



This memo outlines the expertise of Pope, Shamsie & Dooley LLP in the area of ASC 740, Accounting for Income Taxes.

Firm Experience and Expertise

Pope, Shamsie & Dooley LLP (“PSD, LLP”) was formed in 2002 by three Ernst & Young senior managers with over 40 years of combined experience serving public and private companies in all areas of tax, including ASC 740. Prior to forming the firm, each partner acted as a local and area ASC 740 resource and taught internal ASC 740 courses while at Ernst & Young. The firm presently has nine Certified Public Accountants, most with prior “Big 4” experience, and serves as tax advisors to numerous private companies and eleven publicly traded companies. Each of the Firm’s public clients rely on PSD, LLP to prepare or review the ASC 740 income tax provision to insure compliance with ASC 740, as well as to prepare the companies federal and state income tax return filings. All four partners are extensively involved in the ASC 704 process and keep abreast of changes in the interpretation or application of the standard.

Methods and Approach

The primary objective of PSD, LLP’s ASC 740 services is to determine and appropriately disclose and document the income tax accounts of its clients on a quarterly and annual basis. Serving as an integral team member of our clients, PSD, LLP works with accounting personnel and company executives to address the following aspects of ASC 740:

- Review of historic tax profile;
- Identify current period permanent differences;
- Scheduling of cumulative book/tax differences, including current year impact of changes in cumulative differences;
- Assessment of deferred tax asset recognition, including review of both positive and negative objective evidence to determine the necessity of valuation allowance recognition;
- Review of international jurisdictional provisions, including assessment of permanent reinvestment status and necessity to record deferred taxes on foreign undistributed earnings;
- Determination of state effective tax rate, including review of state nexus and sourcing issues;
- Assessment of tax position risk, including thorough FIN 48 review and reserve maintenance.

PSD currently serves more than one-third of Austin’s publicly traded companies as well as some of Austin’s most prominent venture-backed corporations with their ASC 740 and FIN 48 tax accounting function. Our clients include Golfsmith, Austin Regional Clinic, Thermon, Newgistics, Netspend Corporation, Dachis Group and Active Power.

Please contact us at www.psdlp.com for our references.