Crow Shields Bailey PC
Reaching beyond the numbers.
Accounting | Consulting

Summer 2019

Beyond the Numbers

A Crow Shields Bailey PC News Publication

CLIENT SPOTLIGHT

Pictured left to right: Tommy Robinson, Tillis Brett, and Gene Brett in April 2017

Humble Beginnings

Brett/Robinson has a very rich history and a unique array of services. After graduating from Auburn University, Gene Brett quickly realized he did not want to be an engineer. After serving in the United States Army at the end of the Korean War and then graduating from Auburn University with a degree in Industrial Engineering, Tillis Brett also realized he did not want to be an engineer. He developed an interest in real estate from working for the Land Acquisition and Right-of-Way Department in Mobile in 1960. The brothers worked hard to support their families all the while. In 1970, Gene and Tillis began selling real estate.

Tommy Robinson always knew the value of hard work, and excelled at everything he took on. As a pipe fitter and welder working to feed his family, he saved money and built his first home at 23 years old. He later opened a building supply company of his own.

Building A Foundation

Shortly after the Brett brothers started their door-to-door crusade selling houses, a buyer asked if they built houses. They did not, but thought this sounded like a great idea and started gathering information. Not knowing much about the process, they started asking their supplier, Tommy Robinson, many questions. About a year later, they formed a "handshake partnership," and the rest is history. Many houses, neighborhoods, and condominiums later, the company has organically grown a network of loyal and trusting clients, and at peak season, a team of nearly 800 employees. The original office is located in Saraland, Alabama, and the company

Continued on Page 3

Newsletter Contributors

Abby Roveda

Emilee Shuler

Gina McKellar

Kenny Crow

Our Vision

Our firm's objective is to maximize our clients' wealth. We strive to be the premier accounting and consulting firm in our area by offering a complete range of quality services to our clients. We will employ only the best people and ensure outstanding training and long-term career opportunities.

TEAM MEMBERS

Audit Team

Abby Roveda	abbyr@csbcpa.com
Allie Parker	alliep@csbcpa.com
Caitlyn Grimme	caitlyng@csbcpa.com
Colleen Keleher	colleenk@csbcpa.com
Frank Schottgen	frankr@csbcpa.com
Gray McDermott	graym@csbcpa.com
Hope Hickman	hopeh@csbcpa.com
Jay Crowley	jayc@csbcpa.com
Joey Bailey	joeyb@csbcpa.com
Kenny Crow, III	kennyc3@csbcpa.com
Kirsten Sokom	kirstens@csbcpa.com
Madison Quigley	madisonq@csbcpa.com

Bookkeeping Team

Cheryl Corey	cherylc@csbcpa.com
Kay Reed	kayr@csbcpa.com
La Nette Caskey	lanettec@csbcpa.com
Marcia Cobb	marciac@csbcpa.com
Nancy Coleman	nancyc@csbcpa.com
Rita Evans	ritae@csbcpa.com
Roxanne Lee	roxannel@csbcpa.com

Business Development Team

Kenny Crow	kennyc@csbcpa.com

Firm Administration

Barb Frerman	barbf@csbcpa.com
Deborah Fisher	deborahf@csbcpa.com

Tax Team

Andrew Bailey	andrewb@csbcpa.com
Andrew Finnorn	andrewf@csbcpa.com
Blake LaMont	blakel@csbcpa.com
Brooke McDonald	brookem@csbcpa.com
Caylee Summerford	caylees@csbcpa.com
Cindy Rathle	cindyr@csbcpa.com
Debbie Schoppert	debbies@csbcpa.com
Emma Ard	emmaa@csbcpa.com
Gina McKellar	ginam@csbcpa.com
John Gafford	johng@csbcpa.com
John Shields	johns@csbcpa.com
Kristi Daughtery	kristid@csbcpa.com
Lori Blum	lorib@csbcpa.com
Ryan Damrich	ryand@csbcpa.com
Sarah Ledbetter	sarahl@csbcpa.com
Sherri Deighton	sherrid@csbcpa.com
Teresa Ernest	teresae@csbcpa.com

