Yes, Accounting can be Fun!

Joe Bittner, CPA
Director, Education & Professional Development
EisnerAmper LLP

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Joe’s Bio...

1. Director, Education & Professional Development, EisnerAmper
2. Accounting Instructor, University of Connecticut
3. Education Manager, Federal Reserve Bank of New York
4. Senior Director, Business Programs, NYU SCPS
5. Education Manager, American Institute of CPAs
6. Adjunct Accounting Professor, NYU SCPS & University of Connecticut
7. High School Business Education Teacher, Bristol (CT) Central High School
8. Audit & Tax Associate, Price Waterhouse and Deloitte & Touche
9. BS, Finance & MBA, Accounting, University of Connecticut
10. Born & raised in East Haven, CT; live in NYC
Yes, Accounting can be Fun!

- Financial Reporting & Analysis
- Preparing & Using a Balance Sheet and Income Statement
- Cost-Volume-Profit (CVP) Analysis
- Financial Literacy
Financial Reporting & Analysis

Instructional Strategy:

• Explain the “nature of the business” of a company

• Explain information reported on a Balance Sheet
  – Identify and explain assets, liabilities and equity
  – Explain the relationship between assets, liabilities and equity

• Explain the information reported on an Income Statement

• “Analyze” a company:
  – Net Profit Margin
  – Debt Ratio
  – Operating Cycle (inventory turnover + accounts receivable turnover)
  – Return on Assets
  – Current Ratio (and Working Capital)
Financial Reporting & Analysis

Resources:

• Annual report of a public company

• AICPA’s *Takin’ Care of Business* Education Handbook
  – Lesson 1, Financial Statement Analysis: Reading Between the Bottom Lines
    » Texas Society of CPAs; [www.tscpa.org](http://www.tscpa.org)

• Financial Reporting and Analysis (Gibson)

• What the Numbers Mean (Marshall, McManus, Viele)
Preparing & Using a Balance Sheet and Income Statement

*Instructional Strategy:*

- Research careers, education requirements and universities
- Prepare a personal budget
  - Explain the benefits of a tax-deferred savings plan
- Prepare a “personal” balance sheet and income statement
Preparing & Using a Balance Sheet and Income Statement

**Resources:**

- Personal Budget
  - Connecticut Society of CPAs *Me, Myself, My Money* ([www.ctcpas.org](http://www.ctcpas.org))
  - AICPA’s *Takin’ Care of Business* Education Handbook
    » Lesson 3, Budgeting & Forecasting: Forecasting Your Future
    » Lesson 9, Financial Planning: Tax Laws Can Make You Rich
    » Lesson 10, Time Value of Money: Timing is Everything
  - Texas Society of CPAs; [www.tscpa.org](http://www.tscpa.org)

- Personal Balance Sheet and Income Statement
  - Use *Excel spreadsheet* to demonstrate how transactions impact the accounting equation
Preparing & Using a Balance Sheet and Income Statement

INTRODUCTION

Financial Planning

Learning Objectives

Lesson 1
Budgeting: How to Live on Your Own and Not Move Home in a Week
- Prepare a budget and determine disposable income.
- Identify necessary or essential expenses and discretionary or non-essential expenses.

Lesson 2
Taxes: Who’s FICA, and Why Does He Get Part of My Paycheck?
- Calculate gross income and taxable income.
- Calculate Social Security tax, Medicare tax, and federal and state income tax.

Lesson 3:
Retirement Plans: Saving for Retirement – It’s Never Too Early to Start!
- Compare and contrast defined benefit retirement plans and defined contribution retirement plans.
- Determine an annual pension provided by a defined benefit retirement plan.
- Determine employee and employer contributions to a defined contribution retirement plan.
Cost-Volume-Profit (CVP) Analysis

Instructional Strategy:

• CVP Analysis
  – High-low Analysis
  – Sensitivity Analysis

Sales
  – Variable costs
Contribution Margin
  – Fixed costs
= Profit
Cost-Volume-Profit (CVP) Analysis

Instructional Strategy:

\[
(Selling\ price \times Quantity\ of\ units\ sold) - (Variable\ cost\ per\ unit \times Quantity\ of\ units\ sold) - \text{Fixed\ costs} = \text{Profit}
\]
Cost-Volume-Profit (CVP) Analysis

**Instructional Strategy:**

*Contribution Margin per Unit* = *Selling Price* – *Variable cost per Unit*

1. 
\[(Selling\ price \times Quantity\ of\ units\ sold) - (Variable\ cost\ per\ unit \times Quantity\ of\ units\ sold) - Fixed\ costs = Profit\]

2. 
\[(Contribution\ Margin\ per\ unit \times Quantity\ of\ units\ sold) - Fixed\ costs = Profit\]

3. 
\[(Contribution\ Margin\ per\ unit \times Quantity\ of\ units\ sold) = Fixed\ costs + Profit\]

4. \[Quantity\ of\ units\ sold = \frac{Fixed\ costs + Profit}{Contribution\ Margin\ per\ unit}\]
Cost-Volume-Profit (CVP) Analysis

Resources:

• AICPA’s *Takin’ Care of Business* Education Handbook
  – Lesson 3, Break-even Analysis: Proving the Price is Right
    » Texas Society of CPAs; [www.tscpa.org](http://www.tscpa.org)

• Managerial Accounting (Garrison)

• Managerial Accounting (Hilton)
Financial Literacy: Having the knowledge and skills to make informed business and personal finance decisions.

**Instructional Strategy:**

• Make it “personal”—student-centered approach to developing the knowledge and skills to make informed business and personal finance decisions through the study of accounting and accounting-related topics

**Resources:**

• Connecticut Society of CPAs Me, Myself, My Money (www.ctcpas.org)
Financial Literacy:
Having the knowledge and skills to make informed business and personal finance decisions.

Resources:

• Each of the six modules contains learning objectives, two to four lessons (each with multiple student activities), and instructor’s solutions.
  – Credit Cards and Your Credit Score
  – Managing Debt
  – Financial Planning
  – Insurance
  – Investments
  – Money and Banking

• The 18 lesson plans and 47 activities are aligned with the learning standards of the Connecticut Department of Education and the NBEA.
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Having the knowledge and skills to make informed business and personal finance decisions.
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