



**CAREER CLUSTER**

Finance

**CAREER PATHWAY**

Accounting

**INSTRUCTIONAL AREA**

Financial Analysis

**ACCOUNTING APPLICATIONS SERIES EVENT**

**PARTICIPANT INSTRUCTIONS**

- The event will be presented to you through your reading of the 21<sup>st</sup> Century Skills, Performance Indicators and Event Situation. You will have up to 10 minutes to review this information and prepare your presentation. You may make notes to use during your presentation.
- You will have up to 10 minutes to make your presentation to the judge (you may have more than one judge.)
- You will be evaluated on how well you meet the performance indicators of this event.
- Turn in all of your notes and event materials when you have completed the event.

**21<sup>st</sup> CENTURY SKILLS**

- Critical Thinking – Reason effectively and use systems thinking.
- Problem Solving – Make judgments and decisions, and solve problems.
- Communication – Communicate clearly.
- Creativity and Innovation – Show evidence of creativity.

**PERFORMANCE INDICATORS**

1. Describe the need for financial information.
2. Discuss the nature of the accounting cycle.
3. Demonstrate budgeting applications.
4. Discuss the nature of annual reports.
5. Describe the components of a well-governed company.

## EVENT SITUATION

You are to assume the role of executive director of the SOCIETY FOR MARKETERS, a non-profit, 501(c)3 membership association that serves marketing professionals. The president of the board of directors (judge) has asked for your help in developing an accounting plan to review and propose standard operating procedures around its finance functions.

SOCIETY FOR MARKETERS has existed for the past 40 years, but within the past five years has had to change its core mission, membership model, and programs and services offered to meet the changing needs of their professional members. For example, the annual conference which used to host 15,000 attendees was on a gradual decline, but surveys indicated that attendees and members who were not attending the conference would prefer the meeting be moved from April to October. As a result of moving the conference to October three years ago, attendance has been on the rise with a record attendance of 18,000 last year. The conference accounts for nearly 60% of the accounting transactions within the budget of the SOCIETY FOR MARKETERS.

Currently, the fiscal year for the SOCIETY FOR MARKETERS begins July 1 and ends June 30. Non-profits have a luxury that most individuals and corporate businesses do not – they can select their fiscal year-end for IRS purposes. Membership dues used to run the fiscal year, but now, based on feedback from potential and current members, membership now runs one full year starting with the month the member joins. Most corporate partners of the SOCIETY FOR MARKETERS operate their fiscal year on the calendar year (January 1 to December 31).

The president of the board of directors of SOCIETY FOR MARKETERS (judge) wants you to help create an accounting plan to review and propose standard operating procedures around its finance functions. Specifically, the president of the board of directors (judge) wants you to discuss the following:

- A rationale for adjusting the fiscal year to match the calendar year.
- Impacts to the accounting cycle when the fiscal year is adjusted.
- A proposed timeline for reporting, including the audit, to the board of directors.
- Financial documents that should be included in the annual report.
- Why financial information is imperative to the operations of the association.

You will present your accounting plan to the president of the board of directors (judge) in a role-play to take place in the president's (judge's) office. The president of the board of directors (judge) will begin the role-play by greeting you and asking to hear your ideas. After you have presented the plan and have answered the president's (judge's) questions, the president (judge) will conclude the role-play by thanking you for your work.

## **JUDGE'S INSTRUCTIONS**

### **DIRECTIONS, PROCEDURES AND JUDGE'S ROLE**

In preparation for this event, you should review the following information with your event manager and other judges:

1. Procedures
2. 21<sup>st</sup> Century Skills and Performance Indicators
3. Event Situation
4. Judge Role-play Characterization  
Participants may conduct a slightly different type of meeting and/or discussion with you each time; however, it is important that the information you provide and the questions you ask be uniform for every participant.
5. Judge's Evaluation Instructions
6. Judge's Evaluation Form  
Please use a critical and consistent eye in rating each participant.

### **JUDGE ROLE-PLAY CHARACTERIZATION**

You are to assume the role of the president of the board of directors of the SOCIETY FOR MARKETERS, a non-profit, 501(c)3 membership association that serves marketing professionals. You have asked for the executive director's (participant's) help in developing an accounting plan to review and propose standard operating procedures around its finance functions.

SOCIETY FOR MARKETERS has existed for the past 40 years, but within the past five years has had to change its core mission, membership model, and programs and services offered to meet the changing needs of their professional members. For example, the annual conference which used to host 15,000 attendees was on a gradual decline, but surveys indicated that attendees and members who were not attending the conference would prefer the meeting be moved from April to October. As a result of moving the conference to October three years ago, attendance has been on the rise with a record attendance of 18,000 last year. The conference accounts for nearly 60% of the accounting transactions within the budget of the SOCIETY FOR MARKETERS.

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You want the executive director (participant) to create an accounting plan to review and propose standard operating procedures around its finance functions. Specifically, you want the executive director (participant) to discuss the following:

- A rationale for adjusting the fiscal year to match the calendar year.
- Impacts to the accounting cycle when the fiscal year is adjusted.
- A proposed timeline for reporting, including the audit, to the board of directors.
- Financial documents that should be included in the annual report.
- Why financial information is imperative to the operations of the association.

