Balancing Books & Banking

Presented by Bill Lee

Learning Objectives

- Who am I?
- Necessity of a good accountant and the consequences of not having one
- How accountants add value in credit decisions
- Advocating for proper accounting systems and how banks rely on them
- Accountants' need for good bankers
- General banking industry update

Who Am I?

Bill Lee, Chief Credit Officer & Chief Lending Officer

- Over 27 years in banking
- Currently holds a degree in American History & Pure Mathematics from John Brown University
- Will graduate with a degree in Accounting from NSU this Fall 2024
- Previously taught at the Graduate School of Banking at the University of Colorado for three years
- Regularly teaches courses with the OK Bankers Association
- CPA Aspirant

Necessity of a Good Accountant

Why Hire a Good Accountant?

- Quality financial reporting
- Involvement in business decision-making
- Educator for the business owner
- No one understands the business quite like the accountant
- “Translator” between business owner and external parties

(Potential) Consequences of Not Having an Involved Accountant

- No awareness of the financial state of the business
- Difficulty in communicating with creditors and compiling requested documents
- No “coach” to help educate and guide business owners

How Accountants Impact a Credit Decision

- Reliance on financial reporting is paramount
- Speak the same language as credit analysts and officers
- In conjunction with the business owner, they determine the pace of any decision-making process
- If able to speak directly to the bank, they can address technical questions and follow up requests
- Can help business owners predict bank requests

Proper Accounting Systems

Value in Having Proper Accounting Systems

- Narrows scope of follow up questions and requests
- Allows users of reports to reasonably rely upon information presented
- Speeds up the timeline for a credit approval decision
- Often provides resources other than the business owner for credit analysts to rely upon

What “Proper” Means in the Context of Credit Decisions

- Proper timing of complete and relevant financial reports
- Proper size and complexity of internal controls based on the size and complexity of the business
- Doesn’t always mean obtaining a full audit or attestation service
- Accounting staff with the appropriate experience, doesn’t always have to be a CPA

Banking Industry Update

- CRE (Commercial Real Estate)
- Bank’s liquidity (Loan to Deposit Ratio)
- Bank’s Capital levels
- Succession planning

Ayn Rand: “Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver. It will give you the means for the satisfaction of your desires, but it will not provide you with desires.”

Thank You!