

# Maintaining a Healthy Entity

*Observations on Fiscal, Accounting and Tax Oversight*

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September 30, 2025

**UP** | **URISH**  
**POPECK**  
accountants and consultants



national trust closely held business association

# Agenda

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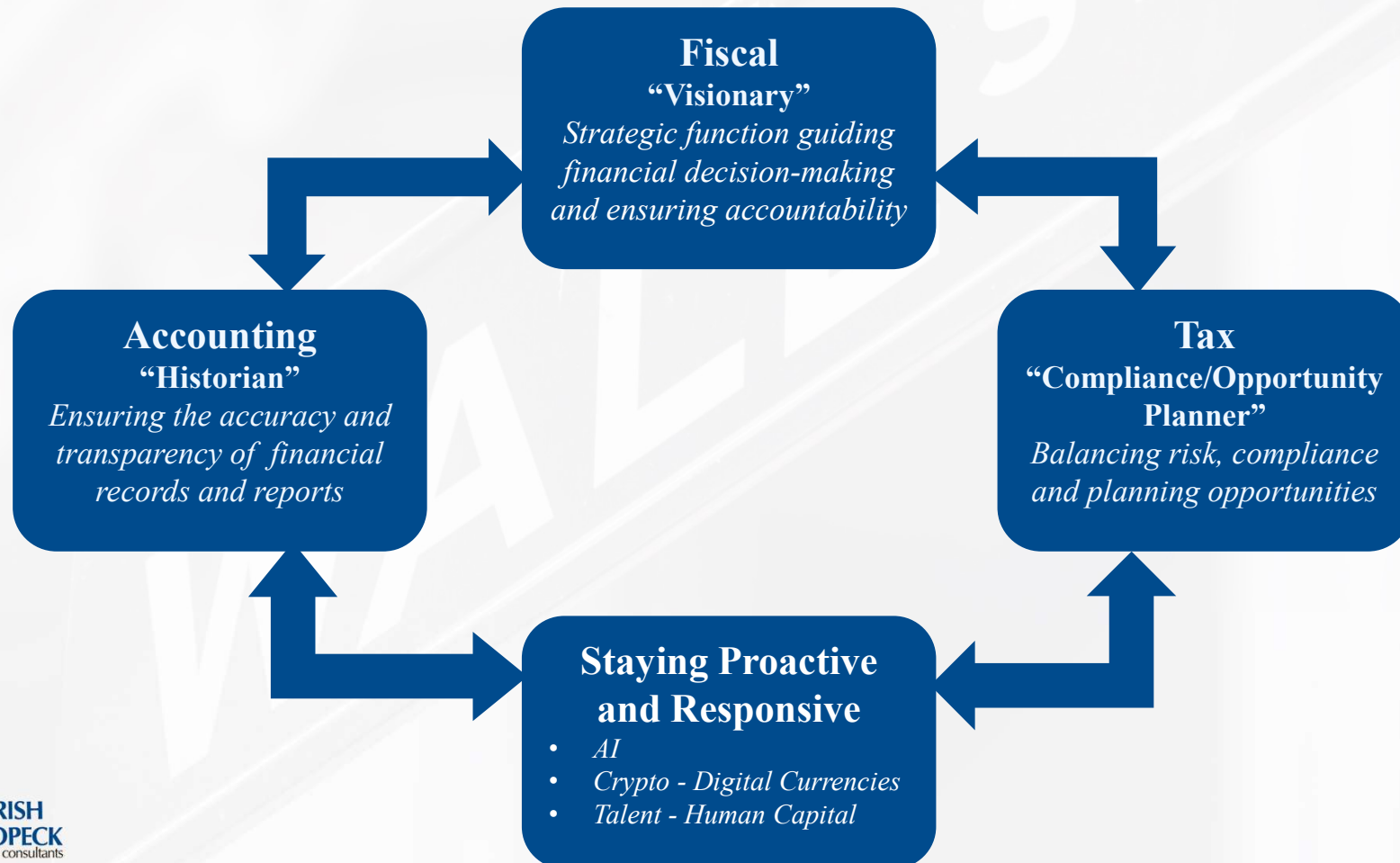
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# Where to Start – Defining Oversight Objectives