Support Team

Britney Lister	britneyl@csbcpa.com
Diana Moore	dianam@csbcpa.com
Donna Willemoes	donnaw@csbcpa.com
Emilee Shuler	emilees@csbcpa.com
Kristen Gibson	kristeng@csbcpa.com
Margaret Murray	margaretm@csbcpa.com
Ruth Ann Holland	ruthannh@csbcpa.com
Shirley Sheffield	shirleys@csbcpa.com

Mobile Office
(251) 343.1012
(251) 343.1294 (Fax)

Daphne Office
(251) 621.1106
(251) 621.1108 (Fax)

Gulf Shores Office
(251) 968. 4337
(251) 968.8995 (Fax)

CSBcpa.com

expanded into the vacation market in 1984 with office locations in Gulf Shores and Orange Beach.

If you have vacationed in Gulf Shores or Orange Beach over the past 35 years, chances are that you have stayed in a Brett/Robinson developed property. That is because they are responsible for over 1,700 condominium units in these two areas, including the well-known Phoenix properties.

Carrying On A Legacy

Unfortunately, Tillis Brett passed away in 2017, leaving behind his high school sweetheart, Claudette Hinds Brett, to whom he was married for 63 years, and their five children. His brother Gene and their partner Tommy Robinson and many of their family members still work hard every day to carry on the legacy the trio began nearly 50 years ago. The second generation of the management team includes John Brett, son of Tillis Brett; Bill Brett, son of Gene Brett; and Pat Nelson, son-in-law of Tommy Robinson. The five member management group, many family members, and many long term employees take pride in living out the company's vision, values, and principles.

Their mission is to "provide quality service and the highest standards of management for all [their] guests and owners, both collectively and individually." They also strive to provide stability of operations and growth for their employees. Tommy and Gene both stress the importance of honesty and integrity in all business relationships, as well as within the company.

Brett/Robinson is a full-service company. For every condominium complex, they make the plans, build the complex, and manage the condos. In fact, they are still managing the first complex they ever built. The key to their success is personal relationships with their customers, suppliers, and employees.

A Monumental Project

One of the most challenging projects that both generations of management faced in the storied history of the company was the construction and completion of Phoenix West II. This condominium complex is the largest complex built and managed by Brett/Robinson. It all began in 2005, during the real estate boom, when management embarked on a project to build the tallest complex in the Orange Beach/Gulf Shores area, boasting 358 luxurious units. After a number of obstacles–Hurricane Katrina, the economic downturn of 2008/2009, the BP oil spill of 2010–perseverance is the word that describes the efforts of the entire management team of Brett/Robinson to complete this project in 2014. It only takes one scan across the skyline in the Orange Beach area to marvel at the immense success of this project that overcame such obstacles.

Relationship with CSB

Brett/Robinson began its relationship with CSB in 2009. During 2009, the CSB team began to work with the company to continue its longstanding relationship with Bruce Dudley of Dudley Chateau & Cox, a Mobile firm that had been acquired by CSB. Over the last ten years, CSB has served as a trusted advisor in the areas of tax compliance, tax planning, succession planning, and accounting and auditing services.

Looking to the Future

The two-generation management team of Brett/Robinson is busy currently with the construction of three condominium complexes, homes on Ono Island, and homes in their Saraland developments of Spanish Trace and Cherry Hill subdivisions. Meanwhile real estate agents in Orange Beach, Gulf Shores, and Saraland are selling homes and condominiums in our active Mobile and Baldwin counties real estate market.

For more information, please visit www.brett-robinson.com or call John Brett at 251-981-6180.

Phoenix West II, Orange Beach, AL

Pictured left to right: Gene, Tillis, and Tommy in 1973

TEAM MEMBER NEWS

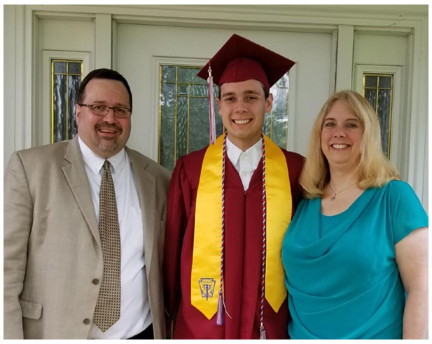
Mary Catherine Bailey, daughter of Joey and Connie, and Cole Turner were engaged in January.

