

The Experts

Quality of Earnings Expert	Case Commentaries
<p>Anwer S. Ahmed, Ph.D., is Associate Professor of Accounting at the School of Management, Syracuse University. He is the author of "Bank Loan Loss Provisions: A Reexamination of Capital Management, Earnings Management and Signaling Effects", (with C. Takeda & S. Thomas), <i>Journal of Accounting & Economics</i>, August 2000.</p>	<p>Accounting For Loan Losses at County National Bank (34)</p>
<p>Bob Stefanowski, CPA, CFE, M.B.A., is an adjunct professor at the Stern School of Business and holds a M.B.A. in Finance from Cornell University.</p>	<p>The Aker Computer Company (128) Restatements at Vesania Networks (134)</p>
<p>Carol A. Purcell, CPA, is the Chief Financial Officer at the Roman Catholic Archdiocese of Newark (NJ). Carol spent 10 years at Coopers & Lybrand specializing in hospitals and not-for-profit organizations, in addition to having experiences in large commercial organizations. Following her years at Cooper & Lybrand, Carol was a senior financial executive at a major hospital corporation in Northern New Jersey, before taking her current position as CFO at the Roman Catholic Archdiocese of Newark.</p>	<p>Restatements at Vesania Networks (134) Do the Right Thing (14)</p>
<p>Dan Hugo, CPA, is Director of External Reporting for EBay Inc. Ebay pioneered a Web-based community in which buyers and sellers are brought together. EBay also engages in the traditional auction business and in online payment processing.</p>	<p>Vision Technologies Incorporated: Issues in Revenue Recognition (54) A Troubled Acquisition for Websave (94) The Case of Barter Transactions and Revenue Recognition (144)</p>
<p>Dan M. Guy, Ph.D., CPA, lives and practices in Santa Fe, New Mexico. Dan's practice is limited to consulting services, including litigation involving accountant's malpractice issues. His most recent book is "Audit Committees: A Guide for Directors, Management, and Consultants" (Aspen Law & Business).</p>	<p>A Controller's Challenge (25) Is it Okay to Buy Earnings? (83) Inventory Valuation Issues at AKL (112) Accounting for a Windfall (121) Restatements at Vesania Networks (134)</p>
<p>Grace Pownell, Ph.D., joined the Goizueta Business School Faculty, Emory University in the fall of 1993. She is the author of "How Frequently Do Managers Disclose Prospective Earnings Information?" <i>The Journal of Financial Statement Analysis</i>, Spring 1998. (Co-authors: C. Kile & G.</p>	<p>A Controller's Challenge (25) Accounting for In-Process R & D at Simpco Incorporated (44) Restructuring At Exozol? (64)</p>



Quality of Earnings Expert	Case Commentaries
Waymire).	
<p>Lota Zoth, CPA, was appointed Senior Vice President and Corporate Controller at PSINet Inc on August 7, 2000. PSINet Inc is a global facilities-based provider of Internet access services and related products to businesses. PSINet Inc. also provides Internet Protocol and network backbone services. Prior to joining PSINet, Ms. Zoth was Controller and Chief Accounting Officer for Sodexo Marriott Services, Inc. (NYSE: SDH).</p>	<p>Is it Okay to Buy Earnings? (83) A Troubled Acquisition for Websave (94) The Case of Barter Transactions and Revenue Recognition (144)</p>
<p>Marshall Pitman, Ph. D., CPA, CMA, is Associate Professor of Accounting at The University of Texas in San Antonio.</p>	<p>The Aker Computer Company (128)</p>
<p>Martin S. Fridson, CFA, is Chief High Yield Strategist and Managing Director at Merrill Lynch. Mr. Fridson is author of several books on Financial Statement Analysis.</p>	<p>Accounting Issues At National Technology Corporation (73) Policy and Judgment -- The X Systems Group (104) Do the Right Thing (14)</p>
<p>Maureen F. McNichols, Ph.D., CPA, is <i>Marriner S. Eccles Professor of Public and Private Management, Stanford University</i>. She is the author of “Does Meeting Expectations Matter: Evidence from Analysts’ Forecast Revisions and Share Prices,”(with R. Kasznik), Stanford University Graduate School of Business working paper, 2001.</p>	<p>Policy and Judgment -- The X Systems Group (104) The Case of Barter Transactions and Revenue Recognition (144)</p>
<p>Mike Cohen, CPA, is Director of Technical Services for the NJSCPA. He previously worked at Ernst & Young as a specialist in technical matters and before that he was a project manager with the FASB.</p>	<p>Accounting for In-Process R & D at Simpco Incorporated (44) Restructuring At Exozol? (64)</p>
<p>Nita Clyde, Ph.D., CPA, is a partner at Clyde Associates. Clyde Associates is a boutique consulting firm located in Dallas, TX where Nita specializes in accounting education with a particular emphasis on issues of professional ethics. She chairs the AICPA/NASBA Joint Committee on Continuing Professional Education Standards, as well as a Special Committee on Ethics in the CPA Profession. She is a past member of the AICPA Board of Directors, and is currently a member of its governing Council. Nita was a university professor for almost 20 years.</p>	<p>Accounting for In-Process R & D at Simpco Incorporated (44) Policy and Judgment -- The X Systems Group (104) Inventory Valuation Issues at AKL (112) Accounting for a Windfall (121)</p>



