



## GrowthForce Case Study: **Auditor Support**

# Auditor Support Case Study

## Overview

Many small businesses and non-profits are challenged when preparing for an annual financial audit. They have spent the year focusing on generating revenues, cutting costs and growing the organization, not maintaining their work papers. When the auditors arrive the organization has to stop in its tracks trying to create an accounting trail.

Such was the situation for two GrowthForce clients who needed assistance to unravel their financial balls of yarn. The first needed an audit for their annual report to investors. The other is a non-profit organization which has audit requirements to fund outside grants and to maintain their tax-exempt status.

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## Example #1 TransEdge Energy

### Situation

Calvetti, Ferguson & Wagner (CFW), one of Houston's Top 25 CPA firms, was contracted by TransEdge Energy, a new Texas LLC growing into the energy business, to conduct an audit and complete its 2008 taxes. The first two TransEdge acquisitions were fuel oil companies in Northern New Hampshire. TransEdge knew it would be a challenge to meet the tax deadline with companies whose legacy financial reporting processes were outdated and consequently requested help to upgrade to a faster current methodology. Logistically, it was difficult as the CPA firm was in Houston while the TransEdge businesses were in New Hampshire.

To make matters more difficult, the January through March time frame is the busiest time of the year for the New Hampshire businesses. As such, the client did not have the time, or the staff, to completely focus on getting all of the necessary schedules ready for the auditors. By accounting standards, the CPA firm could not step in and prepare the books they were supposed to audit. As a result, it was possible that CFW could miss the investors' April deadline to file the K-1 report, the tax form which designates partners'.

## Solution

CFW recommended GrowthForce to assist in preparing the schedules, organizing the accounting records, and developing a daily punch list to enhance TransEdge's accounting systems so that this audit and all future audits could be handled cleanly and effectively. The client agreed and GrowthForce assigned a SWAT team to the task. Under management's direction, the team first met with the CPA firm to put together a list of needs. They then worked with bookkeeping staff at each TransEdge location to create the PBC (Prepared by Client) schedules needed by CFW. GrowthForce's QuickBooks system team worked with the client's IT team to create one QuickBooks file with proper security and internal controls that could be shared by multiple locations.

"We were basically the middle man," recalls Marsha Gibb, GrowthForce migration manager. "They have lots of daily transactions and we wanted to be sure that they were reconciled on a daily basis." Throughout the process, the GrowthForce team kept TransEdge President Steven Mesthos apprised of the work through daily updates.

## Results

CFW was able to deliver the financial results by the investors' deadline with reduced impact on the client's business operations. With a third party, such as GrowthForce, stepping in to assist "independence is not impaired," notes Sharon Gould, CPA\*, GrowthForce senior manager. That way the CPA is auditing GrowthForce's and the client's work, not their own.

With the work that has been completed, the TransEdge books are accurate faster than ever before and the result will be that next year's audit will be more efficient.

TransEdge was grateful for GrowthForce's support of their audit. "Your strong professionalism, your detail oriented work, your elaborate tracking systems, your tireless work ethic and, most of all, your constant upbeat attitude made an otherwise difficult experience...bearable," said Mesthos.

## Example #2 Village Learning & Achievement Center

### Situation

In March of 2008, Village Learning & Achievement Center in Kingwood, TX, was scheduled for an audit by Reimer, McGuinness & Associates, CPA. Village Learning & Achievement Center is a non-profit organization which serves people with developmental disabilities. The center had several bookkeepers during the past couple years. The organization had also experienced rapid growth during the same time period. Correspondingly, their books were not ready for an audit.

An audit was necessary, however, before they could complete foundation grant applications. In addition, the audit was required for cost reporting to government agencies which help fund the Center's programs. "It's important that their books stay in order and agree with the numbers reported to government agencies and that supporting documents are in place," explains Jennifer Brown, the GrowthForce senior associate who managed the project.

### Solution

GrowthForce stepped in to manage the finance function for the Center. That included supervising the in-house bookkeeping staff from a technical standpoint, managing the month-end closing process, coding of financial transactions, and preparing Board of Directors package and financial reporting schedules. GrowthForce's involvement was necessary because the Center staff did not have the accounting background necessary to oversee the bookkeeping function.

"Our management team did not need to be spending our time on accounting and away from our clients," recalls Executive Director Lisa Prusak. "GrowthForce is a perfect solution because they give us the skills necessary to get the job done accurately and on time."

### Results

After GrowthForce installed a new accounting system, the auditors took over and completed the 2007 audit in December of 2008. In addition, the accounting procedures established by GrowthForce helped streamline the 2008 audit which the CPAs were able to complete in just three months.

"GrowthForce helped Village Learning & Achievement Center get back on track and provide government reporting on a timely basis with accurate and complete books," said Brown. The Center also experienced an added benefit of being audit ready: reduced auditor fees. When documents are on hand for the CPAs, that saves the auditors time resulting in fewer billable hours to the client. The

auditors are happy because they reduce the amount of non-billable time due to constant rescheduling of audit start dates.

Randy Reimer, CPA, the partner in charge of handling the Center's audit said: "it was great to work with GrowthForce since they fully understand the accounting and audit schedules needed to complete an audit. It is also a plus that GrowthForce is an independent third party. There is no doubt that GrowthForce made a big difference in the time required to conduct the audit for the current year."

The Center was also on-time with its Home Community Services (HCS) Medicaid Waiver cost report required by the state to show how Medicaid payments are appropriated.

An additional advantage is that Board of Directors are now issued financial reports the week prior to meetings allowing for thorough review. In addition, the fundraising staff can now readily access data needed to complete grant applications. By setting up appropriate security rights in QuickBooks, they can pull the information they need without having to pay a bookkeeper.



*For more information, please email [info@growthforce.com](mailto:info@growthforce.com) or call 281-358-2007. GrowthForce would be happy to show you or your clients how to be ready for your next audit and provide management with reports needed to help make intelligent business decisions. Our outsourced bookkeeping and controller can help improve your business's productivity and lower overhead costs.*

*\*GrowthForce is not a CPA firm*