

TODAY'S CPA

TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

JULY / AUGUST 2008

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Texas Society of
CPA Certified Public Accountants



Goodman Financial
Money Manager
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Philanthropy



Truth Be Told

A Conversation with Incoming Chairman Steve Goodman

Steve Goodman, the founder, president and chief investment officer of Goodman Financial Corporation, a fee-only money management firm, is also a Certified Financial Planner (CFP) and left public accounting early in his career. Like the 2008-09 presidents of TSCPA's Houston, Dallas and Fort Worth chapters, he is a member in industry who believes all CPAs should be equally "passionate about the profession." The latter is his leadership theme for the next year. (Please see the Chairman's and Executive Director's message in this issue of *Today's CPA*.)

Shortly before beginning his term, Goodman took the time to sit down and talk with *Today's CPA* about his life, and his views on TSCPA and the profession.

Q: How did your career start?
Why did you choose the accounting profession?

A: I actually chose accounting by default. My father was the managing partner of a CPA firm, so I thought I knew all about it and didn't plan to pursue the profession. I had worked part-time in his office one summer when I was 15. He even used to bring bank reconciliations home for me to do back when I was around 12 – I actually did journal entries!

When the time came for college, I moved to Texas to enroll at the University of Houston's Hilton College of Hotel and Restaurant Management, where I received my

The 2008-09 Society chairman is a second generation CPA with a long-held impression of the profession. "I don't remember my father ever in his life telling a lie," says **Steven R. Goodman, CPA-Houston.** "I grew up sensing that was somehow part of being an accountant."



TSCPA Chairman Steve Goodman, CPA-Houston, with his wife Hilda on their balcony.

undergraduate degree. As I prepared to graduate, one of my professors suggested that I get a master's degree in finance or accounting before entering the work force. He felt that I was probably more of a corporate/investment guy than I was an operations person. Another mentor, John Pritzker, whose father was CEO of Hyatt at the time, told me that there was no chance I would move up rapidly in their organization unless I got my master's.

So with their urging, I continued at the University of Houston to obtain my master's in Accountancy and Taxation, and went to work for one of the big accounting firms for a couple of years. Guess what? I really enjoyed it and, although I no longer practice public accounting, I think like an accountant to this day. I've put that to use for the last 20 years building my own firm, Goodman Financial.

By the way, as the new TSCPA chairman, my hospitality management background assists me in my focus on serving our members, regardless of background or occupation.

Q: So accounting remained a big influence in your life after all.

A: I very much enjoy investment management, and the "thinking like an auditor" approach really works well in our business. You're dealing with clients, and the attributes that make you an effective practitioner as a CPA are the same that make you a good financial advisor: attention to detail, understanding how to evaluate complex business problems, knowing how to deal with other professionals such as attorneys and accountants. And of course, as a money manager, I have to make decisions about individual securities – which stocks and bonds to buy. To do that, you look at financial statements – income statements, balance sheets, cash flow, 10Ks, 10Qs. An accounting background is a major plus. Quite honestly, I don't understand how non-accountants review these and have any understanding of what they're looking at.

Q: What has been the most challenging part of your career? The most rewarding?

A: My biggest challenge is time. Balancing my personal life with work and my volunteer life. In my career, I've found it extremely rewarding to help others and receive their respect for my professional knowledge and judgment. I have clients who started businesses 15, 30 years ago, and sold those firms for millions . . . so obviously they made some good decisions along the way. The fact that they have confidence in me is very flattering. I enjoy the fact that successful people look to me for advice.

Of course, clients like ours can be demanding; the ability to communicate is extremely important. Maybe we have a client who sees something on CNBC and gets spooked by the market. Since we keep their portfolio properly balanced, they're likely just acting on emotion and you have to employ a little psychology. Again, that's where accounting comes in because CPAs are trained to make decisions based on facts and we know how to demonstrate that to our clients.

Q: With the upcoming presidential election, politicians and pundits are engaged in constant debate and comment on our national economy. Are your clients a little jumpier than usual?

A: Sure, the more uncertainty there is, the more volatility. The more volatility, the more nervous the investing public. So we're doing a lot more handholding. But I remind our clients that if the markets weren't somewhat unpredictable, there wouldn't be rewards for taking risk.

Frankly, we also have to look at each of the (presidential) candidates and what their positions are on matters such as the capital gains tax, ordinary tax rates, deductions and sectors of the economy, and consider our plans according to differing outcomes of the election.

Q: In your opinion, what are the top issues facing the accounting profession?

A: One issue is to attract top students to the accounting profession. We don't just need more accountants . . . we need really smart accountants.

Also, more and more we are dealing with work/life balance, especially with the younger generation. Older CPAs are used to putting in long hours, especially during busy season, and that seems to have given the profession a reputation for working people awfully hard. We need to find a solution to the issue of young professionals who decide to opt, say, for the job in corporate finance that doesn't demand all the overtime. They may decide not to even sit for the CPA exam. And even if they do, we still have to emphasize the importance of their retaining their certificate.

We have a lot of CPAs in industry. We need to find more ways for the profession and TSCPA to have relevance for them, so that they earn and retain their certificate and remain active in the Society. I believe that they do really benefit from that involvement; many advance up the career ladder from contacts they've made through TSCPA. We're about to add a full-time staff person who will focus on Society service to CPAs in industry, government and education.

Another top issue is the convergence of accounting standards – the movement from GAAP (Generally Accepted Accounting Principles) to IFRS (International Financial Reporting Standards). All of a sudden, we're going to have a bunch of people who have to learn a different set of rules.