Andrew and Jenny Bailey welcomed their first child, John Winters Bailey, or “Win,” on January 17th. Win weighed 9 lbs 7 oz and was 19 3/4 in long.

In May, the Crow family visited daughter Louise and husband Steven in Italy. Afterwards, the entire family traveled to Israel for what they referred to as “the trip of a lifetime.”

Emilee Shuler’s son Finn dressed up for his school’s Mardi Gras parade.

Caroline (left) & Elizabeth Ernest, daughters of Teresa and Walter, enjoying Spring Break in Destin after busy season.



Jacob Deighton, son of Sherri and Joe Deighton, graduated from DeSmet Jesuit HS and will be attending Marquette University. He was captain of the Robotics team and a member of NHS. He was 1 of 12 recipients of the “Men for Others” award.

Abby Roveda’s husband David graduated from USA College of Medicine this May. In March, they found out that he would be completing his first year of residency in Mobile before moving to Birmingham in 2020 to complete a four year residency in Radiation Oncology.

Bradley Russell, son of Gina and Pudgy McKellar, and Elizabeth Casten are engaged and planning a wedding for February 1, 2020.

Jonah, son of Brian and Kristi Daughtery, played baseball in Cooperstown, NY. His team, Machine Baseball, finished 9th out of 50 teams competing from all over the US.

Kirsten and Sim Sokom welcomed their first child, Nathan “Nate” Thomas Sokom, on February 20th. He was born at 7 lbs 3 oz and 20 in long.

Thomas Russell, son of Gina and Pudgy McKellar, received his Masters of Accountancy from the University of Alabama on May 4, 2019. Thomas will be moving to Dallas and working with PwC. PwC is a global network of firms delivering assurance, tax, and consulting services.

Amy Schoppert, daughter of Debbie and Scott Schoppert, graduated from Auburn University with a Bachelor of Fine Arts degree in Graphic Design.

NEW TEAM MEMBERS

We had the pleasure of welcoming three spring interns and four new full-time hires earlier this year. Pictured from left to right are Andrew Finnorn; Hannah Gibson (intern); Brooke McDonald, CPA; Caylee Summerford, CPA; Taelor Keefe (intern); Sarah Ledbetter; and Dylan Hooper (intern). We were very grateful to have such talented interns to help us during busy season, and we welcome our new full-time team members!

The Value of Strategic Planning

As business leaders, we hear all the time that we need to be managers. We need to work **ON** our business instead of **IN** it. This is much more difficult than it sounds. We have to train ourselves to go to work every day to *manage* a business, not to do the things that the business must do to get the work done.

The fast way to achieve this new role is to hold a Strategic Planning Meeting. Our firm has facilitated several of these meetings. It is a great idea to have someone outside your business as the discussion leader.

All the key decision makers of the business should attend this meeting. Ultimately, you have to get buy-in and make sure you are all on the same page. It is better to hold the meeting away from the office so you can eliminate any possible distractions with your team members.

The strategic planning meeting should start with a SWOT analysis, making sure to get everyone's input to determine your strengths, weaknesses, opportunities, and threats. The value of this exercise is to discover what you are good at and what you need to improve upon to help achieve your vision. Next, you discuss the opportunities that exist to obtain your expected level of growth and competitive edge. Finally, you can analyze the threats that exist that could keep you from meeting your goals.

Your agenda might include a visioning exercise. Does your vision statement clearly define what the end looks like when you reach maturation? It is critical that your decision makers are all moving toward the same ultimate goal. If not, you have to go through this process or you will be constantly banging your head against the wall.

The results of the SWOT analysis will help you determine which items need to be addressed first. Often, it is a good idea to work with the low-hanging fruit to achieve some early success and get some momentum going. This improvement is a process and can be taxing on your team. Do not try to do everything at once. This can lead to burnout and frustration. Set an agenda for improvement and be diligent about keeping your team focused and committed to the cause.

This process can easily take 18-24 months. The results are that you will be running a business that does not depend on you to be successful and it will outlive you. This in turn makes your business more valuable to a potential buyer because you have built a business that has systems in place to handle the routine things. All of this is possible because you learned the value of working **ON** your business rather than **IN** it.

