

Newsletter

Southern Loss Association, Inc.***Providing a Forum for Property Claims Since 1957***

July 2015

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 PLS Claims
 770-381-8855

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 404-920-3758

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 770-951-0044

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 770-828-0098

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 678-795-4293

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 678-932-8810

Greetings all,

Well, we had a few hiccups with our newsletter this year, but we are getting things back on track, and I thank everyone for their patience as we sorted things out. I will briefly re-cap all that's been going on this year - it has been a great year thus far, and I thank each and everyone of you for making this the great year that it's turning out to be!

But first, I would like to take a moment to say a very special, heartfelt thank you to Aleeta Hall for her many years of tireless service to the SLA. Aleeta decided that it was time to step down from her responsibilities. She departs with our profound thanks for many years of dedicated service - your tireless service will be missed!

On a sad note, this spring we lost a long time supporter, selfless member and volunteer of our organization, Ms. Evelyn Brown. As many of you know, Evelyn handled the advertising for our newsletter. We feel her absence and miss her wisdom and guidance.

So let me turn now to the recent months:

March

Stacey Farrell with Cozen O'Connor presented the month's lecture on coverage, quantum and resolution of large losses. If anyone would like to follow up with Stacey regarding this, she can be reached at SSFarrell@cozen.com. Thanks to Stacey for an interesting presentation with an hour of CE available.

Also, thanks to Paul Burke of Drew, Eckl Farnham for February's article about the recent changes to the appraisal clause in Georgia case law.

April

To everyone that made it to the Southern Loss Spring Golf & Tennis Tournament, I sincerely hope that you thoroughly enjoyed your time there. It was an ideal day to enjoy the beautiful Georgia Spring. Congratulations to the winners of the Golf and Tennis. We raised funds for our scholarship and charities - thanks to our many sponsors and participants. It was a great day!

May

Between flying monkeys and great enthusiasm I even got a little excited about concrete myself, thanks to Dr. Ryan Chancey with Nelson Foresnsics & Engineering, www.nelsonforensics.com for

Gwendy Schulte
OneBeacon Insurance
781-332-8688

John Southall - Historian
770-331-8572

Howard Zandman - Financial
Advisor
Habif, Arogeti & Wynne
404-813-4915

his enjoyable, informative presentation. What a great way to accrue our CE credits.

June

Thanks to Paul Burke of Drew, Eckl Farnham for his presentation on Ethics, and again, we appreciate the CE credit for the needed ethics. If anyone has additional questions about the article they can contact Paul at: BurkeP@deflaw.com.

Also, a special thanks to Blue Sky Restoration for sponsoring our June luncheon.

We will again be offering an hour of CE at our July luncheon, and I hope that many of you can make it there.

Which brings me to our upcoming annual August Continuing Education Seminar that will be held at Top Golf in Alpharetta this year on August 13th. We are really excited about the new venue, and with eight (8) hours of CE that will be available, followed by some fun at the driving range. We expect that it will be a great time. Registration is open and quickly filling up - there is limited space - so if you have not yet done so be sure to register very soon!

Please share the new happenings here at the Southern Loss Association with your colleagues - on behalf of the board of directors, we want to add value to the learning experience in a robust, enjoyable forum for learning and networking.

I wish each of you a prosperous Summer, a safe 4th of July, and an enjoyable time whenever you participate in one of our events. I look forward to seeing you at one of our upcoming luncheons and/or in August.

Chris Nichols
President - 2015

Quick Links

SLA website

On Line Dues Renewal

Register for July Lunch

Register for Seminar

Schedule of Events

07/09/15 - Luncheon

08/13/15 - 23rd Annual CE Seminar

Fall Golf Outing - details to be announced shortly

Welcome to New Members

We'd like to congratulate all of the new members to our organization:

<p><u>Full Membership:</u> Jeremy Andreorio - Bridgewater Group Ron Childs - Cunningham Lindsey Jason Soulsby - Capstone ISG Hiers Robert Thompson - Indiana</p>	<p><u>Associate Membership:</u> Trisha Nelson - ACE, Inc. Doug Gingrey - EFI Thomas Ward - Swift Currie McGhee & Andy Jesup - Southeast Studios Brad White - Meaden & Moore Robert Hernandez - Meaden & Moore</p>
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Southern Loss Association's 2015 Spring Golf & Tennis Tournament

Congratulations to all of the winners!