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- Complex questions needing answers:
  - Direction of the business/enterprise?
    - Ownership/beneficiaries desires
    - Industry placement and SWOT analysis
    - Market and economic factors
    - Leadership engaged—both internal and external
    - Communications between the stakeholders
  - What oversight actions to implement?
    - Achieving goals – avoiding surprises

# Oversight Awareness



### Outside Expert Utilization

- What, when and how
- Cost effectiveness v. internal development

### Risk Management

- Financial stewardship
- IT / cybersecurity
- Human resources
- Regulatory and compliance

### Timely and Accurate Reporting

- Dashboards and monthly/year-end closings
- KPI's to consider and monitor

### Communications

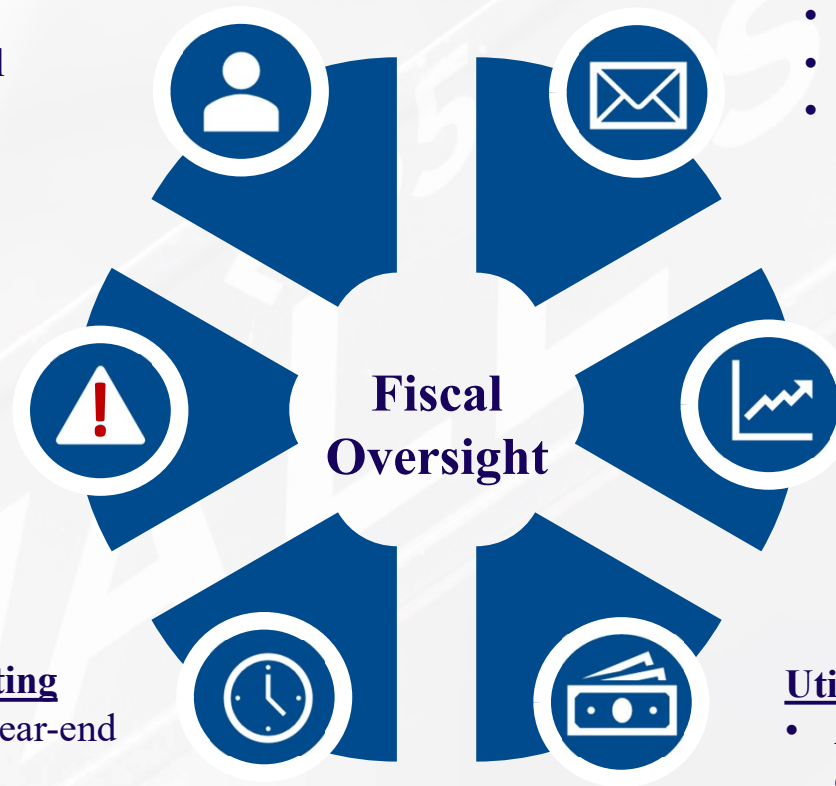
- Ownership/ Beneficiaries
- Board(s) & Management
- Outside Experts

### Industry Positioning & Trends

- Maintaining a competitive edge
- Utilizing available resources
- Strategic planning and SWOT analysis

### Utilization of Budgets and Forecasts

- Annual budget - monitoring for course corrections
- Long-term forecasts - goals and future direction



### Reporting Systems and Processes

- System efficiency and automation
- Resiliency
- Strategic use of data

## Accounting Oversight

### External Financial Reporting

- Scope and purpose
- Financial reporting v. consulting

### Internal Controls, What's Important

- Separation of duties
- Systems and data access
- Delegation of authority

### Effective Internal Financial Reporting

- Tax v. GAAP separate “books”
- Accuracy and transparency
- Timeliness and delivery of information

