

Business Aspects Of Overseeing The Dynamo Franchise

JANUARY 15TH MEETING:

Chris Canetti, President, Houston Dynamos



Chris Canetti

2013 marks Chris Canetti's 13th season in Major League Soccer and his 20th year in the professional sports business. Canetti joined the Dynamo in May of 2006 as the team's Chief Operating Officer and was promoted to President of Business Operations in November 2010. He oversees all aspects of the Dynamo business, including sales, marketing, public relations, broadcasting, operations, team administration, and youth development. We look forward to hearing Chris speak about all business aspects of overseeing the Dynamo franchise including front office, salary cap issues, marketing, public relations, etc.

Canetti has helped the Dynamo lead MLS in average playoff attendance over the past four years and rank fourth in league attendance in 2009. The Dynamo showed growth in attendance and sponsorship revenue in 2009 despite the country's economic recession. Canetti has also overseen the launch of Dynamo Charities and the success of the Dynamo Youth Development System, which has seen two players be promoted to the first team.

Prior to joining the Dynamo, Canetti served as the Assistant General Manager for the New York Red Bulls. He joined the New York organization in 2000 when it was called the MetroStars. With the MetroStars, Canetti served various roles, including Vice President of Marketing & Public Relations.

Current Developments at the SEC, FASB AICPA and the PCAOB

JANUARY 15TH PROFESSIONAL DEVELOPMENT SESSION:

Keith Tunnell, CPA, Partner in Charge & **Billy Tilotta**, CPA, Audit Partner - Hein & Associates



Keith Tunnell



Billy Tilotta

Keith Tunnell has over 28 years of professional experience providing audit and accounting services for both public and private companies. He specializes in Securities and Exchange Commission (SEC) reporting and regularly assists public companies with mergers and acquisitions due diligence, initial public offerings (IPOs) secondary offerings and private placements of debt and equity. Keith also has significant experience with the implementation of Section 404 of the Sarbanes-Oxley Act (SOX 404) internal controls and reporting, as well as the Statement of Financial Accounting Standards No. 123R(SFAS 123R).

Billy Tilotta has over 15 years of public accounting experience and is an Audit Partner in the Houston office of Hein & Associates. He provides audit and consulting services to both public and private companies, assisting clients with due diligence services, consolidations, and private offerings, as well as mergers and acquisitions. He also specializes in SEC services, including Section 404 of Sarbanes-Oxley (SOX 404) and SFAS 123 (stock options).

Monthly Meeting & Professional Development

Tuesday, January 15, 2013

LOCATION:

Houston Country Club

1 Potomac Drive
Houston, TX 77057

» [map to location](#)

AGENDA:

Professional Development Session (4:30pm)

Social hour (5:30pm)

Dinner (6:30pm)

MEETING SPONSORS:



In this issue:

President's Letter.....	Page 2
Officers & Chair.....	Page 2
Upcoming Events.....	Page 3
New Members.....	Page 3
FEI Sponsors.....	Page 4
Meeting Registration.....	Page 4

FEI Houston Chapter

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info@feihouston.org

Chapter Administrator: Terry K. Newton

A letter from the president



Happy Holidays to all our Members. At this time of year most of us are enjoying some time off and getting ready for the New Year, but several of our members are on assignment in faraway places such as the Middle East and Asia. We send greetings to all who are working through this holiday season and are away from their loved ones.

Our meeting in November, a week after the election had a great turnout with over 125 in attendance to hear Chris Begala and Jim McGrath discuss the impact of the election on our economy from the legislative, tax, fiscal and foreign relations perspectives. We had many members stay past dinner to continue the conversation with Messrs. Begala and McGrath at the Tasting Room to delve deeper into the upcoming, "fiscal cliff" and hear near term predictions of where we are headed.

The November professional development session on planning and forecasting by Steve Player of Beyond EPS, a consulting firm was lively, highly interactive and entertaining. Steve's 30 years of experience in this arena gave all in attendance valuable information to include in their next planning and forecasting cycle.

Please remember to register early for the next meeting on January 15th to hear Chris Canetti, President of the Houston Dynamo Soccer Club. Chris is a very dynamic and engaging speaker who is as passionate as his fans about the club. "I'm sure a couple of members may wear orange Dynamo jerseys under their suit jackets to this meeting." Chris will discuss the Club's core values, vision, and development into one of the finest MLS soccer clubs in North America. We are exploring the possibility of holding a future event at the stadium.

