

MINING ADVISORY ENGAGEMENTS THROUGH TAX SEASON

How to use ProfitCents for value-added reporting

profitcents[®]



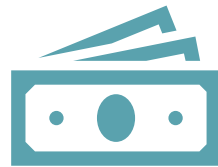
Communicate your value



Highlight your financial
acumen



Convert annual transactional
clients into planning and
advisory clients



Increase awareness of your
services

profitcents[®]

Advisory Services During Tax Season



How can we serve you better?



Are you on track to reach your financial goals?



How much time do you spend on back office activities to run your business?



What is the most important thing you want to accomplish with your business this year?



Are there areas of your business you'd like to improve?



Is cash flow a concern?



Are there business reports or key performance indicators you wish you had?

The Tax Meeting

Industry Data with Company Comparisons

Value-Added Reporting For Clients

Demonstrate a sincere interest in the health of your client's business

SWOT Analysis

Highlight the client's % distance from industry standards

Cross-Selling for Consulting Engagements

Plant the seed and quickly identify opportunities for advisory services after tax season



INDUSTRY FINANCIAL DATA AND RATIOS

Green: Company metrics highlighted in green are within the top 20% of the industry.

Red: Company metrics highlighted in red are within the bottom 20% of the industry.

Financial Metric	Company Data	Industry Data (Number of Financial Statements)			
		Recent 12 Months (136)	Distance from Industry	2018 (157)	2000-Present (2852)
Current Ratio	8.72	3.79	130%	3.33	3.00
Quick Ratio	8.44	3.26	159%	2.98	2.50
Gross Profit Margin	67.84%	63.75%	6%	66.76%	64.90%
Net Profit Margin	-22.48%	10.64%	-311%	9.98%	9.70%
Inventory Days	0.00	--	--	--	0.06
Accounts Receivable Days	67.70	42.56	59%	36.55	37.24
Accounts Payable Days	0.00	22.35	-100%	24.75	31.59
Interest Coverage Ratio	-37.82	15.71	-341%	16.71	13.92
Debt-to-Equity Ratio	0.97	2.38	-59%	2.38	2.61
Return on Equity	-129.97%	70.44%	-285%	62.05%	65.11%
Return on Assets	-66.06%	42.60%	-255%	39.86%	38.21%
Gross Fixed Asset Turnover	7.23	19.45	-63%	19.79	17.79

Electronic Tax Return Reader

- With our Electronic Tax Return Reader, financial professionals can seamlessly upload client financial information from five major tax packages in less than five minutes.
- Quickly identify opportunities to help your clients make better financial decisions..

Drake

Lacerte

UltraTax CS

CCH Prosystem fx Tax

Proseries Tax

INDUSTRY DATA COMMON SIZE

What is common size?

Industry Data
(Number of Financial Statements)

Financial Metric	Company Data	Recent 12 Months (16)	2018 (24)	2017 (63)	2000-Present (1119)
Sales (Income)	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales (COGS)	30.15%	29.91%	27.19%	24.69%	24.50%
Gross Profit	69.85%	77.85%	78.00%	75.31%	75.50%
Depreciation	0.00%	0.18%	0.12%	0.50%	0.49%
Amortization	0.00%	0.00%	0.00%	0.00%	0.00%
Overhead or S,G,& A Expenses	83.94%	45.18%	47.78%	54.78%	55.96%
Other Operating Income	0.00%	0.00%	0.00%	0.00%	0.00%
Other Operating Expenses	0.00%	6.73%	7.52%	4.58%	5.92%
Operating Profit	-14.09%	16.87%	23.09%	15.45%	13.12%
Interest Expense	0.54%	0.16%	0.12%	0.34%	0.30%
Other Income	0.00%	0.04%	0.03%	0.04%	0.04%
Other Expenses	0.20%	0.07%	0.05%	0.19%	0.11%
Net Profit Before Taxes	-14.84%	15.13%	21.70%	14.96%	12.74%
Adjusted Owner's Compensation	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Net Profit Before Taxes	-14.84%	16.52%	22.62%	14.96%	12.74%
EBITDA	-14.29%	16.63%	22.79%	15.80%	13.54%
Taxes Paid	0.00%	0.11%	0.11%	5.01%	2.15%
Extraordinary Gain	0.00%	--	--	--	--
Extraordinary Loss	0.00%	--	--	--	--
Net Income	-14.84%	15.13%	21.69%	9.95%	10.59%

