

GREAT PROFIT IDEAS

GPI 085 - Do not lie to your CPA firm - they are the ones helping to cut your tax bill.

Do not lie to your CPA firm. When you hire a professional CPA firm to audit your books, normally you do so because of your intent to sell stock or to validate compliance with the covenants of a bank loan. Whatever your reason for hiring a CPA firm, always be truthful to the firm's representatives (i.e. Lead auditors, field auditors, tax consultants, audit assistants). They are questioning transactions in order to feel comfortable to bless your financial statements. Normally a firm is seeking an unqualified opinion on the financial statements. You do not want your audit firm to excuse itself from the assignment because they feel uncomfortable with management's presentation of the financial information. They feel uncomfortable with you or your management because they do not believe they are being told the truth. You do not want them pulling out of their assignment with you. You do not want them to insinuate your firm is not to be believed and is to be avoided at all costs.

Exiting an audit is stating that your company's management is possibly cheating or behaving dishonestly. This eventually presents an incorrect or distorted picture of the company, enough to jeopardize the investors' funds (banks, stockholders, minority partners, etc.). Be honest and tell the auditors everything you know as well as you can. Also tell them you do not know something if that is the case.

Lying to your CPA firm is not a great idea. Being honest with and retaining a trusted firm that through the years annually comforts your bank, allows your line of credit to increase or allows your company stock sale to proceed without a hitch or any hint of trouble is a great idea.