Interacting with a CPA

PRESENTED BY
TAMARA C. KEMP, MSA, CPA

Collins Kemp & Patterson, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
Accounting is the key to a successful business!

ACCOUNTING NEEDS

BOOKKEEPING
REPORTING
CASH FLOW
FINANCING
TAXES
First Consultation

- Beginning planning stages
- Before Legal Structure is Established
- Before Capital Structure is Set
- Before Operations Begin
Planning

- **Who is Involved**
  - “Members” of the LLC
  - “Partners” of the Partnership
  - “Stockholders” of the Corporation
  - “Sole-proprietor” if Self Employed
Legal Structure

- Consult an Attorney to prepare legal documents
- What type of Legal Entity
- Ownership Percentages vs. Profit Sharing Percentages
- Operating Agreement
- Exit Plan
Capital Structure

Where will Funding Come From?

- Contributed by owners
  - Capital Contribution in Cash or Assets
  - Loaned by Owners

- Borrowed from Financial Institution
  - Operating Loan
  - Mortgage Loan
  - Secured Loan
How will you manage your business.

- Board Designated
- Employed Management
- Owner or Member Managed
How will you Operate your business?

Basis of Accounting

Cash
Reporting Income and Expense when they are paid or received

Accrual
Reporting Income as it is earned and expenses as they are incurred

Modified
Other basis of accounting
Tax Filing Requirements

- Payroll Taxes
  - FICA
  - NC Withholding
  - State Unemployment
  - Federal Unemployment
- Sales Taxes
- Income Taxes
- Franchise Tax
- Workers Compensation
- Property Tax
- Business Personal Property Taxes
- Highway Use Tax
Reporting Requirements

- Government Contracts
- Bonding
- Financial Institutions
- Licensing
- SEC
- Cost Reports
- Annual Reports
- Privilege License
Bookkeeping

- Paying Bills
- Billing Customers
- Making Deposits
- Allocating Expenses
- Itemizing Income
- *Reconciling* Bank Accounts
- Recordkeeping
- Organization
Start-up Expenses

Expenses incurred prior to the time the business is born!!
*Amortized over 60 months*

- Professional Fees
- Cost of Sales
- Technology
- Administrative Cost
- Sales and Marketing
- Wages and Benefits
Cash Flow

- Understanding Cash Flow vs. Profit/Loss
- Cash in the Bank does not always equal Profits
  - Borrowed Money
  - Accrual vs. Cash
- Cash Shortage does not always equal Losses
  - Paying Back Loans
  - Capital Investments
## Accountant Engagements

- Audit
- Review
- Compilation
- Bookkeeping
- Payroll Reporting
- Income Taxes
- Financial Planning
- Consulting
- Computerized Accounting
My Advice

Schedule an appointment with a CPA the minute you begin thinking about starting your own business!!!

Tamara C. Kemp, CPA