Industry Data with Company Comparisons

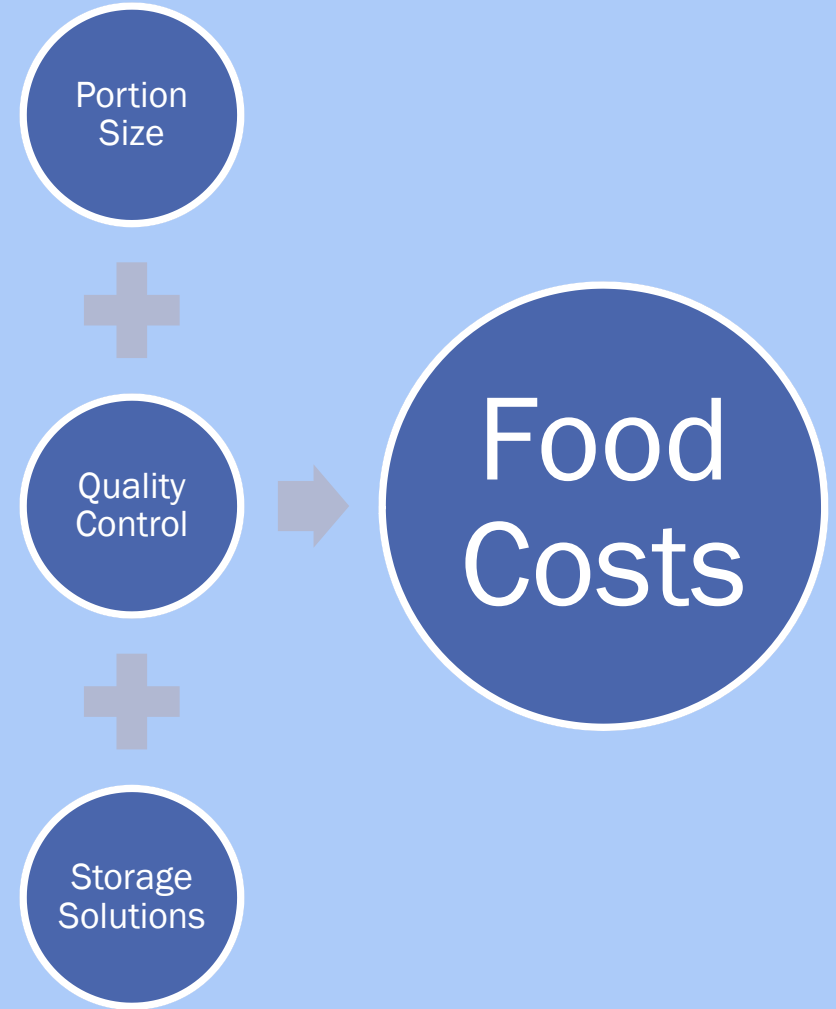
PROFITS & PROFIT MARGIN

What are some things the company might do to develop favorable profitability trends?