1st Place Team -19

**Kelley Brown
Brandon Murray
Robert Warnock
Brad Nichols**

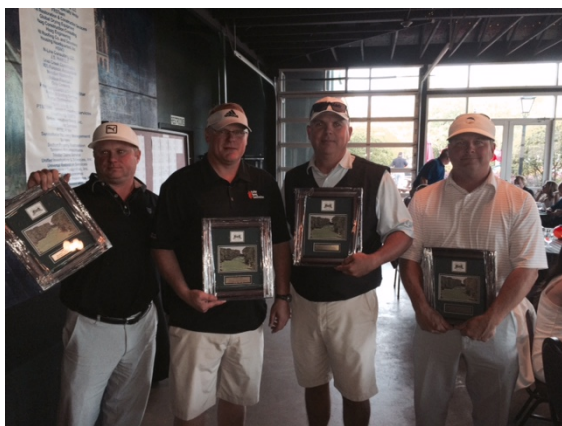
2nd Place Team (tie) -18

**Pete Robinson
J. T. Franks
Greg Hills
Rickey Guilley**



2nd Place Team (tie) -18

**John Lamberth
Mitch Hambrick
Blake Westmoreland
Larry Moss**



The Power Hitters (Longest Drive):

Chateau #9: Jason Clark
Chateau #15: Bret O' Steen
Woodlands #10: Kelley Brown
Woodlands #1: Jayson Witherspoon

The Surgeons (Closest to the Pin):

Chateau #8: Jon Easley
Chateau #16: Alex Soulis
Woodlands #2: Sean Slatinsky
Woodlands #13: Keith Brumbelow

TENNIS

Ladies

First Place: Karen Grizzard
Second Place: Christie Claud

Mens

First Place: Mike Looper
Second Place: Chris Williams

Fastest Serve: Matt Osterhaut

Hit the Target: Trevor Phillips

And a special thanks to our Volunteers!

Susan Freeman - Haag Engineering * Jennifer Hagerman * Candace Caldwell - Forensic & Design Group
 Kristy Hauger - Premier Adjusting Service * Crystal Germanenko - Haag Engineering
 Crystal Stockey - Haag Engineering

How Inventory is Valued: From an Accountant's Perspective

By DM Studler, SDC CPAs LLC

Inventory or stock refers to the goods and materials that a business holds or owns for the ultimate purpose of resale (or repair). Management of the inventories, with the primary objective of determining/controlling stock levels within the physical distribution system, serves to balance the need for product availability against the need for minimizing stock holding and handling costs.

Inventory, like any asset, ties up valuable funds an organization might otherwise use to increase profitability, so accountants pay special attention to how companies build, hold and protect stock. As a "current asset," which a company theoretically could turn into cash at any point, inventory can round out a company's balance sheet or artificially inflate its perceived profitability. As laws regarding the depreciation of inventory vary among countries and states, accountants also have to anticipate any potential significant tax expenses an organization might incur from the size of its inventory.

Inventory Management

For a manufacturer to effectively manage inventory, it must choose how it will track and analyze its inventory costs relative to its costs of goods sold. On either a periodic or perpetual schedule, accounting principles provide three options for cost flow assumptions: first in, first out (FIFO); last in, last out (LIFO); and (rga) average. The manufacturer can then monitor its inventory and sales using consistent metrics that will help more accurately predict its inventory needs in the future.

