting 420, we watched an interview with well-known economist Thomas Sowell. Sowell is a published author of more than a dozen books and also an economics teacher. Some of his more famous books are *Discrimination and Disparities* and *A Conflict of Visions*, which he references many times in his interview. Early in life, he dropped out of high school and joined the Marines. During this time in his 20s, he identified as a Marxist. It was not until he had graduated from Harvard, obtained a Master's degree from Columbia, and received a doctorate from the University of Chicago that he found himself working for the government and figuring out his own ideas. He began thinking more in depth about the role of government in society and also just the way society and the individuals that make it up think and operate.

Dr. Dickinson started our class by asking us a few questions and prompting us to reflect and write down our answers to these questions. We had to think about our personal opinion on topics such as the electoral college without doing any research or using the internet. After watching the interview with Sowell, I found it very helpful to further examine some of the current government institutions we talked about with Dr. D. Sowell really prompts individuals to explore why the government operates the way it does. Are problems deeply rooted or simply caused by certain people, institutions, or regulations? Overall, this case was very informative and reflective.

Case 5: Thomas Sowell

I was extremely struck by Thomas Sowell reflecting on his personal transformation during the time of his summer internship for the U.S Department of Labor. During his time there, he began to discover that government institutions have their own interests. In other words, the government is not always for the “national interest” of the country. This realization led him to not only be dissuaded with Marxism but also the government as a whole. Additionally, I believe his observations truly were a turning point in his thinking and inspired his book *A Conflict of Visions*.

A large portion of the interview was devoted to talking about the ideology behind his book and this idea of a constrained vision versus an unconstrained vision. The interviewer defines the constrained vision as seeing the evils of the world as deriving, or basically constrained by the limitations of reality. The unconstrained vision believes that good things happen naturally and the bad in the world is caused by the development of institutions. When listening to Sowell talk about these visions, it seems to be not only complex but also complicated. However, the more I was able to ponder on his perspective, the more simple it became for me. His ideas prompt individuals to wonder whether problems in the world are inherent or caused by human interaction. Are certain issues caused by institutions or are they deeply rooted problems? I tend to agree with Sowell’s dualistic way of thinking about issues of government and the world. I think it is a positive thing to analyze the role of humans in our world. Are we too involved in certain sectors and actually causing more harm than good? Has history created problems that an institution could never fix? Or rather, are institutions causing harm? Are there issues today that have always been a part of our world simply due to human selfishness

and failure? I fully believe these are relevant questions to ask ourselves and those around us.

Sowell discussed a lot about the equality gap between African Americans and white Americans. He talks about this issue with regards to the constrained vision that the gap is a deeply rooted problem with ties to slavery. I tend to also agree with Sowell's belief that an individual must focus on the evidence when formulating any sort of opinion on a topic especially with equality. Additionally, the interviewer brought up the topic of retrogression and the economic progress of African Americans. Sowell talked a lot about welfare and the implementation of it causing the crime rate to skyrocket many years ago. This goes along with his idea that people were living decent lives until a government institution tried to intervene. We tend to see situations happen like this in today's world. I can agree with Sowell that the equality gap is due to problems and events that happened many years ago, but I did not really feel as though he offered any real solutions to this problem. If institutions are not the solution, what is? I agree that implementing welfare only made the equality problem worse, but I am unsure of what would have been a better option. I think another good thing to remember is that while some institutions are corrupt, many are formulating and working towards the betterment of society. After watching the interview, I feel as though Sowell and I differ in that aspect. I believe that solutions and good can come from institutions, but also some problems are unfixable and simply a part of society.

Case 6: Regulation FD

ACCY 420

Maddie Dyess

Case Summary

For our first case of spring semester, we did in depth research on the Securities and Exchange Commission's Regulation Fair Disclosure. Throughout my time in accounting classes in college, I have learned about this principle of full disclosure. We have learned the meaning behind it and been informed that as an accountant, we must be fully transparent with information before the public is put in the position to make any type of financial decision. It was helpful to read about the history behind Reg FD and certain cases that prompted the SEC to take action and implement this ruling. I found the article involving the analyst and WorldCom particularly interesting because I actually know Cynthia Cooper, the whistleblower on WorldCom. I had no idea that there were so many moving parts including the situation with Jack Grubman that caused the company's downfall. As students, I believe it is important we learn from other people's mistakes and pinpoint where they went wrong so we can be sure we do not repeat their errors.