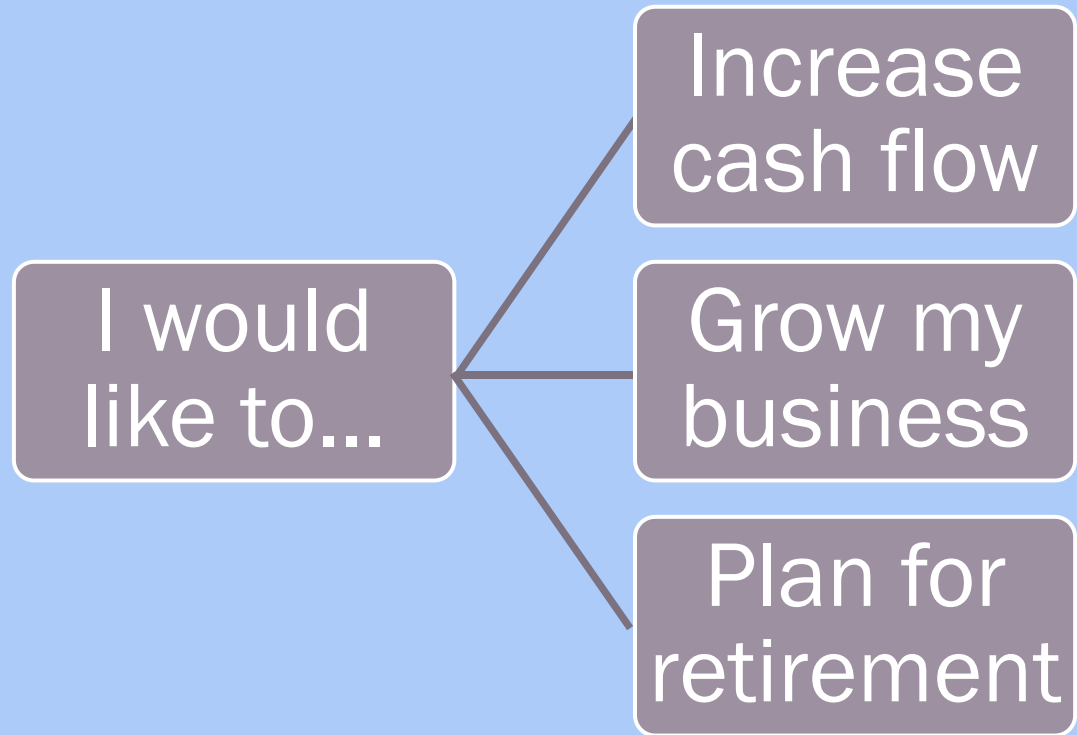
- ▶ Monitor the profit generated per individual client and focus business on the most profitable. Determine what aspects make those clients more profitable and if other clients can be turned more profitable.
- ▶ Monitor operating costs (labor charges) continuously, because it is easy for the company to get "bloated". In this industry, operating costs as a percentage of revenue should be about 30-35% of revenue.
- ▶ Implement best practices in order to increase efficiency. Some examples include knowledge sharing databases and process standardization. It would also be prudent to document the best practices in order to create user manuals for future consulting engagements.
- ▶ Consider using cost-plus pricing by establishing your fees based upon the price the firm incurs, rather than basing it on each staff person's cost for that engagement.
- ▶ Consider time and billing software, which will allow the firm to enter time with hand held devices in the field and track steps during an engagement process. This will enable the firm to produce more accurate budgets on future engagements. Also, the software will allow the firm to significantly reduce wasted costs by decreasing non-billable hours.
- ▶ Obtain internal reports that identify the business's key performance indicators (KPIs), such as bids accepted. KPIs help managers make good decisions by identifying the figures that are critical to performance.
- ▶ Eliminate or reduce some overhead or fixed costs to reduce monthly expenses. Small decreases in overhead will typically yield large cash savings over time, especially if fixed costs can be reduced (those costs which tend to stay the same over time).

