

# Interacting with a CPA



**PRESENTED BY  
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**Collins Kemp & Patterson, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS**

**Accounting is the key to a  
successful business!**



**ACCOUNTING  
NEEDS**

**BOOKKEEPING**

**TAXES**

**REPORTING**

**CASH FLOW**

**FINANCING**

# 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**

# Management



- **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**