1. Introduction
   - Questions for participants, desired information
   - Discussion leader’s disclaimer and background

2. Basic financial statements
   - Balance sheet
     - Assets
     - Liabilities
     - Equity accounts
   - Income statement/Statement of operations
     - Revenues
     - Expenses
     - Earnings per share
     - Format
   - Statement of cash flows
   - Statement of equity
   - Notes to financial statements
   - Other financial disclosures in publicly filed documents

3. Types of accounting systems
   - Shoebox
   - Checkbook
   - Spreadsheet
   - Computerized systems
     - Simple (Peachtree, Quickbooks)
     - Moderate to complex enterprise solutions
     - Beware the system conversion
     - 80/20 Solution is usually the best
   - Cash vs. accrual

4. Double entry accounting systems
   - Each transaction is recorded in at least two accounts
   - Debits and credits
   - Result is a self-balancing sets of accounts
   - T – accounts (short hand notation)
   - Example: simple set of books for consultant
5. Equity section of balance sheet
   • Capital stock at par value
   • Additional paid-in capital
   • Treasury stock
   • Retained earnings

6. Statement of stockholders’ equity

7. P&L statement (income vs. operations)
   • Gross profit
   • Operating income and non-cash operating expenses
   • Other income and expense (Insperity has no debt!)
   • Pre-tax income or loss
   • Earnings per share

8. Case study: T-accounts, P&L and balance sheet

9. Statement of cash flows
   • Operating activities
   • Investing activities
   • Financing activities
   • Supplemental disclosures (interest, taxes and non-cash items)
   • Preparation of statement (Excel spreadsheet)
   • Rounding of balances in financial statements
   • Direct vs. Indirect

10. Case study: Statement of cash flows and supporting worksheet
11. Case study: Statement of cash flows and supporting worksheet (solution)

12. Notes to financial statements
   - Description of business
   - Accounting policies
   - Detail for account balances
   - Note 7 – Acquisitions
   - Note 8 – Revolving credit facility
   - Note 12 – Net income per share
   - Note 14 – Commitments and contingencies

13. Reports of Independent CPAs

14. Managements report on internal controls

15. MD&A and other financial disclosures
   - Item 5 – Market for common equity
   - Item 6 – Selected financial data
   - Item 7 – MD&A
     - Overview and P&L items
     - Critical accounting policies and estimates
     - Results of operations (year to year comparison)
     - Liquidity and capital resources (often follows format of cash flows statement)

16. Other disclosures in Form 10-K
   - Cover
   - Table of contents (Part I written by attorneys, Part II written by accountants)
   - Item 1 – Business (much more detailed than in financial statements)
   - Item 1A – Risk factors (trying to avoid lawsuits)
   - Item 1B – Unresolved staff comments
   - Item 2 – Properties
   - Item 3 – Legal proceedings
   - Part III – Proxy information

17. Conclusions and comments