

# CPA firms helping clients cope with downturn in economy

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Whether in good times or bad, CPAs are needed for businesses to stay financially healthy and in compliance with tax laws. Some services CPAs provide are needed in any economy.

"Our services are still needed, and maybe even more so during a downturn," said Bob Bunting, CPA, senior manager, HORNE LLP, Jackson. "Banks, for example, may need more financial information for loans. From the tax side, primarily the side I work in, our requirements haven't changed as far as what we have to do to meet the reporting requirements to the IRS and State Tax Commission."

Bunting said HORNE LLP hasn't been affected as much by the downturn in the economy as some other kinds of businesses. It expects the tax season to be as busy as ever, and has not yet seen much impact from the country's economic problems. But Bunting said the firm anticipates it being difficult to avoid being affected in the future.

One thing CPAs are doing is providing advice to clients on how to cope with the challenges of doing business in a recession.

"I'm hearing more nervousness than anything else from clients," Bunting said. "They see the storm hitting, but they aren't sure how long it is going to last. You are starting to see them get very worried. There has been some downturn, obviously, that has affected them. But I think they are afraid that the worst may be yet to come."

Bunting's advice to clients is to watch spending very closely. Keep on conducting businesses as usual, but cut back on some extravagances that may have crept into the business.

He also provides reassurance.

"The downturn in the economy is not unprecedented," Bunting said. "It has happened before. We have weathered this before, and we will weather this, also."

James Lee Stafford, managing partner, Watkins, Ward & Stafford, PLLC, West Point, also reports business is still good.

"I would say at this point we're not seeing any decrease in our client base and the number of engagements we are being sought to perform," Stafford said. "As people come in, what we are hearing them say is their business is generally down. I spoke to a client this morning, a fairly large service provider, and his business is off 10 to 20 percent. Earlier, I spoke to a retail mer-

chant, and his sales were off 10 percent from last year. But last year was a good year. When he compared sales to the year before, sales this year are even."

The economic problems are trickling down from Wall Street to Main Street, slowly eating away at profits. But there are some bright spots. Probably the most positive thing to happen in the retail economy has been the moderation in gasoline prices.

"That has put a lot of money into the pockets of people to buy consumer goods," Stafford said.

Watkins, Ward & Stafford has seen a slight increase in business over the past year, and is expecting a busy tax season.

"CPAs are needed, but the question is, 'Can people afford to pay for services?'" Stafford said. "So, it will impact us if this slowdown continues. I can't really think of any business that will not be impacted over a period of time. We have offices in nine small North Mississippi towns. Small communities are feeling a lot of pressure because of this economic downturn. There are plant closings almost weekly, and articles about job losses are in the paper every day. Eventually that has to impact everybody."

His advice to clients is when preparing a

budget for next year, plan for a lean year. Control costs wherever you can, and be prudent in capital expenditures.

Another CPA firm giving out advice on belt tightening is GranthamPoole, CPAs, Jackson. Dorothy Gray, administrative partner, GranthamPoole, said the firm has had a lot of clients calling wanting help.

"They want to know what they can do to better weather the storm," Gray said. "Business owners are looking for ways to trim expenses or generate more revenues from other parts of business than in the past. We have worked with business owners about how to best manage their operations without being penny wise and pound foolish. What are the expenses that can be trimmed that don't impact effectiveness and the ability to continue to generate revenues?"

CPAs can provide plenty of help in good times, but the advice could be even more critical during difficult times.

"There are special needs when the economy is as tight as it is," Gray said. "We are holding a lot of hands, giving reassurance. We don't have a crystal ball regarding the future of the economy, but we can reassure them on ways to tighten their ship and give them some additional comfort."