

Automotive Dealership Services

Dealer Source for Profitable Solutions

Hundreds of auto dealerships from across the country, including several of the largest in Florida, rely on the accounting, tax and management consulting services of Morrison, Brown, Argiz & Farra, LLP. MBAF's Automotive Dealership Division is one of the country's largest and most respected in the industry. In fact, we wrote the manual that explains the intricacies of your business to other accountants. Our professionals also have been guest speakers at many industry events, including the National Automobile Dealers Association's annual convention and exposition.

With the audit of our very first dealership more than three decades ago, we understood that the automotive retail industry has distinct accounting needs that differentiate your business from all others. That's why in today's competitive industry, MBAF can be your dealership's source for profitable solutions.





Is Your Financial Engine Firing On All Cylinders?

A firm with a 35-year tradition, Morrison, Brown, Argiz & Farra's Automotive Dealership Division has a skilled and experienced team of CPAs and consultants that is led by a hands-on management team. We offer a depth of business experience, market knowledge and technical expertise, coupled with responsive client service.

A Valuable Advisor

"Tony Argiz is a valuable advisor of mine, not only in the automobile business but the business world in general. I have a great deal of respect for Tony and his grasp of money matters." – John Elway, former Denver Broncos quarterback and a former owner of six automotive dealerships

(The Miami Herald - 3/23/1999)

MBAF's comprehensive suite of dealer services

- Auditing and review
- Compliance auditing
- Internal fraud prevention and detection
- SEC and other regulatory filings
- Income tax minimization
- Operational profitability analysis
- Sales and use tax representation
- Employee benefits
- Financial forecasts and projections
- Business valuations
- Mergers and acquisitions
- Technology consulting
- Succession planning
- Estate planning

Effective tax and succession planning are among the capabilities we offer to protect our clients' best interest. Other services include conducting monthly financial and operational analyses to ensure that key areas of your dealership are running smoothly and on all cylinders. We also use internally developed "alert sheets" and exception reporting to promote fraud prevention in order to safeguard our clients' businesses.

As an entrepreneurial firm, MBAF fully understands the dynamics of operating a profitable dealership.

We fine tune our services to help each dealership meet its financial goals. And because MBAF's Automotive Dealership Division includes former dealership controllers, we can also provide our clients with transitional assistance and help in the training of new accounting personnel.

In addition, as an added service to our clients, MBAF prepares a quarterly newsletter, Driving Profits™, focused solely on your industry and information needs. This newsletter offers financial tips and operational management advice that can help drive your profits to new heights.

Real Results

The team at Morrison, Brown, Argiz & Farra provides automotive dealers with the insight that allows them to manage their dealerships and identify the problems that may be squeezing their margins. Below are a few examples of the results some of our clients have seen.

An Exception to the Rule

One of the most effective tools MBAF offers dealerships to fight fraud is Exception Reporting. These reports are designed to identify transactions that have characteristics or attributes similar to those found in fraudulent transactions.

For example, Morrison, Brown, Argiz & Farra frequently conducts audits of transactions using Exception Reporting. This form of automated auditing allows our team to review 100% of a dealership's sales transactions for a certain time period, much more quickly and with far more accurate results.

At one dealership, an Exception Reporting audit revealed that more than \$15,000 had been fraudulently diverted. Because we are able to go above and beyond the traditional random sampling approach used in most audits of sales transactions, MBAF discovered that a dealership employee had manipulated the transaction amount on several deals over the course of a year. Today, that deal-

ership has instituted tighter transaction reporting controls and conducts more frequent internal audits to ensure compliance.

Real versus Personal Property

Real estate often represents a significant portion of an auto dealership's capital investment. The cost of a real estate investment is charged to income in tax returns through depreciation deductions over 39 years. This 39-year cost recovery period can create pressure on a dealership's cash flow, making location and expansion decisions difficult.

Cost segregation studies are one way to overcome this cash flow obstacle. At Morrison, Brown, Argiz & Farra, we are highly experienced in working with dealerships to distinguish real from personal property. We can examine and determine which improvements within an auto dealership may be classified (or reclassified) as personal property and, as a result, be eligible for faster depreciation.

In the case of one single-point dealership with a \$3.5 million facility (excluding land), MBAF was able to segregate \$1.4 million of costs to asset lives shorter than 39 years. The study resulted in first year tax savings of approximately \$50,000 for the taxpayer and a cumulative present value of the total tax savings of \$180,000.

Assessing Value, Delivering Results

Over the years, Morrison, Brown, Argiz & Farra has earned a reputation in the automotive industry for providing superior service in the area of dealership valuations. Dealers and their legal counsel from across the country have turned to MBAF's valuation team in relations to dealership mergers and acquisitions, buyouts, and

shareholder disputes, as well as marital dissolutions.

In the case of a high-end import dealership in a leading vehicle market, a majority shareholder had initiated the buyout of a minority shareholder. During initial discussions, the minority shareholder had estimated the business' value at twice the fair market value. As a result, MBAF was brought in to conduct a valuation in anticipation of shareholder action.

After a national comparison of similar dealerships and a full analysis of the dealership's assets and value drivers, such as gross profit margins and units sold, MBAF determined the dealership's value to be less than \$30 million. Team leader Tony Argiz participated in subsequent negotiations and both parties agreed to the valuation results, thus avoiding costly court expenses and securing a lower selling price for the majority shareholder.





We Can Help Drive Your Profits

Morrison, Brown, Argiz & Farra welcomes the opportunity to meet with you and explore the possibilities of how we can work together to drive your profits. We are proud of our commitment to our clients, which has helped us maintain several long-term business relationships.

We understand fully the complexities of the retail automotive industry. Whether your dealership is a closely held family business or a multi-regional public company, we can provide the right counsel. In fact, if you share with us a copy of your monthly dealer statement prior to a visit, we will prepare a free comprehensive analysis of your dealership in comparison to industry benchmarks.

Morrison, Brown, Argiz & Farra can help your business, while meeting the highest standards of professional conduct in an efficient and intuitive way. For more information or to schedule a consult, please contact us today at 1-800-239-1474 or visit us online at www.mbafcpa.com.

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