The knowledge we learned from this case is extremely important for our future careers. Before any of us have jobs, we already have the precaution instilled in us that information is classified, valuable, and should be treated very carefully. I think it is also important to learn from this case that it is always in your own, your company's, and your client's best interest to be honest and make ethical decisions.

Case 6: Regulation FD

1. The purpose behind Regulation FD is to ensure that entities fully and completely disclose financial information. This means that a public company cannot release nonpublic information unless it is distributed to the public first. Essentially, this

creates a level playing field for any type of investors and eliminates the possibility of certain people knowing insider information and acting upon it. Often times, people call this insider trading. As it pertains to financial reporting, the public must be informed of any pertinent information regarding financials before it is released to an individual party. If the public does not know, it is not information you as a company should be sharing with anyone outside of your company. In addition, this is why releasing earnings throughout the year is so important because it informs the public.

2. Regulation FD exists to protect fair trading in the public and also the reputation of companies. For example, an analyst for Saloman Smith Barney named Jack Grubman was subpoenaed by the law due to him attending board meetings of WorldCom. This put him in the position to know financial information that other analysts and investors did not know, which creates a huge conflict of interest. It was simply unfair. One former analyst describes Reg FD in the sense that it “keep[s] analysts and company’s at arm’s length from each other.” This ensures that analysts do not know any detailed information that the public does not know. The Reg FD also protects the interest of small investors, whereas before Reg FD, they were often left out of crucial knowledge that would assist them in investing decisions.
3. Last semester in Accounting 420, Dr. Dickinson told us about a CEO that tweeted information that ultimately affected the stock price of his company. We discussed how the SEC had a new world of social media to regulate, and how they also were faced with the decision of how the Reg FD would affect situations like this. Can

CEOs and other administrative individuals use social media as an outlet for releasing pertinent financial information? After having these conversations, I would not tell my client that he violated Reg FD because I believe that the SEC made adaptations regarding social media and the release of financials. However, I would tell him that I would need to do further research because I am not certain that there was a change. In addition, I would advise my client to potentially stray from releasing this type of information on social media altogether. By choosing to not share financials on social media, it helps eliminate any type of scandal or misunderstanding.

4. From reading the article, I learned the SEC created the Reed Hastings Rule in 2012 when the CEO of Netflix released its number of streaming hours. This was the first time they had ruled on the topic of social media and claimed that what Hastings did was suitable as long as investors were informed. As far as I can tell, social media can be used to release information as long as investors are informed and the information is clearly accessible to the public. In the case of Musk, I think that simply *not* tweeting “Am taking Tesla private at \$420. Funding secured” would be the smartest decision as it pertains to legal trouble and just financial stability in general. It is better to be safe than sorry in situations as serious as a company’s financial worth.

Case 7: Is it taxable?

ACCY 420

Maddie Dyess

Case Summary

For our second case in spring semester of Accounting 420, we studied a unique situation with a young youtube star. At 13 years old, she is making between 10,000 to 15,000 a month in advertiser revenue with the addition of free merchandise from brands. Our task at hand was to figure out if this income for a minor is taxable and to what extent. For our first memo, we had to summarize the situation to our partners. We addressed that Mr. Clementine's tax return could be compromised due to his daughter's income. We also discussed with them that Emma would need to file a tax return due to the amount of her earned income. Our second memo was an email to Mr. Clementine himself. We informed him that our lunch meeting left us with some worries involving his daughter Emma. We told him that his tax return was clean, but Emma would need to file her own return immediately because IRS fines could be faced potentially. This case was extremely informative and helpful in learning about tax laws, especially in consideration to minors. Previously we did not know that income made from Youtube and like social platforms are liable to be taxed regardless of age. Considering the social media age we live in today, this information is very pertinent. It also interested us both in tax when considering what our future careers will be.

Case 7: Is it taxable?