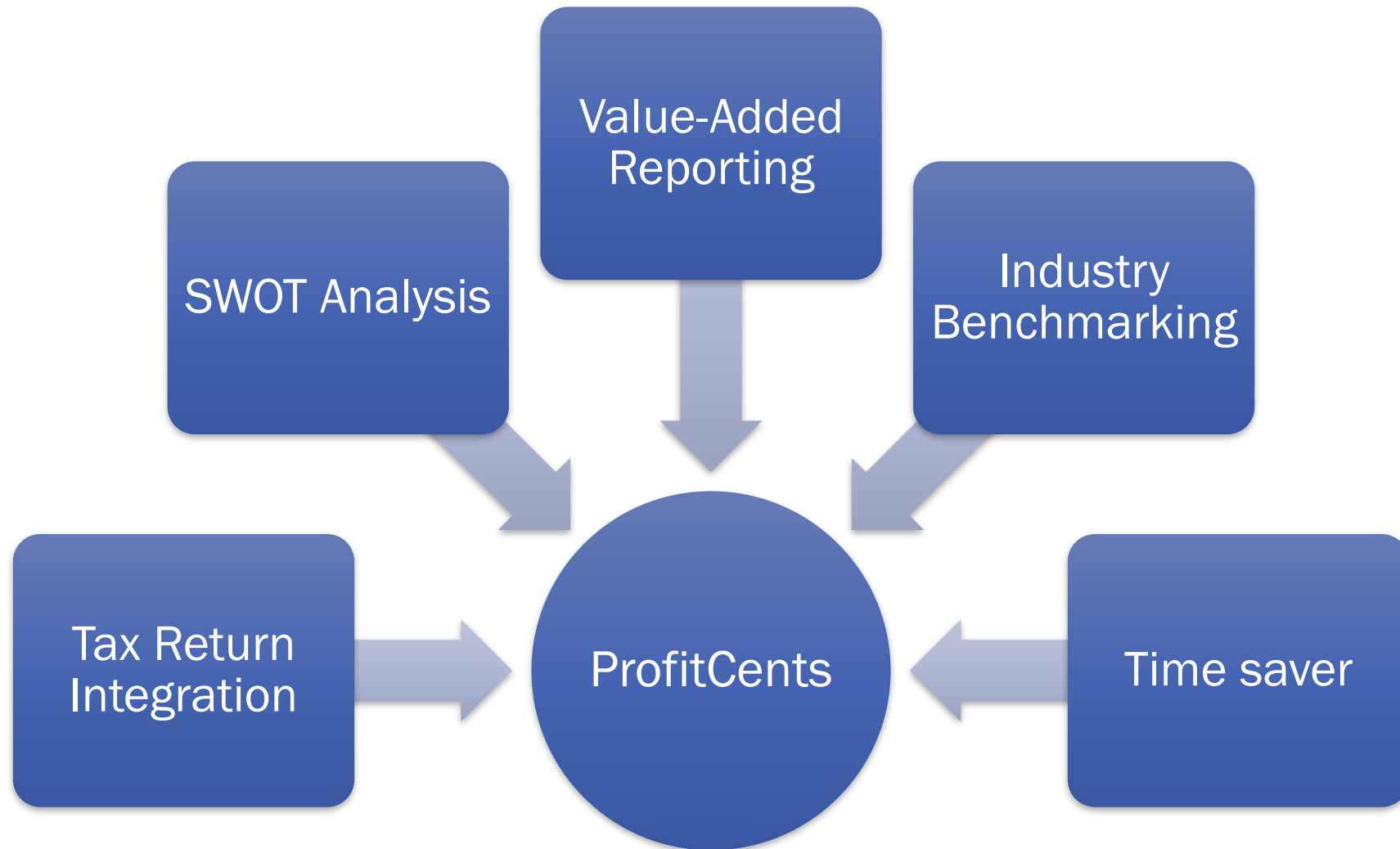
Using Recommendations as Conversation Starters

- Monitor menu portions in such a way that customers are satisfied but not using too much food per dish. Excessive portions will create waste and pose a need for the purchase of doggie bags.
- Control waste by keeping a waste log to ensure the restaurant is not losing too much inventory due to waste



Client Surveys





THANK YOU FOR ATTENDING!

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