Quality of Earnings Expert	Case Commentaries
<p>Paul Bialek, CPA, is Chief Financial Officer and Senior Vice President, Finance and Operations of RealNetworks, Inc. RealNetworks is a provider of media delivery and digital distributions solutions designs for the internet.</p>	<p>A Controller's Challenge (25) A Troubled Acquisition for Websave (94) The Case of Barter Transactions and Revenue Recognition (144)</p>
<p>Paul Munter, Ph.D., CPA, is KPMG Peat Marwick Professor of Accounting at the University of Miami. He is editor-in-chief of <i>The Journal of Corporate Accounting & Finance</i> and the author of "Progress on Impairments and Business Combinations", <i>The Journal of Corporate Accounting & Finance</i>, November/December 2000.</p>	<p>Vision Technologies Incorporated: Issues in Revenue Recognition (54) Accounting Issues At National Technology Corporation (73)</p>
<p>Robert M. Tarola, CPA, is Chief Financial Officer and Senior Vice President of W.R. Grace & Co.</p>	<p>Do the Right Thing (14)</p>
<p>Stephen J. Cosgrove is Vice President, Consumer Sector Finance, at Johnson and Johnson Inc. Johnson and Johnson is engaged in the manufacture and sale of a broad range of products in the health care field in many countries of the world.</p>	<p>Accounting for In-Process R & D at Simpco Incorporated (44) Restructuring At Exozol? (64)</p>
<p>Stephen L. Key is the retired Executive Vice President and Chief Financial Officer of Textron Inc. He is a former Executive Vice President and Chief Financial Officer of ConAgra and a former managing partner of the Ernst and Young New York office.</p>	<p>Vision Technologies Incorporated: Issues in Revenue Recognition (54) Is it Okay to Buy Earnings? (83)</p>
<p>Steven M. Mintz, Ph.D., is a leading expert in the field of professional ethics for CPAs. Dr. Mintz is Visiting Professor of Accounting at Chapman University. He is the author of more than twenty published papers in ethics and a casebook in accounting ethics.</p>	<p>Accounting For Loan Losses at County National Bank (34) Is it Okay to Buy Earnings? (83) Inventory Valuation Issues at AKL (112) Accounting for a Windfall (121)</p>
<p>Steven Wallman, J.D., is founder and CEO of FOLIOfn founded in 1998. Using the FOLIOfn system, investors can purchase customized portfolios. He is a former commissioner of the U.S. Securities and Exchange Commission and a former partner, Covington and Burling. He is a non-resident senior fellow of economic study at Brookings.</p>	<p>Vision Technologies Incorporated: Issues in Revenue Recognition (54) Accounting Issues At National Technology Corporation (73) Policy and Judgment -- The X Systems Group (104)</p>



Quality of Earnings Expert	Case Commentaries
<p>William McLucas, J.D., is a Partner with Wilmer, Culter & Pickering. His practice focuses on securities enforcement, regulation and litigation matters. McLucas served as Director of Enforcement at the Securities and Exchange Commission for eight years.</p>	<p>Accounting For Loan Losses at County National Bank (34) Do the Right Thing (14)</p>



CASES: INDEX BY ISSUE

Managers can use their knowledge about the business and its opportunities to select reporting methods and estimates that match the company's business economics, potentially increasing the value of accounting as a form of communication. However management's use of judgment also creates opportunities for earnings management in which managers choose reporting methods and estimates that do not adequately reflect their company's underlying economics (Healy, Wahlen, Working paper, 1998).

The following table contains just a sample of the issues in the case studies that impact quality of earnings and is by no means an exhaustive list.

Issues that Impact Quality of Earnings	Case Study
Capital Market Expectations and Valuations	Accounting for In-Process R & D at Simpcu Incorporated 44
Contracts in terms of accounting numbers	Do the Right Thing 14
Avoiding Regulatory Invention	Accounting For Loan Losses at County National Bank 34
Estimates/Methods	Accounting Issues At National Technology Corporation 73
Revenue Recognition	The Case of Barter Transactions and Revenue Recognition 144
	Vision Technologies Incorporated: Issues in Revenue Recognition 54
	Restatements at Vesania Networks 134 The Aker Computer Company 128
Business Combinations	Is it Okay to Buy Earnings? 83
	Accounting for In-Process R & D at Simpcu Incorporated 44
	A Troubled Acquisition for Websave 94
Working Capital Management	A Controller's Challenge 25 Inventory Valuation Issues at AKL 112
Restructuring Charge	Accounting for In-Process R & D at Simpcu Incorporated 44