LETTER

Dear Partners,

I hope all is well with you all. After a lunch meeting with an extremely important client of ours, I am troubled. Over our salmon salads, I began to discover and uncover

additional information that I was not previously aware of in regards to his personal life. Currently, we will be filing Roger Clementine's personal tax return and potentially his brother-in-law's tax return, another Fortune 500 Chief Officer. However, Roger Clementine has a daughter by the name of Emma. For the past four years, Emma has been making \$10,000-15,000 a month in advertiser revenue on her youtube channel. Additionally, she receives free products and clothes that brands intend for her to feature on her platform. My fear is that there may be tax ramifications for Roger Clementine's tax return due to the nature of his daughter's business. In regards to the products she receives, as long as she receives them entirely free, they do not have to be taxed. If a brand requires that she posts the product in order to keep it, the IRS would consider this bartering and the sample value can be taxed. Clearly, since Emma is making far beyond the benchmark of \$12,000 a year that a minor can make, we have a situation. Since we cannot assume that Emma provides more than half of her own financial support, Mr. Clementine should legally be allowed to claim her as a dependent. I believe Mr. Clementine's tax returns are clean, but Emma's earned income is taxable. Considering she is only 13, it is partly the parent's responsibility to ensure that her income is taxed. Due to the fact that there is some level of responsibility regarding the information I learned, I am going to handle the situation with Mr. Clementine immediately. I will keep you all updated with the steps Mr. Clementine will take regarding his daughter's taxes.

Best,

Cole Mosby or Maddie Dyess

EMAIL

Mr. Clementine,

I enjoyed our lunch meeting today and am thankful for the opportunity to catch up. After getting back to the office and conversing with my fellow tax team, I have a couple of concerns as it relates to your daughter Emma's Youtube income. From the information you shared with me, I believe that your tax return is clean as long as Emma is not providing more than half of her own support. However, her earned income exceeds \$12,000 a year, and that requires her to file her own tax return. Due to her age, you and your wife are partly liable in the situation at hand. She will obviously be in a different tax bracket than you considering that her income is far less. Since you all were unaware of Emma's need to file a return, let's try and get the ball rolling on her current year tax return. However, she has been delinquent for three years, so she could be facing up to \$75,000 in fines. We want to attack this as soon as possible since the IRS would most likely want to work with us and collect rather than fine Emma. I would also like to address the free merchandise Emma has been receiving. As long as there are no requirements from a brand in regards to her use of the product, she is not responsible for any type of taxing. If she does enter into an agreement with a brand, the product will need to be taxed at market value. Our company values our business with you, and we want to be sure that you and your family are taken care of and in a great place financially. Let's try and set up a phone call or meeting as soon as possible to nail down a plan of action. I look forward to hearing from you soon.

Best,

Cole Mosby or Maddie Dyess

Case 8: Monopoly Meets Blockchain

ACCY 420

Maddie Dyess

Case Summary

For our third case in spring semester of Accounting 420, we had the unique opportunity of playing an accounting version of Monopoly. The case was called “Monopoly meets Blockchain.” I was a part of State 2 in the Business Managers portion of the game. The game had many different moving parts; however, I was a part of a group of eight students that essentially sat and played monopoly. Each of us had a designated security key. This was the part of the game that made the process what you would call a “blockchain.”

We were each given a set of rules and \$1,500 in digital currency to spend and invest how we desired. The rules described that any cash, properties, and buildings we acquired would be considered assets. Liabilities would only be found in the game if you mortgage a property. Any purchases that we made in the game would be filtered through two people known as Big Mama and Big Papa. They would record our transactions, take our security key, and give us the property we were looking to buy. In addition, a runner would record any transactions that happened between two players. Equity was only generated by any earnings we acquired during the game. Generally, earnings came from rent we received from any properties we owned.

At first, this game was hard to catch onto because it was so new and had many different elements. However, once my group got the hang of it, it was actually very fun and educational. We were able to simulate what it is like to purchase and invest and earn revenue off of our assets. Upon completion of the game, we were instructed to prepare financial statements. These included an Income Statement, Statement of Retained Earnings, and Balance Sheet. Overall, I experienced a net loss on my financial statements

because I had more expenses during the game than I brought in revenues. This was due to the fact that purchasing properties was so expensive. It was very helpful and information to gain experience converting information we acquired ourselves into these statements.