Hein and Associates is the Platinum sponsor for our January meeting. The firm is a long-standing supporter of our chapter and we appreciate their patronage for both the chapter and the scholarship foundation. We look forward each January to the accounting technical update they provide so we can start the year with the latest and greatest on accounting technical theory and practice.

Wells Fargo Bank is the Gold meeting sponsor in January and they too have been a long-term chapter supporter. Please thank Keith Tunnell of Hein and Jeff Morgan of Wells Fargo for their support when you see them at our meeting in January.

Behind the scenes the board has been hard at work with a committee to update the chapter bylaws and a new chapter website that should be available by the January meeting. There is also a recommendation for alternative programming by approving a joint breakfast meeting in April with the National Association of Corporate Directors to replace our regular evening meeting. We also have taken steps to improve controls and transparency by converting our accounting system to a cloud based application.

In this newsletter our membership team is announcing the first of several events with more to come. We plan to hold more CPE events at breakfast or lunch time so our members can obtain additional value from their FEI membership. If contacted by our membership committee to make a call to a new or prospective member, then please do your part to keep Houston as one of the leading chapters in the nation.

Sincerely,

Eric Khan
President

FEI Houston Officers and Committee Chairs

President

Eric Khan, The Rand Group, LLC

President-Elect

Phil Denning, Shell Oil Co.

V.P. – Programs

Blair Habuda

Joe Abell

V.P. Membership

Suzanne Hauser, BP

Frances Powell Hawes, Hawes Interests

Elizabeth Wilkinson, Resources Global Professions

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Brett Clapsaddle, InterMarine Incorporated

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Tony Van Slyke, Goodwill Industries of Houston

V.P. Prof. Development

Maurice Nassar, Robert Half

Sherrie Reinhackel, Cockrell Interests

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Colleen Estes, Sirius Solutions

Todd Ruden, Cardtronics, Inc.

Private companies finally (may) have a set of their own accepted standards

By Scott Appel, CPA

As they grow their private companies, one of the last - if not the last thing - owners want to spend time and money on are complicated financial reporting requirements. Sure, if the company plans to go public, there are good reasons to comply with U.S. Generally Accepted Accounting Principles (GAAP); but for many others, the focus is on growing their company.

In the long battle between "Big" and "Little" GAAP, not much progress has been made in helping smaller companies with few intentions of going public, those entities that aren't forced to use GAAP reporting. Private companies and users of their financial statements complain that GAAP requires accounting and reporting that is not relevant or useful in decision making. They argue that GAAP is overly complex and leads to unnecessary costs in financial statement preparation and in performance of audit, review and compilation services.

The most common objections include: (1) GAAP requirements that require two sets of financial statements and self-report "uncertainties" about income taxes; (2) costly appraisals to mark-to-market assets such as securities and real estate at "fair value;" and (3) having to report on consolidated entities.

Help is on the way. Frustrated over the lack of progress by the powers that be - in this case the Financial Accounting Foundation which is the body that oversees the Financial Accounting Standards Board (FASB) - to come up with a workable set of rules for private companies, another body, the American Institute of Certified Public Accountants (AICPA) underwent their own process to produce one. The AICPA formed a task force of practicing accountants and AICPA staff with small business experience. After taking into consideration a broad range of comments from business and professionals, the task force has published a Proposed Financial Reporting Framework for Small and Medium-Sized Entities, or FRF for SMEs.

What is FRF for SME and how does it help me?

The AICPA framework is a reporting system that should be popular with both companies and their banks. There are more than 20 million SMEs in the U.S. that don't have to comply with GAAP because they are not public, although many private companies prefer to follow GAAP rules. The AICPA doesn't have any authority to require use of their framework; however, after its expected release as a final document in the second quarter of 2013, the AICPA is hoping that it becomes a widely-used standard. The rules can be utilized in every industry and by either incorporated or unincorporated entities.

To private companies, so much of GAAP is too complicated and not applicable to them. The proposed framework blends traditional accounting methods with income tax methods in an effort to minimize the difference between their financial statements and tax returns. In terms of disclosure, GAAP concerns itself with a myriad of reporting requirements while most private companies only report to their banker. The FRF for SME still provides a meaningful set of financial statements. Bankers take more of a cash flow approach and the framework intends to provide that.