Give us a call if we can help you plan your next Strategic Planning Meeting - we are happy to assist you!

- J. Kenny Crow, Jr., CPA

An Accounting Standards Update for the Rest of Us

As the apocalypse of ASC 606 implementation approaches for private companies, we are pleased to be able to share with you some good news from the Financial Accounting Standards Board (FASB)—for once! This past October, the FASB issued Accounting Standards Update (ASU) 2018-17: Consolidation (Topic 810) Targeted Improvements to Related Party Guidance for Variable Interest Entities (VIEs). ASU 2018-17 gives private companies relief by improving the previous standards surrounding the evaluation of entities under common control as VIEs.

As a refresher, under the original guidance on VIEs, the FASB required companies to consider whether entities under common control needed to be consolidated, even if the reporting entity was not a majority owner.

The purpose of the original standard was to prevent the sometimes misleading use of special purpose entities as had been brought to light in the fall of Enron. In 2014, the FASB issued update 2014-07 which gave private companies some relief in allowing them not to consolidate related entities that were part of leasing arrangements. Under certain conditions, the private companies could elect not to apply VIE guidance to lessor entities. That is where things stood on the subject until ASU 2018-17 was issued in October of 2018.

Under ASU 2018-17, if the following conditions are met, the reporting entity is not required to evaluate a legal entity for consolidation:

- Neither entity (reporting entity or legal entity) is a public business entity
- The reporting entity and legal entity are under common control
- They are not under the common control of a public business entity
- The reporting entity does not directly or indirectly have a controlling interest in the legal entity when considering the voting interest model
    - Under the voting interest model, a direct or indirect controlling interest would be more than 50 percent of outstanding voting shares

If the reporting entity elects to adopt this new accounting policy for VIEs, it has to be universally applied to all legal entities that meet the above criteria. The reporting entity cannot choose to consolidate some legal entities and not others.
At adoption, all entities are required to apply the effects of this ASU retrospectively with a cumulative effect adjustment to retained earnings at the beginning of the earliest period presented. The amendment becomes effective for fiscal years beginning after December 15, 2020 and interim periods beginning after December 15, 2021, but early adoption is permitted. Adoption is not permitted for not-for-profit entities or employee benefit plans.

Although adoption of ASU 2018-17 will discontinue consolidation of the legal entity, the reporting entity will still need to disclose information about their relationship with the legal entity in the notes to the financial statements. Disclosures related to their relationship should include but are not limited to the following:

- The nature and risks of their involvement with the legal entity
- How their involvement with the legal entity affects their financial position, financial performance, and cash flows
- The resulting receivables or payables from transactions with related parties
- The reporting entity's maximum exposure to loss due to its involvement with the legal entity and if that amount can't be quantified then a note to that effect

Continued on Page 8

Crow Shields Bailey PC
Reaching beyond the numbers.
Accounting | Consulting

Mobile Office
(251) 343.1012
(251) 343.1294 (Fax)

Daphne Office
(251) 621.1106
(251) 621.1108 (Fax)

Gulf Shores Office
(251) 968. 4337
(251) 968.8995 (Fax)

Prsrt Std
U.S. Postage
PAID
Permit No. 435
Mobile, AL

Thank you to all of the students, speakers, and team members who made this year's IMAGINE Leadership Conference such a success!

Continued from previous page

Before making the election, entities should consider whether deconsolidation would benefit them and their financial statement users. If consolidating the VIE activity in the entity's financial statements gives management and users a better understanding of the reporting entity's financial position, then it may be beneficial to continue to consolidate VIE activity.

Some reporting entities have been issuing financial statements with a GAAP departure because consolidation of entities determined to be VIEs was impractical. Those entities should strongly consider early adopting ASU 2018-17. Since they have not been consolidating up to this point, adoption will simply involve adding the required disclosures and no retrospective adjustment will have to be made. In the year of adoption, the GAAP departure language can be removed from the accountant's report and the prior year opinion can be updated because of the retrospective application.

Overall, the issuance of ASU 2018-17 is a win for private companies moving forward. ASU 2018-17 stands to benefit private companies more in the coming year than any other FASB policy going into effect, so let's celebrate the small victories as we face down revenue recognition implementation and the new leasing standard.

- Abby Roveda, CPA