Figure 8-1:

The Income Statement reports the REVENUES and EXPENSES and a summary number, NET INCOME or NET LOSS. If REVENUES > EXPENSES, you will have NET INCOME. This is a good thing. Conversely, if REVENUES < EXPENSES, you will have a NET LOSS and likely won't be in business for much longer. We start every financial statement with some important identifying information: 1) Name of the Business (Name of the Financial Statement) and 3) Date. Let's see how you did in your operations for the first period of business.

YOUR NAME: Maddie Dyess
Income Statement
For the First Period of Operations

REVENUES 275
minus
EXPENSES <600>
equals
NET INCOME <325> NET LOSS (If this number is negative, you have a NET LOSS)

Rev
Player Rev 50
Rent Rev 25
Passes & 60 200

EXP 275
Build EXP <140>
Build EXP <400>
Rent EXP <50>
Player EXP <10>
600

Figure 8-2:

...to do the second statement, the Statement of Retained Earnings. Retained Earnings is the sum of all the net income earned over the life of the business minus all the dividends paid over the life of the business. We need to make a couple of important points. First, since the period of operation, your **beginning** retained earnings will be zero. Second, we didn't pay a dividend yet, so DIVIDENDS will be zero (we'll get to that later in the class). So the statement follows:

YOUR NAME: Maddie Ryess

Statement of Retained Earnings
For the First Period of Operations

Beginning Retained Earnings	\$0
plus	
NET INCOME	<u>< 325 ></u> ← Enter amount from INCOME STATEMENT
minus	
Dividends	\$0
Equals	
Ending Retained Earnings	<u>< 325 ></u>

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

Figure 8-3:

your final financial statement of the assignment, the Balance Sheet. The Balance Sheet is a "snapshot" in time of the accounting equation. In other words, it will list all of the ASSETS, LIABILITIES and EQUITY of the business. The key is this: ASSETS must equal LIABILITIES + EQUITY in the end or you made a mistake. In other words, the accounting equation must be **in balance**.

YOUR NAME: Maddie Myers
 Balance Sheet
 TODAY'S DATE: 3/4/20

ASSETS:

Cash 635

Properties 540 (400+140)

Buildings 1175

Total ASSETS: 1175 ← Total of CASH, PROPERTIES and BUILDINGS

LIABILITIES ∅

EQUITY:

Stock 1500

Ending Retained Earnings 3257 ← Enter amount from ENDING RETAINED EARNINGS from Statement of Retained Earnings here

Total LIABILITIES PLUS EQUITY: 1175 ← Total of LIABILITIES, STOCK AND ENDING RETAINED EARNINGS

Are the numbers on the two bold lines the same? If so, congratulations, your Balance Sheet is **in balance**. If not, then you must find out where you went wrong and try again. Do your totals from your ledger match the Accounting Equation balance? If not, then check each individual posted transaction to make sure each line has the Accounting Equation in balance. If that doesn't work, you might want to try re-totalling your columns at the bottom of the ledger. If you still can't find the problem, see if you can get a classmate to be your "auditor" – sometimes "fresh eyes" can spot the problem.

10 | P

Case 8: Monopoly Meets Blockchain

Block chain technology is essentially a database that holds records, or “blocks.” Each block is time stamped and connected to other blocks in order to create a chain. This system is very helpful and efficient in tracking the transactions of different data pieces. In our monopoly game, the security keys were the main element to imitate a blockchain. With each player having a key, every transaction was recorded by a runner and Big Mama or Big Papa under this specified key number. If one were to look at the transactions recorded, they would be able to see how a certain security key behaved during the entirety of the game. They would see transactions such as properties purchased, fees paid, or rent earned. As a result this would compile a set of data under each key. I thought it was a great and fun example of how blockchain systematically works.

During my time working for the Deloitte Case Competition, my group did extensive research on blockchain. It is a very new element, especially in the accounting world. Because it has the potential to be very powerful and complex, I think the technology should be gradually implemented into accounting procedures. There needs to be thorough research before something as world shifting as blockchain becomes common practice in economies though. When we sought insight from partners working for Deloitte, they described how new the idea is and that most people do not know much about blockchain. For our project, we used the idea behind blockchain to create data bots, similar to security keys. These bots track pieces of a customer’s personal information through a company’s system. The purpose of the innovation was to protect the

information of people by basically seeing everywhere it travels. I think a procedure such as this is extremely positive and has the potential to really expedite and develop many different systems in the accounting field.

