

Accounting Department Report

Spectrum 2017-18

An important part of any business is the money that comes in and goes out. The role of the accountants in any company is to closely monitor this money by recording and analyzing transactions and handling inventory, payroll, and taxes. Overall, the accounting department is arguably one of the most important aspects of a company as it determines the health of a business. The accounting and finance department at Spectrum worked hard over the year to increase profitability and efficiency.

Business Plan

Once Spectrum's product line had been created, the company worked together to create a business plan as a guideline to how the company would run over the year. The accounting and finance department played a big role in this paper. The accountants were tasked with creating projected financial statements. The Chief Financial Officer and accounting specialists worked together to create an income statement, balance sheet, cash budget, and break-even analysis. These projections were later used to help the department evaluate how the company was performing and where it should improve.

Out of Network Sales Contract

Keegan Pinto, an accounting specialist, worked alongside Spectrum's Chief Project Manager and corporate lawyer to negotiate a contract with Chris Martin from the College Conference of Illinois and Wisconsin. Pinto focused on the financial aspects of the contract: the amount of products we would offer in return for monetary support. Martin accepted the first offer, in which the CCIW would cover 75% of Spectrum's projected salary expense for the 2017-18 fiscal year, totaling \$129,195. In return, the CCIW has 2% royalty of Spectrum and receives kits each month.

Journals, Inventory, and Sales

Throughout the year, the accounting and finance department consistently worked on updating the company journals and inventory records. Using templates from the VEI portal, updating the purchases journal and cash receipts and payments journal was a daily task. At the start of each work day, one accountant would check the company bank account and update the journals with all payments and orders. This ensured that the department was always aware of how much money was going in and out of the company.

The accounting and finance department also checked the Spectrum email everyday to look for online orders. For each order, the accountants would create an invoice which included the buyer's information and the products they purchased. These invoices are then sent to marketing, where they prepare the product to be shipped via email. The invoices are used when updating inventory. Once an invoice is created, the product and quantity is added to a document with monthly sales. At the end of each month, the total amount of

each kit sold that month is reduced from the inventory record. This helps ensure that inventory is up to date and there are always enough products to be shipped out.

Payroll

One of the accounting and finance department's biggest roles throughout the year is paying employees. To figure out how much to pay each employee, the department worked together to create yearly base salary, which was then divided by the amount of business days in a year to find the daily pay. Spectrum pays their employees bi-monthly for each day that they are present or "call off" by letting their chief know they will be absent. The Chief Financial Officer created a template at the beginning of the year that is used for each pay period. This template uses a formula to find the net pay for each employee based on their gross pay and total exemptions, as well as the total employer payroll taxes and payroll withholdings that Spectrum pays. One of the accounting specialists then uses the VEI portal to pay each employee.

Annual Report and Financial Data

To finish off the year, the accounting and finance department played a major role in Spectrum's annual report. The whole department worked together to create the final financial statements: income statement, balance sheet, and cash budget. The accountants worked together to then analyze these documents and compare them to the projected statements, resulting in a final written summary of the financial performance over the 2017-18 fiscal year. Overall, the accounting and finance department did a wonderful job over the year to ensure that Spectrum was profitable and efficient in the handling of its money. Spectrum ended the year with a gross profit of \$383,114.16 and a net income of \$64,287.01. Though sales could have increased with stronger, more consistent marketing efforts, the accounting and finance department was truly the backbone of the company, ensuring that the company ran smoothly by recording and analyzing transactions and processing sales.