The participant will present the plan to you in a role-play to take place in your office. You will begin the role-play by greeting the participant and asking to hear about his/her ideas.

During the course of the role-play you are to ask the following questions of each participant:

1. How do we change our year-end with the IRS?
2. Are there any other considerations we may need to contemplate when changing our year-end?

Once the executive director (participant) has presented the plan and has answered your questions, you will conclude the role-play by thanking the executive director (participant) for the work.

You are not to make any comments after the event is over except to thank the participant.

## **SOLUTION**

Answers will vary but some suggestions are provided below.

### **A rationale for adjusting the fiscal year to match the calendar year.**

- With the annual conference now in October, they can close it out by the end of December and finalize their new fiscal year.
- With the dues structure no longer tied to the July-June fiscal year, there is no benefit for it to be tied directly to the fiscal year.
- Matching the year-end to a calendar year is more in line with corporate fiscal years and may be helpful for funding sources, align with other reporting, etc.

### **Impacts to the accounting cycle when the fiscal year is adjusted.**

The accounting cycle is the collective process of recording and processing the accounting events of a company. The series of steps begin when a transaction occurs and end with its inclusion in the financial statements. When the fiscal year is adjusted, the accounting cycle for that year will be shorter than previous years.

### **A proposed timeline for reporting, including the audit, to the board of directors.**

Some considerations may include:

- Quarterly financial reports to the board of directors
- Annual audit
- Filing of the 990

These are components of a well-governed company.

**Financial documents that should be included in the annual report.**

Some considerations may include:

- Full copy of the completed audit
- Statement of Financial Position
- Statement of Activities
- Pie chart showing major sources of income
- Pie chart showing major categories of expenses

This information is often used by an association's members as well as major donors and funders.

**Why financial information is imperative to the operations of the association.**

Financial information is important to make business decisions, align programs and services to the mission and to allow the board of directors to conduct their governance and fiduciary duties regarding finances (transparency, audit, etc.).

**Questions**

**1. How do we change our year-end with the IRS?**

When the next Form 990 is completed, just prepare it using the new year-end. The return will have to be for a "short" year since the IRS does not allow a return to cover more than 12 months.

**2. Are there any other considerations we may need to contemplate when changing our year-end?**

- The organization may want to consider reviewing its organization and governing documents to ensure they are in compliance.
- Financial data may not be as useful when using it to compare in the transition period because it will likely reflect a shorter window of time than the standard 12 months.

## JUDGE'S EVALUATION INSTRUCTIONS

### Evaluation Form Information

The participants are to be evaluated on their ability to perform the specific performance indicators stated on the cover sheet of this event and restated on the Judge's Evaluation Form. Although you may see other performance indicators being demonstrated by the participants, those listed in the Performance Indicators section are the critical ones you are measuring for this particular event.

### Evaluation Form Interpretation

The evaluation levels listed below and the evaluation rating procedures should be discussed thoroughly with your event chairperson and the other judges to ensure complete and common understanding for judging consistency.

<b>Level of Evaluation</b>	<b>Interpretation Level</b>
Exceeds Expectations	Participant demonstrated the performance indicator in an extremely professional manner; greatly exceeds business standards; would rank in the top 10% of business personnel performing this performance indicator.
Meets Expectations	Participant demonstrated the performance indicator in an acceptable and effective manner; meets at least minimal business standards; there would be no need for additional formalized training at this time; would rank in the 70-89 <sup>th</sup> percentile of business personnel performing this performance indicator.
Below Expectations	Participant demonstrated the performance indicator with limited effectiveness; performance generally fell below minimal business standards; additional training would be required to improve knowledge, attitude and/or skills; would rank in the 50-69 <sup>th</sup> percentile of business personnel performing this performance indicator.
Little/No Value	Participant demonstrated the performance indicator with little or no effectiveness; a great deal of formal training would be needed immediately; perhaps this person should seek other employment; would rank in the 0-49 <sup>th</sup> percentile of business personnel performing this performance indicator.



**ACCOUNTING APPLICATIONS SERIES, 2018**

Participant: \_\_\_\_\_

**JUDGE'S EVALUATION FORM**  
DISTRICT EVENT #1

I.D. Number: \_\_\_\_\_

**INSTRUCTIONAL AREA**  
Financial Analysis

Did the participant:

		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
<b>PERFORMANCE INDICATORS</b>						
1.	Describe the need for financial information?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
2.	Discuss the nature of the accounting cycle?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
3.	Demonstrate budgeting applications?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
4.	Discuss the nature of annual reports?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
5.	Describe the components of a well-governed company?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
<b>21<sup>st</sup> CENTURY SKILLS</b>						
6.	Reason effectively and use systems thinking?	0-1	2-3	4	5-6	
7.	Make judgments and decisions, and solve problems?	0-1	2-3	4	5-6	
8.	Communicate clearly?	0-1	2-3	4	5-6	
9.	Show evidence of creativity?	0-1	2-3	4	5-6	
10.	Overall impression and responses to the judge's questions	0-1	2-3	4	5-6	
<b>TOTAL SCORE</b>						