Case 9: Business Interview

ACCY 420

Maddie Dyess

Case Summary

For our fourth case in Accounting 420, we had the unique opportunity to interview an individual in the business world. Since this case was assigned during quarantine, it was the perfect time to sit down and talk with my dad, Todd Dyess. I was curious as to what cases we would be able to accomplish during this time of online classes. However, I thought this assignment was such a great idea and a great opportunity to learn from other people's careers. While I did know a lot about my dad's career, it was very helpful to hear bits and pieces of advice and different ways he felt throughout his career.

My dad currently serves as a territory manager for a medical device sales company. He began his career as a stock broker in the business world and pretty early in life transitioned to being a medical sales rep. He is a very gifted salesperson and worker. The industry he is in requires a go-getter personality and many long hours. Nothing is handed to him on a silver platter. I was able to really absorb this and truly understand this about his life by being able to interview him.

I think the main take-away I had from sitting down with my dad was how careers always require risks and courage. He kept discussing how different points throughout his life were scary, and he had to rely on his skill and trust the process. For where I am in life, this was definitely insight that I needed to hear and be reminded.

Case 9: Business Interview

My dad grew up the oldest of three siblings in Star, Mississippi. He had a simple childhood with a lot of his time spent in the woods exploring and adventuring with his younger brother. For most of his life, he loved the sport of baseball. My grandfather

would oftentimes work with my dad, and over time he developed into a skilled pitcher. My dad excelled academically and athletically at Maclaurin High School, which then led to him earning a baseball scholarship to attend Tulane University.

My dad reflected on his time at Tulane by explaining that he did not know what he wanted to study right off the bat. He knew he was skilled in math, so he decided “naively” (as he put) to major in accounting. He was accepted into the business school, but he quickly found that accounting would require an enormous amount of studying and devoted time. This was hard to accomplish as a student athlete for him. However, my dad was able to find a group of students to hold him accountable and help him study. He also mentioned how the teachers at Tulane played a vital role in his success as an accounting major. One of the most pivotal times in his academic career happened with one of his favorite teachers, Professor Hogue. “I was one of five students that failed the first test.” My dad described how Professor Hogue took him and these students out to lunch and asked them how he could be a better teacher and help them do well in the class. “It was an eye-opening experience to see that these people really do care. I ended up getting a B+ in that class.”

As my dad quickly approached college graduation, he was drafted by the Baltimore Orioles to play professional baseball. While this time as a professional baseball player was very important to him, it somewhat put him at a disadvantage when it came to the possibility of being an accountant. After baseball ended, my dad took his interest in investments and decided to become a stock broker. From here, he fell in love with business and management. After spending a couple years as a stock broker, he decided to take a leap of faith and become a medical sales rep. Today, he still works in

this industry and has become very skilled and experienced in this line of work. One thing that he mentioned he has learned from his career is to always treat people with kindness and do the right thing. He described that “being competent and confident are the main elements of success that I have learned.”

My dad’s life outside of work mainly revolves around our family. He coaches my brother in baseball and spends a large amount of time attending events for my siblings and me. He talked about how life outside of work is a “constant rebalancing and learning the ability to prioritize.” He mentioned how once people are added to your life that have important milestones you have to reshape your own. His favorite vacation that he has ever taken was his 20th wedding anniversary trip to California. My dad talked about how usually when he takes vacation he has a hard time relaxing because he will think about all the things left undone or that he needs to do. For his California trip, his biggest client helped him plan it, so he had peace about things back at home.

When I asked him to give some advice for college students, he emphasized the importance of saving your money. He said, “Systematically, invest your money in the stock market S&P 500. Keep putting money in and over time you will end up with more money.” His main point was to always trust the process of saving. Throughout school, I have always heard to save, but it was helpful to know my dad is doing it and to also hear how he does it.

I had an idea of what my dad might mention when I asked him what he is most proud of from his career. Many years ago, my dad was in a very comfortable job and made good money. There were some doubts that the company was going under, so my dad took a leap of faith by beginning a new job working with neuromodulation for a

company called Boston Scientific. He underwent extreme training and testing to learn about a product he would be selling called spinal cord stimulators. This job was not easy, but he talked about how he became a much more skilled manager of people and patients by staying the course and performing well at his job. He mentioned, “I accomplished my goal of taking a broken business and making it a viable business where people in the geographic area had a different perception of the company.” In addition, he explained how his Boston Scientific job, that he recently left to join a new start up business, really equipped him to learn the meaning of courage. “I am most proud of the fact that I have never cut corners or done unethical things in my career. Always do things the right way and you will be confident in the end.”