## **Tax Oversight**

### **Compliance and Risk Management**

- Timely and accurate reporting
- Staying abreast of regulations – local, state, national and international



### **Aligning Tax Strategy and Goals**

- Supporting business and beneficiaries' goals
- Growth, profitability and after-tax cash flow

### **Identifying Opportunities**

- Leveraging available and developing options
- Entity structures, business activities and transactions

### **Collaboration and Communications**

- Internal –management
- External –CPA's and consultants
- Board (s) and beneficiaries

# Effective Engagement of Accounting and Tax Professionals

Often, engaged professionals are consulted with after year-end as closing procedures develop - a proactive, year-end planning opportunity if missed.

An effective year-end planning meeting would:

- Align the ownership/beneficiaries' goals with independent expert observations and advice
- Allow Trustees and Management to understand any regulatory changes (tax & accounting)
- Explore opportunities
- Discuss operational and reporting challenges
- Plan for timely delivery of necessary tax and accounting reports
- Assign responsibilities and timelines

Starting point:

- Review the interim financial results and management discussion and analysis (MD&A)
- Compare to current year results to operating budgets
- Discuss operating plans and forecasts for next year – anything on the horizon



# Accounting Firm Service Options

The AICPA defines assurance services as "independent professional services that improve the quality of information, or its context, for decision makers."

Service	Level of Assurance	Procedures	Output	When to Use
Audit	Highest level	Detailed examination of financial records, internal control testing, transaction verification, and confirmations with third-parties	An opinion on whether the financial statements are presented fairly in accordance with GAAP	When high assurance is needed by investors, lenders, or regulators
Review	Limited level of assurance	Performing analytical procedures, inquiries of management, and obtaining a representation letter confirming that management's responsibility for a fair presentation and maintenance of internal controls	Conclusion expressing limited assurance that they are not aware of any material modifications needed for the financial statements, can be non-GAAP	Higher level of assurance than a compilation is needed but a full audit isn't required, often by lenders or stakeholders for privately held companies
Compilation	No assurance	Presenting financial information in the form of financial statements, free of obvious errors but not perform in-depth testing or analysis	Report stating that no opinion or any other form of assurance is expressed., can be non-GAAP and non-independent CPA	Need financial information in a professional format but don't require external assurance

# Accounting Firm Service Options

Service	Level of Assurance	Procedures	Output	When to Use
Preparation	No assurance	Taking financial information (e.g., trial balances) and presenting in an accounting format, adhering to a specific financial reporting framework	No report	Need financial information in a professional format
Agreed-Upon Procedures	No assurance	Applying procedures to the subject matter of the engagement and reporting the findings	<u>Intended users</u> assess for themselves the procedures and findings to be reported by the accountant and draw their own conclusions	Due diligence for transactions, reviews of internal controls, contract compliance, grant expenditures
Consulting Engagements	No assurance	Applying the accountants' technical skills, education, observations, experiences, and knowledge of the issue	Conducted for the primary benefit of the <u>client</u> report and/or oral delivery	Tax planning, accounting systems setup, litigation support, valuation engagements

