



## Finance 101 For the HR Professional

Tim A. Wiekping, CMA, SPHR  
Alaska SHRM State Council- **2014 Alaska HR Conference** May 12, 2014

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## HR Sees the World



People are Our Greatest Asset

Value Added



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## Accountants See the World



Employees are at Best An Expense

- Wages
- FICA
- Worker Comp
- Health Insurance
- Ect., Etc....



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**At Worst, Liabilities!!**



- Wrongful Termination
- Sexual Harassment Lawsuits
- Age Discrimination
- Etc., etc.....

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**Today**

- Introduction
- Very Basic Accounting
- Accounting Terms
- Employee Cost
- Fraud if Time

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**Tim Wiekping**

- Controller Eagle Enterprises/Airglas
- SPHR
- CMA
  - Institute of Management Accountants

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## Why Should You Care

- Knowledge is power in dealing with your organization.
  - Being taken serious
  - Advocating for your budgets, capital items, people
- Help you in analyzing candidates for accounting positions.



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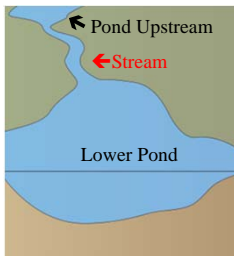
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## Income Statement P&L Profit and Loss



- May 1 water sits in Pond Upstream
- During May the water travels down stream
- May 31, Water is sitting in the Lower pond.



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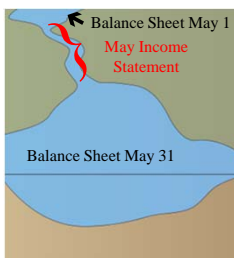
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## Income Statement P&L Profit and Loss



- May 1st & 31st a point in Time
- May a period of Time



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### Income Statement

Simple Income Statement

Revenues  
Less: Expenses  
Net Income

- Also Called
  - Profit & Loss Statement
  - P&L
- "Financial Statement that Summarized a firm's performance over a period of time."



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### Balance Sheet

- Assets 105
- Liabilities 75
- Owners Equity 30
- TOTAL **105**
- TOTAL **105**

Total Assets = Liabilities + Owner Equity

"A Statement showing a firm's accounting value on a particular Date."



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### Things I Immediately Look For

Hopefully not in your business maybe Non-Profit

- Balance Sheet Balances?
- Net Income on P&L Statement = Current YR Earning on Balance Sheet

- Warning: If not ask as a question "I don't see that....."



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## Other Financial Statements

- Cash Flow Statement
- Statement of Retained Earning
- CapX Capital Budget



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## Terms

- GAAP pronounced “Gap”
- Depreciation
- Direct Costs – Costs that can be directly associated with a specific Function
- Indirect Costs – Can Not
- Office Rent for Administrative staff HR
- Accounting comprehensive record of everything hat happens that has financial impact on your organization



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## Employee Costing Example

<b>Wage</b>	<b>\$50,000</b>
O.T.* 2% est.	\$1,000
FICA 6.2%	\$3,162
Medi 1.45%	\$ 740
Worker Comp* (.5% to 25+%)	\$1,000
State ESC* (To \$37,400 est 2.97%)	\$1,100
401K Match** (50% 1 <sup>st</sup> 2%)	\$510
Health Insurance** (60% Employee)	<u>\$5,000</u>
<b>Total Additional:</b>	<b>\$12,500</b>
*Varies	<b>+25%</b>
**Varies Optional	



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## I'm a Dinosaur (Someday)



- Hiring / Larger COs  
Convergence:  
GAAP & IFERS



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## Fraud

- Another good place for HR and Accounting to work together.
  - Misappropriations
  - Fraudulent Misstatements



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87.9% of Fraud Perpetrators had never previously been charged or convicted of fraud



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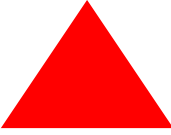
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### Fraud Context

Attitude



Pressure      Opportunity

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### Acknowledgement

- Kay Sohl consulting – Fraud Slides used by promission.

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