My favorite part of our conversation was discussing something that he would potentially change about himself. He gave a very unique answer that I will never forget. He began to explain that he would like to change about himself would be to give himself the “supernatural power” to enjoy all things without fear of the future. “The hardest thing in life is enjoying the present and not allowing the future to take away your joy in the moment. We are built on emotions of past, present, and future. These are always colliding.” I found this so profound, yet so simple to understand.

We ended our interview talking about both of our generations and how the world communicates and works together in society. He stated that the problem he sees is that both generations have trouble connecting and understanding other people. He mentioned, “Both generations have gifts to offer the other. If we all lived with mutual respect, we could all be better for what everyone has to give.” This comment blew me away as well,

and truly made me evaluate how I see and work with people around me. Sometimes issues have easier solutions than we think.

Case 10: Intern Interview Case

ACCY 420

Maddie Dyess

Case Summary

For one of our final cases in Accounting 420, we had the opportunity to interview a senior student that has just returned from their internship. Dr. Dickinson did a spectacular job by connecting us with a student that just completed their internship in our preferred city. I had the chance to interview a student named Jordan Watts. I was ecstatic to interview Jordan because we are actually good friends, and I wanted to hear about her experience. She interned with KPMG in New York City.

Jordan was one of the main reasons that I really considered and decided to pursue New York. I was having trouble with committing to New York, and she encouraged me to take a leap of faith and see what opportunities I could experience there. She is a very steady, genuine, and kind person; therefore, all of her advice during the course of our interview was very personal and extremely helpful to me. She took the time to walk me through what her typical work day looked like, what her meals consisted of, and what her living situation was like. I was able to learn a lot but also catch up with her, which was very nice.

I thought that this was a great case to do since we are all ending our recruiting process. Many of us, myself included, have different offers and are needing to figure out which firm is the best fit. Jordan was able to offer me a lot of insight on KPMG and what the culture of the firm was like from an internship perspective.

Case 10: Intern Interview Case

I began our interview learning about the logistics of Jordan's experience in New York. She explained that she worked on financial services during her time and also worked very long hours. Due to the nature of her client, she was able to work a lot of

overtime, even working until two in the morning some weekdays. However, she mentioned that since I will be pursuing an internship in the Metro division my experience will probably look different in regards to hours. This was very helpful for me to learn; moreover, she suggested that if I want to work overtime in Metro I should vocalize this so KPMG can accommodate my request. Additionally, Jordan gave me great advice as it pertains to communication. She explained to me that most of your communication as an intern will be through email and skype. Her piece of advice was to always keep your manager informed as to where you are in your work for the day. By giving them your schedule, you are creating clarity and making it easier for the team to know when the work you are assigned will be completed. A couple of Jordan's roommates worked on the Metro side of KPMG and were able to work on clients such as Soul Cycle, Valentino, and Revlon. This was reassuring for me to hear because I would love to work on clients such as these during my own internship.

Since I am close friends with Jordan, I felt comfortable asking her what her meal planning and food expenses looked like. She explained that typically she would eat a bagel and peanut butter in the mornings at her desk. Sunday was her day that she would go to either Target or Trader Joe's and get groceries and snacks for the week. For lunch, she would often go to her client's cafeteria and order a meal large enough to last her for two days during her hour break. She explained that this was helpful in saving money and time. Because she worked late through dinner hours, she would eat whatever the team would order for the office. This also helped her save money.

Jordan and I ended our facetime talking about awesome restaurants I need to try and different places that I should visit when I get to New York. She told me about a

weekend that her and a friend decided to go visit Connecticut. Hearing about all of her stories and experiences made me excited for my own time there. She left me some really great parting knowledge that really meant a lot to me and sparked many thoughts. Jordan actually did not end up signing a contract with KPMG upon completion of her internship. She felt as though she was not finished with school, and she can see herself more as a professor potentially. She has been looking into phd programs for economics for after she gets her CPA. Even though she is not certain where she will end up, she knew signing a contract was not right for her at this time. Jordan told me, "Take the internship at face value and learn everything that you can during your time." In addition, she took the time to encourage me to have a good attitude, be friendly, and take criticism well, but at the same time, do not put a ton of pressure on yourself. Our conversation really made me realize that this internship is a huge learning experience more than anything else. While it can be the perfect segway into a job, it is important to learn everything I can and take the time to figure out if public accounting is for me. Oftentimes, I have felt an overwhelming pressure to perform and be successful at a Big Four firm, but success could look different for me. My conversation with Jordan made me remember this and gives me great peace as I prepare for my time in New York.

