# Transcript: EP 155 - C928 10Q Overview with Lavender Boyles and Jerry Geiser

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Speaker #1 (Narrator):

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Speaker #2 (Lavender Boyles):

This is Lavender. I'm a program mentor in the MSITM program. With me today is Jerry Geiser. Hi, Jerry.

Speaker #3 (Jerry Geiser):

Hello, Lavender. Thank you for having me today.

Speaker #2 (Lavender Boyles):

Glad you could come here today. We're going to talk about C9 28 financial management for IT professionals. The topic of this podcast is going to be 10-Qs and how to read them, how to use them to figure out your task for this class. Can you tell us a little bit about the 10-Qs?

Speaker #3 (Jerry Geiser):

In the previous podcast, we talked about the differences between the 10-Q and the 10-K. These are SEC reports that are required. 10-Q is a quarterly report, 10-K is a yearly report. Basically, what they are, is any public company is required to file information, disclosing income, expenses, assets, a number of items that people then can evaluate, or companies could evaluate the economic stability and viability of the company going forward. There's several rules that applied to it as part of the gap principles. But for us, the reason why that we look at the 10-Q are, these are actual numbers on the most recent quarter of a company that we select for the task.

Speaker #2 (Lavender Boyles):

So this is the actual information that the company is submitting to the SEC and used to make the financial decisions or to see the financial health of a company?

Speaker #3 (Jerry Geiser):

These are the numbers that are consistent straight across the board. Every company is required to report some form shape of these numbers, if they're a public company.

Speaker #2 (Lavender Boyles):

All right. So where do you find these documents?

Speaker #3 (Jerry Geiser):

To find the 10-Q, we would go up to the SEC.gov website and only go under filings, and we would select our company. Depending on our task, currently, we have three companies to choose from. One is Walmart, one is Forone, and one is Apple. They each have their own ticker symbols, which you can if you want to Google them or they're available in our financial facts sheet, that's provided along with the task. Once you type in the ticker symbol, then you can select the company. Then you would see on the right-hand side and say the SEC Filings. You would expand 10-K, 10-Q, go to filings, interactive data, and then you would click on "View and Excel document." Once you have that excel document, you get this sometimes could be depending on the company, it could be 30 to 45 tabs of Excel information that can be extremely daunting and overwhelming and you look at it like, I'm not a financial person. Where do I start? This is a lot of information. I don't know how to extract it, and that's where in the next parts of this podcast, I'm going to talk about the book tells us where to look for this information. What the book says, looks like, and then how we can find it on possibly existing 10-Q that I recently downloaded.

Speaker #2 (Lavender Boyles):

Good. So you'll help us sort through all that information task?

Speaker #3 (Jerry Geiser):

Yeah, I thought for this particular podcast what would be good is to say, "Hey, here's what it looks like in the book, and then let's go over and take a look at it, 10-Q." Here's what the 10-Q says, and this the similarity and the difference. Then we'd look at maybe possibly capturing one ratio as well, and then talk a little bit about why the rubric talks about justification or the definition, why it's important to us.

Speaker #2 (Lavender Boyles):

Okay. So where do we go from here?

Speaker #3 (Jerry Geiser):

Well. First, what we would look at is of course we will want to visit the reading material. In the reading material, once you expand it, it's in Section 2, give it a go to Chapter 13 of the book. Chapter 13 has, it's called the statement of cash flows. Now the purpose of the statement of cashflows according to the book, is it shows how the cash or how the accounting happens from one statement to the next. So the book stresses that the income statement is one of the first statements, then it goes into the balance sheet. Now without the income statement, you can't create the balance sheet. But it's important to us to understand that when we're looking for information off of the 10-Q, the book does is telling us where it is. For example, one of the first things we look for in our 10-Q is net income. If you have over 30 tabs, you don't know which tab to look at. But if you look at the reporting of cash flows and the cash statement, you'll see that under the income statement in the book, even though it's a simplified version, it will tell you that one of the items that the income statement reports is net income. If you go over then to the 10-Q and you start looking at your Excel document, you see that for example, I have Walmart pulled up. The first tab is cover page. This second one is going to condense consolidated statement of income, which is the income statement. Even though the terminology is a little bit different than what the book says, that's where I would look for the term, the net income, which is just a line item on there, and I would just pull that information, put it down and explain if it's positive, if it's negative, why is it positive? Why is it negative? And how would that be impacting our decisions on project.

Speaker #2 (Lavender Boyles):

Okay. So the terminology is fairly standard even though the document may look a little different from what explaining in the textbook.

Speaker #3 (Jerry Geiser):

The thing that I really want to stress is okay, we got 30 tabs in the 10-Q, and there's only four that we're going to be focused on, before going to be the income statement or in this case, the condensed consolidated statement of income, the balance sheet, the statement of cashflows, and stockholder equity. Off the tabs, if you look at them, those are usually in the first eight. In the case of the Walmart goes cover page, then it goes condense, consolidated statement of income. Then the fourth tab over is the balance sheet. Then the fifth one over is the shareholder equity, which is the stockholder equity. Then the six one over is the statement of cashflows. We don't have to look at any of the other tabs even though there's a vast amount of information, because we've gotten everything that we possibly need in these first few ones.

Speaker #2 (Lavender Boyles):

Okay. It's the obvious pieces. The first few pages are the ones you're going to use and look for those keywords, that terminology.

Speaker #3 (Jerry Geiser):

Correct.

Speaker #2 (Lavender Boyles):

Well, this has been really informative, Jerry. I hope this helps some of our students with looking at the 10-Q and identifying the information needed for this task. We will continue this conversation a little later, talking about more of how to use that information. Thank you for joining me today.

Speaker #3 (Jerry Geiser):

You're welcome. I really look forward to talking more about identifying the elements in the 10-Q and how this can help us complete our C9 28 financial management for IT professional. Thank you.

Speaker #2 (Lavender Boyles):

Thank you.

Speaker #1 (Narrator):

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