For example, according to the AICPA fact sheet, the new framework will be used by owner-managers "who rely on a set of financial statements to confirm their assessments of performance and of what they own and

what they owe and to understand cash flows." The framework includes information on other collateral that the owner-manager might pledge to secure a loan that is not available on current financial statements.

Other features of the new framework

In addition to the above, the FRF for SME will:

- Allow entities to follow the taxes payable method when accounting for income taxes, "thereby mirroring what's reported on an entity's tax return," the AICPA says. Thus, there will be no concept of deferred taxes.
- The framework uses historical costs, rather than fair value, as a basis for valuing assets. This drastically simplifies the accounting process, thereby making it less expensive to produce financial statements.
- The framework will not use complicated GAAP procedures to account for derivatives, hedging or stock compensation. No "mark-to-market" analysis - expensive and time consuming - will be needed on these items.
- It will not include the GAAP concept of other comprehensive income. Changes in equity will only reflect equity contributions, distributions and net income or loss.
- The framework will follow a traditional approach to lease accounting, in which cases leases will not have to be capitalized and subject to depreciation and amortization; rather they flow through to the income statement.
- The framework does not follow the GAAP concept of consolidating variable interest entities. The classic example is where the owner holds the building or land the company uses through another entity and leases it to the company. GAAP might require the books of both to be consolidated into one, where the FRF for SME does not.
- The framework does not follow GAAP related to goodwill and intangibles. Goodwill should be amortized over the same period as for federal income taxes or, if not amortized for income taxes, over 10 years. For intangibles, if an entity cannot make a reasonable estimate of the useful life, the life should be presumed to be 10 years.

Although we expect that the new framework will be widely adopted by private companies, businesses should always consider the users of their financial statements before choosing a method of reporting. The framework might not meet everyone's needs, such as in the case of a company that expects to go public within a few years, or if there are users of their statements who demand GAAP accounting.

Additionally, the FASB is still working on its set of recommendations for private company users, and while the two bodies have done a significant amount of work together on the AICPA standards, the FASB's Private Company Council may produce something different and ultimately, the FASB is the dominant rulemaking body in accounting.

Nonetheless, the AICPA standards promise to be a relevant, useful set of standards to users of private company financial statements that will be more efficacious and less expensive to produce.

About the author

Scott Appel, CPA, is the partner-in-charge of the Orange County office of Hein & Associates LLP, a full-service public accounting and advisory firm with additional offices in Denver, Houston and Dallas. He specializes in SEC reporting and regularly consults with both public and private companies on matters related to GAAP compliance. Scott can be reached at sappel@heincpa.com.

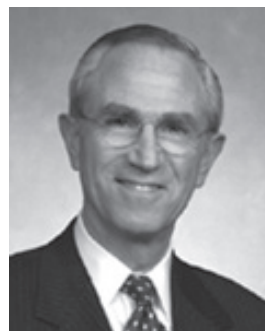
Academic Dean's Luncheon a Success!

The inaugural Academic Deans' Luncheon, sponsored by Halliburton and facilitated by the FEI Scholarship Foundation and the FEI Academic Relations Committee, was a major success in November. 24 Deans, Associate Deans and Senior Faculty of the 12 local Business Schools awarded FEI Student Scholarships each year attended, with 16 Senior Financial Executives from Halliburton and 21 Senior FEI members. The purpose was to explore opportunities for mentoring, internships & permanent positions in Industry for local University Finance and Accounting Students.

Excellent support was received from Halliburton, who have agreed to sponsor this event for three years, with very strong interest from the University Business School Deans. Thanks to all who worked hard to make the event such a success.



Mark Haukohl, Chair of the FEI Scholarship Foundation, thanking Mark McCollum, Executive Vice President and CFO of Halliburton for their support.



David Lane - Certificate for 40 Years Membership



Bill Walls - Certificate for 25 Years Membership

FEI New Members Happy Hour Wednesday, January 16, 2013

Simone on Sunset (map)

5:30 to 7:30 pm

2418 Sunset Boulevard, Houston, TX 77005

contact Kevin Hanratty - kevin@astoundry.com



New Members - Jan. 2013

Viatcheslav Abramians
Halliburton Company

Jerrad Thomas Hall
Altenesol

Jennifer Hazelton
Houston Livestock Show & Rodeo

Christopher P. Karl
Global Healthcare Alliance

Daniel Storey
Hewlett-Packard Company

Mark T. Terry
Exxon Mobil Corporation

Mindy West
Murphy Oil Corporation

Membership Committee Meeting
Thursday January 8, 6pm
Ciao Bello, 5161 San Felipe @ Sage.