Case 11: Final Case

ACCY 420

Maddie Dyess

Case Summary

For our final case in Accounting 420, Dr. Dickinson assigned five different articles and videos for us to watch and form opinions on. We were instructed to watch them in the order assigned, as their content built on one another. The first video was a short informational clip about crony capitalism. It was very simplified and was a great groundwork to better understand the other material. We then watched a movie called *Inside Job*, which broke down the 2008 financial crisis. I found this movie to be the most helpful and interesting material that was assigned. We were very young when this crisis happened, so I never really fully understood the extent and depth of what occurred. Our case concluded with reading three different articles. Two of the articles went more in depth about the 2008 crisis, and the final article was about Wall Street's opinion on the Trump economy.

During the current times of the coronavirus, these materials made me think more in depth about the government's role during a global pandemic. It made me realize that any current issues whether a financial crisis or pandemic have deeper roots within politics, money, government decisions, and many other things. In addition, it opened my eyes to the amount of selfish people that are in very high positions with great influence on our economy. We can hope that everyone is working in the best interest of the people, but from what I read and watched, it reminded me that this is not always the case.

Case 11: Final Case

Before I studied the materials assigned, I had never really thought or learned about crony capitalism and the effects it has on our world. I have always strayed from having opinions on politics, but learning about the injustice within our government

quickly made me think deeper about the decisions our government makes. Since I am getting older and closer to making my own money, these issues pertain more to me than ever before. Overall, the compilation of the materials made me realize that the government is not always working in the best interest of the people. Additionally, I learned that there are many powerful people making large sums of money off of corrupt operations and immoral and selfish business deals. I think the movie about the 2008 financial crisis blatantly highlights the corruption of man. Greed and success are huge motivations for people, and when these people have power, it has the potential to destroy entire industries and economies. It is easy to turn a blind eye to topics such as these, but I was taught we absolutely can not do that. We must be vigilant in how our economy is running and who is running it. I think that for the future these materials teach us that we cannot give such a great amount of power to a limited number of individuals working on Wall Street. This is dangerous. I think it also means that during future elections we must be more aware of how candidates and parties are spending money. While it is hard to stop corruption altogether, I think it is possible to hold people accountable that are in high positions of power on Wall Street and in the White House.

Personally, I think studying the corruption within government and the financial world requires me to be conscious of how I invest and spend my money. I should not support these companies that are highly involved in criminal activity and continually get away with it. I think my role in society is not to be an enabler to these entities. While it may seem surface level, I kept thinking that professionally I would never want to work for one of these companies. In addition, in my future auditing career, I want to be a part of holding people accountable and helping businesses make ethical decisions when it

comes to their books. By learning about the people that caused the 2008 financial crisis, I now want to do what is right more than ever. I have always been a strong advocate for doing the right and ethical thing, but now I want to passionately do so.

I think we can already see that the current virus has changed both the economic and political climate of the United States. Economically, many different industries have been affected from the airline industry to the food industry. With many jobs being uncertain right now, I feel as though at any moment the economy could come crashing down. There are so many unknowns because the nature of the virus is unknown. During times of a crisis, people are going to find faults in the person in charge and making difficult decisions. I think how Donald Trump is handling the crisis could have either negative or positive effects on the upcoming presidential election. From what I have observed during this time, I think that before this crisis, Americans were extravagant spenders on things we do not necessarily need. Since being in quarantine, many people have reprioritized their lifestyles. This means more dinners at home and less eating out or even more walks outside rather than spending money at the movies. These are small examples, but I think we have discovered that we can be happy, maybe even happier, with less. This obviously could hurt some industries that could potentially never bounce back, but I believe that making the new status quo “less is more” could lead to a better world.

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