Case Studies

Client was a Professional Services Firm specializing in Real Estate Transactions in Mexico. Client was experiencing severe cash flow problems and inability to complete work for clients in a timely manner due to lack of adequate cash. We performed an evaluation of clients operations. First issue was to solve the cash flow situation. We implemented a formal written collection policy, requiring that all services be performed on retainer. We also implemented a collections policy that reduced their 1.2 MM in receiveables to a manageable 300k in a 6 month period. Cash flow improved to the point where they were able to pay off their 250,000 bank operating line of credit within the 6 month period. With the improved cash flow, no operating line of credit was require to pay bills, and the partners were able to increase their incomes by approximately 100,000 per partner. We assisted in developing office procedures that delegated duties, instituted weekly meetings to review all client statuses, and review status of each partners client collections. Next we revised the Quick Books so the accounting system accurately reflected the financial status of the firm. We instituted monthly financial reporting and projected tax consequences. We succeed where other consultants failed, because we did not provide canned solutions, we listened to their concerns, worked with the partners to educate them on financial reports, and developed solutions using their input and suggestions. We involved them at every step of the process.

Clients’ bookkeeper abruptly quit, leaving them with no one to help manage their financial reporting for a multi million dollar business. We first assessed the set up of the quick books, and found not only was it set up wrong, transactions were improperly recorded, no bank reconciliations had been completed in several years, their accounts recievables and payables had numerous errors in the books. Our first step was to fix the Quick Books problems so it was user friendly. Next step was to train the new bookkeeper what was important and get the proper input of data. Then we completed the bank reconciliations , and cleared up any erroneous transactions. We found that the depreciation schedules were wrong and several pieces of equipment had not been entered into the books. The income tax returns for previous years had substantial errors in them. We filed amended returns and reduced the tax liabilities for the client. We instituted quarterly meetings where we reviewed their financial position and projected out revenues, cash flows, expenses, and tax liabilities. Clients business became more profitable because he was able to get an accurate financial picture of his business in real time.

Client was a salesman who had not filed income tax returns in 6 years. The IRS completed estimated returns for him and calculated a tax liability of over $20,000, and interest and penalties of over $10,000 for the periods in question. We obtained a Power of Attorney from the client and arranged a 60 day window with the IRS to complete and file the tax returns. We filed the completed tax returns with supporting documentation with in the 60 days. The result was that the IRS owed the client over $25,000 in refunds. Because 3 of the years fell outside the statute of limitations for refunds,the IRS only refunded $15,000. We saved the client the $20,000 assessed taxes and all interest and penalties were removed. If client had timely filed his tax returns he could have saved himself an additional $10,000 for the additional refunds he did not claim in a timely manner.

Client was using an accounting software package to track and produce financial information with codes to identify each type of account. Examples are Cash, Accounts Receivable, Accounts Payable, Printing, Postage, I think you get the picture. The company had a few divisions and the same departments in each division. I was contracted to find out if the software was able to provide a higher level of detail. After review of the software and reporting program I determined the reason for the lack of greater detail was due to coding. In order to have department or division detail the coding needed to be expanded to include a set of numbers for each of these areas and that the current software was capable the expansion. While the Postage code (for example) remained the same, by adding a division and a department code a report for only Marketing Postage could be produce, or a report listing all the different departments that using Postage for a given time period could be produce. I develop and entered into the computer software, a new set of code that identified a separate 2 digit code for the divisions and a 3 digit code for the departments within the divisions along with the account codes already established. Then reports could be run by Division, by Department, by Division by Department, for the whole Company or for each Account Code. No more garbage in, garbage out.