Members, please be sure to notify the chapter office when you have a change in contact information.
Also, notify FEI: 973.765.1000, ext 2.

Career Services Update

The Career Services Committee works counseling FEI members about their careers and, when requested, helping to place FEI members find best jobs possible. A large number of members benefit from this service each month. To help us be more successful, if any member hears about an existing search, please notify Kevin Hanratty, the Career Services Chair, or, alternatively, please have the recruiter contact Kevin Hanratty so that we can expand our network and help even more FEI members. Also, if anyone would like to discuss their career options, Kevin Hanratty is always available to assist you.

Kevin Hanratty / 713 520 6066
kevin@astoundry.com

Upcoming Events

Webcasts

Jan 22 Reaching the C-Suite: Leverage FEI's Summit Sponsorship Opportunities

Hosted by FEI's Business Development Department to provide an brief overview of the 2013 Summit Leadership Conference.

2:00 p.m. Eastern | 11:00 pm. Pacific | 15-20 minutes

Questions, please contact Daniel Norkin, dnorkin@financialexecutives.org or call 973.765.1092

- Read more: <http://www.financialexecutives.org/KenticoCMS/Events/Webcasts/webcasts.aspx#ixzz2FROa4IzY>

FEI Houston Chapter Directors

Frances Powell Hawes, Hawes Interests
Bruce Misamore, Yukos Oil Company
Kevin Dartez
Jeff Curtiss, KBR
Chris Brewster, Cardtronics, Inc.
Michael J. Vitek, 212 Resources
M. Colleen Estes, Sirius Solutions, LLLP
Chris Matlock, Lookout Capital Management
Terry Sanford, Design Tech Homes

Save the Date! Next meeting Feb. 5, 2013

Steve Lufborrow, Pres. & CEO, Goodwill Industries of Houston

Reminder:

HCC Dress Code after 6 pm for men is coat and tie. Cell phone use allowed in the phone room only or outside. Please ensure your guests are also aware of these requirements.

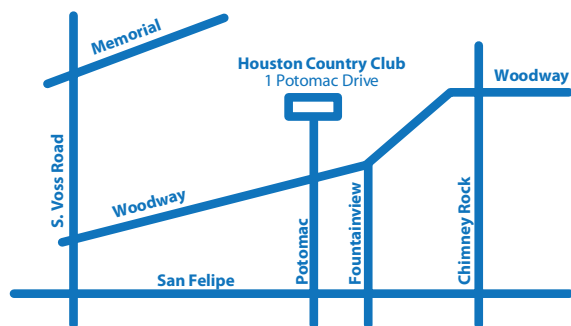
Mark your calendar! The Annual Wine Dinner February 16, 2013



Golf Tournament April 23, 2013



January 15th meeting information



LOCATION: Houston Country Club

1 Potomac Drive
Houston, TX 77057

AGENDA: Professional Development Session (4:30pm) Social hour (5:30pm) Dinner (6:30pm)



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Rebecca McCulloch
rebecca.mcculloch@us.hsbc.com

or

Brett Clappsaddle
brettclappsaddle@imi-houston.com

Meeting Fax/Mail Reservation Form

Register online at <http://www.feihouston.org>

Mail to: P.O. Box 631206, Houston, TX 77263-1206 or Fax to: 713.776.1308

One form per registrant please, photocopy as necessary. **Reservations Required** by 3:00 pm 2 business days before the meeting. Reservations may be canceled without cost as late as noon the day before the meeting. **"No-shows" will be billed \$90.**

Meeting Cost: No charge for Chapter Members and 1st time prospective members. Guests -\$90/person (guests & prospective members must be accompanied by member)

Attendee Name

Organization

Street Address

City / State / Zip

Phone

Fax

E-mail

Please select one: ☐ Chapter member ☐ 1st time prospective member

☐ Spouse (name) : _____

Payment method: ☐ MasterCard ☐ Visa ☐ Amex

Credit Card #

Expiration date (Month/Year)

Name on card

Signature

Billing address (street address, city, state and zipcode)