Steve Goodman fishing with his grandson Dylan.

TSCPA will provide educational resources to help in this transition. We're part of the overall world economy, and U.S. CPAs will have to adapt. There are positives. From an investment standpoint, to have access to financial statements that all follow the same promulgated standards is important. This will actually help global capital move around.

Q: What are the priorities and what role should CPAs and the Society play in the legislative and regulatory arena in Austin?

A: The margin tax remains an area of primary focus. This still needs much work. There were errors in its drafting – only 12 of 27 TSCPA recommendations for improvement were made in the last session. We are trying to make it correct and functional, so that it can be understood. Rules need to be clear, fair and equitable. As it stands now, some industries are doing quite well with the new tax scheme and it's having a very detrimental effect on others. The Society hasn't taken a political position on this – whether the tax should be higher or lower, etc. Once the 2008 collections are in, we'll have an idea of how much revenue the tax raised. Then the state will know what kind of flexibility it has. This is a major TSCPA effort that benefits not only our members, but the Texas business community and the public.

And, regardless of the political mood, we're always protecting the CPA certificate from infringement and inappropriate or excessive regulation. We want to make sure that those who practice accounting in an appropriate manner can maintain a certificate of value. In survey after survey, our members tell us that this is one of the most important reasons they join TSCPA and remain members of the Society.

We also keep an eye on accountant liability. TSCPA continues to do whatever it can because at times bills that seemingly have nothing to do with accounting end up with something woven in that has the potential to expand the liability of auditors or other accountants. We need to be vigilant in making sure that nothing gets passed that expands liability exposure – we have enough as it is.

Q: When and why did you become a volunteer leader in TSCPA? What have been your most significant accomplishments during your years of service?

A: I started volunteering in the late-80s at the chapter level (Houston). I quickly became active on a couple of committees there, and then with TSCPA shortly afterwards. I've been on the Society's board since '94. I was also the 1996-97 Houston Chapter president; Houston is the largest chapter, and that was a really busy year.

As for "why," I think that it's just the right thing to do. If you have the opportunity to volunteer, and people welcome and appreciate that, then you keep giving. You try to make a difference. I'm proud of my volunteer history, and I don't look at it as having taken anything away from my work or personal life. It's part of the balance. I enjoy volunteering – some of my best friends are part of this organization.

I think one of my particular contributions as a volunteer is that I've tried to be a bit of an "outside the box" thinker. To come up with initiatives that others may not have considered or thought too risky. Sometimes that works out and sometimes it doesn't. I like to encourage others to take and manage risk. At TSCPA, we stick with the Strategic Plan while still trying different approaches to progress.

One volunteer activity that I feel really made a difference was in 1989 when the Houston Chapter began partnering with the Wesley Community Center. The Center asked if someone would start a mentoring program. At the time, I was on the Personal Financial Planning Committee – which really didn't have a lot in common with outreach to eighth graders – but I was able to get enough volunteers to create a core base of mentors for several years. We worked one-on-one with students at an at-risk middle school, and probably impacted the lives of a couple hundred kids. Most had never known anyone from a professional field. That program happened solely because we stepped up to the plate, and that was very rewarding.

Q: How does being involved in TSCPA help you in your career?

A: It's a great resource. I have a client right now who just became the COO for a major distributor in Houston and asked me if I knew any CFO candidates. So I'm able to call on other members I've known and worked with over the years and help out a client.

I look at the professionals who support my firm. Our attorney is a CPA, our benefits consultant is a CPA, and the management consultant we use is a CPA. A local CPA firm does my taxes; another does our audit. I met most of them through my volunteer commitment.

And I definitely know TSCPA has helped me from a leadership development standpoint. I left public accounting after only a couple of years, so I never had the experience of progressing to the managerial and partner levels. There's a lot of valuable leadership and management training that goes along with a big firm experience. I believe I've been able to replicate some of that experience as a TSCPA volunteer. I've recommended to many new CPAs that they volunteer for several state and/or chapter committees, find the ones that are right for them, and work toward becoming a vice chairman and chairman, and serving as a director or officer eventually. I've acquired tremendous management skills from my involvement with TSCPA and the Houston Chapter. I remember my first Houston Chapter Strategic Planning Retreat and how I took some of that same approach back to my own firm. I don't think I would have been nearly as successful without those opportunities.

* * *

For Goodman, the work/life balance to which he referred includes his wife, Hilda, an avid antique and home décor collector, and three grown daughters: Roxanne, 29; and twins Emily and Amy, 23. And thanks to Roxanne, there are two grandchildren: Dylan, 6; and Chloe, 2.



Steve and Hilda Goodman.

The only real hobby the chairman lays claim to is "some fishing" and "always with a guide." He even aspires to spending a little more time on a boat when his term as chairman ends.

"For years, people would ask me about my hobbies and I would say 'work,'" laughs Goodman. "After 20 years of putting in 80-100 hours a week . . . I look forward to taking some time off. I do thoroughly enjoy fishing. Lake Livingston, Galveston Bay, anywhere."

Time will tell. At 82, Goodman's father is "still a CPA" who heads to the office almost every day. "He's retired twice . . . but he still goes in and checks his e-mail, reads *The Wall Street Journal* and maybe takes a couple client calls," Goodman muses. "My grandfather kept working until 93 – that's just the way the men in my family are."



About the Author: Anne Davis, ABC, is a freelance reporter, writer and editor in Dallas, Texas.

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