# Closing Oversight – Basic

General	Ownership	Tax Elections and Methods
<input type="checkbox"/> Review prior year returns and certain workpapers, correspondence/notes for carryforward items	<input type="checkbox"/> Review changes to partners or shareholders such as:	<input type="checkbox"/> Review prior year elections
<input type="checkbox"/> Clear any unchecked or unanswered questions on tax returns	<input type="checkbox"/> Names, addresses ownership percentages	<input type="checkbox"/> Monitor time-sensitive elections
<input type="checkbox"/> Methods of accounting employed; cash v. accrual, long-term contracts, inventory costing, etc.	<input type="checkbox"/> Dates of change and proper allocations	<input type="checkbox"/> Any opportunities to pursue
<input type="checkbox"/> State filings - ensure they reflect where the company may have nexus and proper allocations	<input type="checkbox"/> Any step-up in basis or basis adjustments	
<input type="checkbox"/> Review ecommerce activity and use or sales tax compliance		
<input type="checkbox"/> Understand book v. tax reconciliation		
S- Corporations	Partnerships and LLCs	C-Corporations
<input type="checkbox"/> Maintenance of election qualifications	<input type="checkbox"/> Maintenance of capital account and tax basis	<input type="checkbox"/> Dividend reporting
<input type="checkbox"/> Reasonable officer's salary	<input type="checkbox"/> Entity status and ownership changes	<input type="checkbox"/> Shareholder loans and documentation
<input type="checkbox"/> Shareholder's stock and debt basis tracking	<input type="checkbox"/> Reporting of pass-through payments such as guaranteed payments to partners	<input type="checkbox"/> Accumulated earnings justification
<input type="checkbox"/> Distribution reporting		
<input type="checkbox"/> Reconciliation of book to tax return equity/capital		
Fixed Assets and Depreciation	Intangible Assets	Payroll Related
<input type="checkbox"/> Review listed/reported assets to ensure operational usage	<input type="checkbox"/> Startup costs to consider	<input type="checkbox"/> Determine deductibility of benefits (vacation, overtime, pension contribution, etc.) accruals
<input type="checkbox"/> Depreciable lives and methods utilized	<input type="checkbox"/> R&D to capitalize or expense, credit availability	<input type="checkbox"/> Review payroll cut-off periods and financial reporting
<input type="checkbox"/> Multi-state allocations	<input type="checkbox"/> Amortization schedule review	
<input type="checkbox"/> Capitalization Policy		

# Closing Oversight – Key Performance Indicators (KPIs)

Horizontal Analysis (Trend analysis)	Variance Analysis	Vertical Analysis (Common-size % analysis)
<input type="checkbox"/> Month-over-month	<input type="checkbox"/> Yearly budget comparison	<input type="checkbox"/> Relationships - revenue and expenses
<input type="checkbox"/> Quarter-over-quarter	<input type="checkbox"/> Forecast/projection targets	<input type="checkbox"/> Comparison to budgets/forecasts
<input type="checkbox"/> Year-over-year	<input type="checkbox"/> Industry benchmarks	<input type="checkbox"/> Profitability metrics
<input type="checkbox"/> Trailing twelve months (TTM)		
<input type="checkbox"/> Current run rate (important for growth analysis)		

# Closing Oversight – Balance Sheet

Cash / Bank Accounts	Accounts Receivable	Inventory	Prepaid Assets	Fixed / Intangible Assets	Other Assets
<input type="checkbox"/> Custody and access to accounts	<input type="checkbox"/> Aging schedule reviews	<input type="checkbox"/> Costings and obsolescence	<input type="checkbox"/> Monthly materiality thresholds	<input type="checkbox"/> Capitalization policy	<input type="checkbox"/> Reporting relevance
<input type="checkbox"/> Strong POS system	<input type="checkbox"/> Credit policy terms	<input type="checkbox"/> Consignment issues	<input type="checkbox"/> Data collection and reporting system	<input type="checkbox"/> Obsolescence	<input type="checkbox"/> Liquidity
<input type="checkbox"/> Account reconciliations	<input type="checkbox"/> Credits and refund analysis	<input type="checkbox"/> Cost of sales % / inventory turns		<input type="checkbox"/> Insurance schedule comparison	<input type="checkbox"/> Strategic importance
<input type="checkbox"/> Treasury management	<input type="checkbox"/> Collection responsibilities			<input type="checkbox"/> Location of assets	
<input type="checkbox"/> Efficient account usage	<input type="checkbox"/> Days sales outstanding (DSO) trends				
<input type="checkbox"/> Idle accounts					
Accounts Payable	Accrued / Other Expenses	Debt Facilities		Equity	
<input type="checkbox"/> Aging review	<input type="checkbox"/> Custody and credit card reconciliations	<input type="checkbox"/> Short-term / long-term allocation		<input type="checkbox"/> Roll forward of prior amounts	
<input type="checkbox"/> Days payables outstanding (DPO) trends	<input type="checkbox"/> Monthly materiality thresholds	<input type="checkbox"/> Loan covenant reporting			
<input type="checkbox"/> Early payment discount utilization	<input type="checkbox"/> Data collection and reporting system	<input type="checkbox"/> Coverage and cash flow planning			
<input type="checkbox"/> Vendor terms					