Each of the three cost flow assumptions can be used with periodic or perpetual inventory systems. Under a periodic inventory system, the amount appearing in the inventory account is not updated when purchases of merchandise are made from suppliers. Rather, the inventory account is commonly updated or adjusted only once-at the end of the year. During the year the Inventory account will likely show only the cost of inventory at the end of the previous year. Under the periodic inventory system, purchases of merchandise are recorded in one or more Purchases accounts. At the end of the year the Purchases account(s) are closed and the Inventory account is adjusted to equal the cost of the merchandise actually on hand at the end of the year. Under the periodic system there is no Cost of Goods Sold account to be updated when a sale of merchandise occurs. In short, under the periodic inventory system there is no way to tell from the general ledger accounts the amount of inventory or the cost of goods sold.

Under a perpetual inventory system, the inventory account is continuously updated. The inventory account is increased with the cost of merchandise purchased from suppliers and it is reduced by the cost of merchandise that has been sold to customers or used to manufacture goods. Under the perpetual system there is a Cost of Goods Sold account that is debited at the time of each sale for the cost of the merchandise that was sold or used to manufacture goods. Under the perpetual system a sale of merchandise or use to manufacture goods (rga) will result in two journal entries: one to record the sale and the cash or accounts receivable, and one to reduce inventory and to increase cost of goods sold.

Valuing Inventory

Inventory Consists of Two Variables: $Quantity \times Unit Value = Total Value / Quantum$. Quantum is unit value times quantity. Under the crime policy, inventory valuation (unit value) is often addressed as RCV or ACV (actual cash value). Therefore, the quantity, not quantum, is important to reviewing inventory claims.

Without a historical analysis of how accurate our inventory is, the reliance on assumptions make a calculation inside a calculation, which makes the review of inventory calculations even more complex and susceptible to more variance and errors not related to actual employee misappropriation. Often this concept is considered the normal shortage due to obsolescence, normal breakage and the need to adjust the "calculated" recorded book inventory. Can an insured tell us and prove what is normal shortage using historical proven loss patterns and accuracy?

Reasons For Inventory Shortages/Variations

A variance or shortage is the difference between recorded or expected inventory quantity or inventory quantum. There are numerous reasons for inventory variances in quantities: duplicate payment of inventory purchases, miscounts, under shipments or over shipments, unrecorded returns to vendors or usage of inventory, lack of recording of gifted or donated inventory, miscalculation of inventory usage or manufacturing rates, obsolescence, unrecorded breakage or damage, unrecorded scrap or under recorded scrap rates, shoplifting or vandalisms, unrecorded inventory removal for quality control, incorrect prior or current cycle counts and physical inventory counts, incorrect recording of inventory location or inventory description, or inventory items given wrong codes.

Each Company's Choice of Inventory is Unique

Inventory computations are multiple calculations within calculations and can be challenging. Focus on quantity, not quantum, as pricing adds another variable, which is difficult to isolate and analyze. Each company will handle their inventory and record their inventory quantities, unit value and total value/quantum. Make no assumptions. Be inquisitive. Be skeptical. And leave your pride at home and be willing to ask questions.

DM Studler is the founding member and managing officer of SDC CPAs LLC, a global investigation and forensic accounting firm. Contact her at 630-820-5770 or info@sdccpa.com

23rd Annual Southern Loss Association CE Seminar

August 13, 2015 is scheduled for our annual 8 hour presentation by interesting speakers to knock out more than 1/2 the yearly required CE hours! Join us at Top Golf for a full day of presentations, followed by golf and drinks afterwards. The speakers will be:

"Your Deposition - Don't Screw It Up!"

Presenter: Jerry Albrecht of Butler, Weihmuller, Katz & Craig Law Firm

"Update in Building Codes"

Presenter: Pete Craig of EFI Global

"Ethics in Insurance Adjustment and Litigation - Use It or Lose It"

Presenter: Denise Spitalnick of Hall, Booth, Smith Law Firm

"Appraisal of Property Losses"

Presenter: John Held of J.S. Held, Inc.

"Whodunnit or Whatdunnit in Arson Investigations"

Presenter: Ronnie Blankenship of RIMKUS Consulting

[Register here!](#)

Become a Member of Southern Loss Association

Would you like to join Southern Loss Association or know someone who is interested? We can now take your membership application right on line!

Membership is limited and subject to approval by the board of directors and its membership body. Please read all the terms on the application!

[Apply today!](#)

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