



Considerations For Selection of a CPA

What is a CPA?

A CPA, or Certified Public Accountant, is a trusted financial advisor who helps individuals, businesses, and other organizations plan and reach their financial goals.

Isn't a CPA the same thing as an accountant?

All CPAs are accountants, but not all accountants are CPAs. The difference between accountants and CPAs lies in their education and experience. In order to become a CPA, they must pass the demanding Uniform CPA Examination, a four-part test with a total duration of 14 hours that ensures CPAs have a deep and thorough range of business knowledge.

What is a CPA and what do they do?

CPAs are many things. They are chief financial officers for Fortune 500 companies and advisors to small neighborhood businesses. They are well-respected strategic business advisors and decision-makers.

How do I find a CPA?

Get involved in Chamber of Commerce meetings and meet people in similar business as yours. As you network, ask how they like their accountant, does he come out to their shop several times a year?

Ask your lawyer, banker, insurance agent, or investment advisor for recommendations.

Another way to look is to research for a CPA who has references in your industry, such as retail, restaurants, real estate development, contract manufacturing, consulting services, at home services, etc. Industry experience will give the CPA a better shot in advising you before you hit a problem.

Look for CPA that is a "problem finder" not one that is just a problem solver. Also consider a CPA whose personality is right for you and your business. As an entrepreneur, you don't need extra pressure, but good counsel.

Take the time to find the right fit for your business. Five CPA candidates is a good number to start with. For each candidate, plan on two meetings before making your decision. One of these meetings should be at your site; one should be at theirs. Both parties need to know the environment the other works in. It's also appropriate to gather questions you may have, so that you can compare responses.

Will I need a CPA 'specialist' if my business changes?

Possibly. Smaller firms often don't offer all the services you will need in your business's lifetime. You might need specific expertise in the following cases:

- Buying or selling real estate for your firm
- 5 years before buying, selling or transferring your business
- Changes in equity ownership outside the family
- Business under financial stress
- Major financing where you are personally guaranteeing the loan
- Joint venture agreements
- Royalty agreements
- Agreements requiring specific financial and/or employment performance
- Changing tax filing forms: There can be significant penalties or loss of benefits when changing from one tax filing chapter (partnership(1065), LLC filing as a Sub S(1120S), or Chapter C(1120) to another. Changes in tax filings are usually limited to every 10 years.

I'm just starting out. What else should I consider?

Make the most of the accounting relationship by doing your part. Don't hand your accountant a shoebox full of receipts. The better you maintain your records, the less time your accountant has to spend, and the lower your fees will be.

Start your bookkeeping out right with software that is timesaving and has reporting features (like Quickbooks or Sage). CPA's offer this service but beyond the setup, it becomes too expensive to rely on this type of service. There are service providers who would be happy to help with the set-up and/or continue with the details.

Before the first tax return, have the CPA review the bookkeeping system with you, especially the Balance sheet and the Profit and Loss statement. Their questions will help you understand more about your business than you could imagine!

SCORE Mentors can provide guidance throughout the effort. Ask for a Mentor today!

greaterhartford.score.org