# Closing Oversight – Income Statement

Revenues	Cost of Sales	Payroll	Insurance
<input type="checkbox"/> Recognition methodology	<input type="checkbox"/> Capture material variable costs	<input type="checkbox"/> Timing and cut-off allocations	<input type="checkbox"/> Payment schedule analysis
<input type="checkbox"/> Return/rebate analysis	<input type="checkbox"/> Compare to industry standards	<input type="checkbox"/> Accruals for timing and benefits	<input type="checkbox"/> Rebates / cost sharing
<input type="checkbox"/> Material Contract Overview	<input type="checkbox"/> Costing and overhead allocations	<input type="checkbox"/> Payroll tax and benefit expense timing	
Rent / Lease	Utilities	Professional Services	
<input type="checkbox"/> New ASC 842 right-of-use (ROU) asset	<input type="checkbox"/> Adequate line-item details	<input type="checkbox"/> Adequate line-item details	
<input type="checkbox"/> Potential EBITDA adjustments	<input type="checkbox"/> Seasonal fluctuations and reporting	<input type="checkbox"/> Recurring v. non-recurring	

# Closing Oversight - Business Entity Tax Return

General	Ownership	Tax Elections and Methods
<input type="checkbox"/> Review prior year returns and certain workpapers, correspondence/notes for carryforward items	<input type="checkbox"/> Review changes to partners or shareholders such as:	<input type="checkbox"/> Review prior year elections
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<input type="checkbox"/> Methods of accounting employed; cash v. accrual, long-term contracts, inventory costing, etc.	<input type="checkbox"/> Dates of change and proper allocations	<input type="checkbox"/> Any opportunities to pursue
<input type="checkbox"/> State filings - ensure they reflect where the company may have nexus and proper allocations	<input type="checkbox"/> Any step-up in basis or basis adjustments	
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<input type="checkbox"/> Depreciable lives and methods utilized	<input type="checkbox"/> R&D to capitalize or expense, credit availability	<input type="checkbox"/> Review payroll cut-off periods and financial reporting
<input type="checkbox"/> Multi-state allocations	<input type="checkbox"/> Amortization schedule review	
<input type="checkbox"/> Capitalization Policy		

# Closing Oversight - Business Entity Tax Return

Insurance and Benefits	Related Party Transactions	Travel and Entertainment Expenses
<input type="checkbox"/> Entity owned life insurance and premium reporting	<input type="checkbox"/> Deductibility of payment amounts and timing	<input type="checkbox"/> Reimbursements under an accountable plan
<input type="checkbox"/> Taxability of insurance/benefit arrangements		<input type="checkbox"/> Club, lobbying and association dues allocations
<input type="checkbox"/> See payroll above		<input type="checkbox"/> Limitation of meals and entertainment
		<input type="checkbox"/> Adequate records - entertainment, use of vehicles
Charitable Contributions	Tax Credit Availability	
<input type="checkbox"/> Adequate documentation obtained	<input type="checkbox"/> Employee and compensation credits	
<input type="checkbox"/> Potential allocations to advertising	<input type="checkbox"/> Energy Efficient Commercial Building Deduction	
	<input type="checkbox"/> Investment and research, opportunity zones	
Informational and Ancillary Returns	Carryforward / Next Year Notes	
<input type="checkbox"/> Sales tax reporting and maintenance of reseller permits	<input type="checkbox"/> Review carryforward schedules to be maintained	
<input type="checkbox"/> Non-employee Form 1096 & 1099s	<input type="checkbox"/> Planning notes and thoughts for next year	
<input type="checkbox"/> State registrations and filings such as personal property tax		
<input type="checkbox"/> Excise or fuel tax reporting		
<input type="checkbox"/> Escheat tax compliance		



# Closing Oversight - Industry Specific

Manufacturing	Service-Based Businesses	Retail
<input type="checkbox"/> Work-in-Progress (WIP) and long-term contract reporting	<input type="checkbox"/> Revenue recognition methodology	<input type="checkbox"/> Multi-location inventory - coordination of counts across locations
<input type="checkbox"/> Raw materials - usage and waste calculations	<input type="checkbox"/> Unbilled receivables - accrued for not yet invoiced	<input type="checkbox"/> Shrinkage calculations - theft, damage, and counting errors
<input type="checkbox"/> Inventory movement - perpetual v. annual	<input type="checkbox"/> Deferred revenue - advance payments for future services	<input type="checkbox"/> Seasonal adjustments - handling planning and inventory movement
<input type="checkbox"/> Inventory costing method analysis	<input type="checkbox"/> Time tracking - billable hours are captured and recorded	<input type="checkbox"/> Gift card liabilities- tracking outstanding balances
<input type="checkbox"/> Standard costing and variances testing / adjustment	<input type="checkbox"/> Contract modifications - change orders and scope adjustments	<input type="checkbox"/> Promotional allowances - vendor rebates and markdowns
<input type="checkbox"/> Production reporting and inventory movements		
Technology /eCommerce	Construction	Healthcare
<input type="checkbox"/> Subscription revenue - monthly recurring revenue (MRR)	<input type="checkbox"/> Percentage of completion (POC) - costs and completion estimates	<input type="checkbox"/> Patient revenue cycles - complex insurance billing and collections
<input type="checkbox"/> Annual contract value (ACV) - track annual contract performance	<input type="checkbox"/> Completed contract analysis (CCA) compared to previous POC	<input type="checkbox"/> Regulatory - compliance with various healthcare mandates
<input type="checkbox"/> Revenue recognition (ASC 606) - software revenue recognition rules	<input type="checkbox"/> Change orders - pending, approved and accounting	<input type="checkbox"/> Bad debt/adjustment provisions - appropriate allowances
<input type="checkbox"/> Customer acquisition costs - amortize customer acquisition expenses	<input type="checkbox"/> Retentions -tracking and release schedules	<input type="checkbox"/> Insurance - complex submission and payment structures
<input type="checkbox"/> Total advertising cost of sales (TACoS) - ecommerce	<input type="checkbox"/> Job cost allocations - job cost tracking and allocation	<input type="checkbox"/> Billing and coding complexities
<input type="checkbox"/> Churn analysis - customer churn and retention metrics	<input type="checkbox"/> Subcontractor reconciliations - performance, billings and payments	

## Urish Popeck & Co. and Affiliated Companies

### Customized Solutions for Financial Institutions

Ancillary Services	Private Equity Services	Valuation	Transaction Advisory/ Mergers and Acquisitions	Cybersecurity/IT /Technology
<ul style="list-style-type: none"> <li>• Director / Advisory Roles</li> <li>• Board Books</li> <li>• Regulatory update Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Fund and Portfolio Company Audits, Reviews &amp; Compilations</li> <li>• Fund &amp; Portfolio Company Accounting Services</li> <li>• Fund and Portfolio Tax Compliance, Provision &amp; Planning Services</li> </ul>	<ul style="list-style-type: none"> <li>• Reg 9</li> <li>• Estate</li> <li>• ESOP</li> <li>• Summary &amp; Calculation Reports</li> <li>• Forensic Investigation</li> <li>• FASB 141 Purchase Price Allocations</li> <li>• FASB 142 Intangible Asset Impairments</li> </ul>	<ul style="list-style-type: none"> <li>• Buy and Sell-side representation</li> <li>• Quality of Earnings (QOE), Buy and Sell-side</li> <li>• Tax Structuring</li> <li>• Succession / Exit Planning</li> <li>• Valuation Enhancement Solutions</li> <li>• Virtual Data room Management</li> </ul>	<ul style="list-style-type: none"> <li>• Security testing and threat prevention</li> <li>• Internet Presence and best practice monitoring</li> <li>• Managed IT Services</li> <li>• Assistance with cyber insurance</li> </ul>
Staffing	Accounting & Attest/Audit	Cost Saving / Profit Enhancement Solutions	Tax Planning and Compliance	Risk Advisory Services
<ul style="list-style-type: none"> <li>• Permanent Placement</li> <li>• Contract Placement</li> <li>• Consulting Practice</li> <li>• CFO Services</li> </ul>	<ul style="list-style-type: none"> <li>• Audits, reviews, and compilations</li> <li>• Agreed-upon procedures</li> <li>• Outsourced internal audit preparation</li> <li>• Internal controls testing and monitoring</li> <li>• Forensic investigation services</li> <li>• Sarbanes-Oxley (SOX) services</li> <li>• Retirement plan audits</li> <li>• Field audits/Loan collateral reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Utilities</li> <li>• Electricity</li> <li>• Natural Gas</li> <li>• Other Fuels</li> <li>• Water and Sewer</li> <li>• Communications                             <ul style="list-style-type: none"> <li>• Telecom – local long-distance Services, Data</li> <li>• Wireless Services – Cellular Phones &amp; Devices</li> </ul> </li> <li>• Technology spend savings</li> <li>• Shipping / Transportation</li> <li>• Merchant/Credit Card Fees</li> <li>• Payroll Processing Fees</li> <li>• Employee Benefits</li> <li>• Human resources / PEO's</li> </ul>	<ul style="list-style-type: none"> <li>• High net worth tax planning and compliance</li> <li>• Multi-state and international individual and entity</li> <li>• Entity selection and conversions</li> <li>• IRS representation</li> <li>• Trust and Estate planning, FLP's, GRAT's, Private Foundations, Etc.</li> <li>• Trust / Estate compliance and back office (white label)</li> <li>• State and Local Tax (SALT)</li> <li>• Retirement Plans</li> <li>• ESOP Advisory</li> <li>• Cost Segregation</li> <li>• Maintenance of large fixed asset reports</li> </ul>	<ul style="list-style-type: none"> <li>• Cyber security consulting and remediation</li> <li>• Internal &amp; IT audit</li> <li>• Corporate &amp; IT governance</li> <li>• Fraud/Investigative services</li> <li>• Compliance/ regulatory – SOX: Patriot, HIPAA, GLB SSAE 16 – SOC 1,2,3</li> <li>• Risk verification/ due diligence</li> <li>• AML/BSA</li> </ul>

## David J. Pieton

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### Licenses and Certifications

- Certified Public Accountant
- Accredited Senior Appraiser
- Series 82 - Limited Representative-Private Securities Offerings
- Series 63 - Uniform Securities Agent State Law Examination
- Series 65 - Uniform Investment Adviser

### Experience

Dave delivers a unique blend of business expertise based on a life-long career in the public accounting profession and as a practice owner. These include deep experience with accounting and tax compliance, retirement planning, wealth advisory, valuation advisory, owner succession and exit planning and managing the sale process of companies, including one as an owner himself.

Dave currently consults with business owners and their advisors to prepare for, and, act on an exit whether to family members, management teams or third-party sales. Guidance and support is also given to businesses and investors pursuing mergers and acquisitions by assisting with target identification, due diligence, financial analysis, and negotiations to ensure a strategic, valuable, and smooth acquisition process.

