



Attention: [Name]  
[Firm Name]  
[Address]  
[Address Line 2]

[Name],

The Lancaster CPA Firm is the accounting & money movement solution for law firms. My CPA firm relies on my experience as a practicing attorney in both 40+ and 400+ attorney firms to: (i) implement disbursement approval processes and initiate the movement of money on behalf of law firms by check, online/digital initiation, and wire transactions; (ii) perform the monthly accounting work; and (iii) assist with budgeting & forecasting.

#### Law Firm Overview

Law Firm Tax Work: I am glad to provide the tax planning and preparation services, but there is no requirement for your firm use my firm for tax preparation services. I enjoy working with CPAs where business operations, planning, and tax planning overlaps.

Law Firm Technology: I am comfortable with your current technology products, which include \_\_\_\_\_.

Law Firm Types of Engagements: I understand your firm's primary billing arrangements are a combination of fixed/flat fees and hourly fees for legal services.

Law Firm Growth: I understand that you have \_\_\_\_\_ ( ) attorneys and \_\_\_\_\_ ( ) employees, and [are looking to continue growing / are happy with your firm's current size and structure].

Digital Footprint: It's apparent that your firm has a heavy digital footprint with attorneys regularly operating remotely. Your current process for payment requests involves [requests that are emailed to someone for approval / approved requests emailed to someone for initiation] and this process [is / is not] something you would like to explore improving.

Attorney Time Constraint: While there may be capacity at the operational level, the responsibilities that fall to you, \_\_\_\_\_, and \_\_\_\_\_ (either for approval, troubleshooting, or review) leave you at full capacity.

Support: While you can perform all the needed functions to run a successful firm, your firm is reaching a size that requires you to potentially remain at the same size or evaluate which non-legal services responsibilities take up the most time that you can responsibly delegate.

Money Movement: We understand that you perform most of the transaction processing and financial activities. We step in to take over the accounting and money movement functions once authorized requests are provided. Once the transaction has the appropriate approval, we handle the payment fulfillment.

## Framework For Engagements

Our offering allows attorneys to rely on my firm to execute the operational accounting & money movement responsibilities, monitor transaction activity, assess internal control reasonableness, and provide overall consistency to your firm's financial operations. This normally means that the law firm's office manager will have a reduced workload as accounting is normally their most time consuming and stressful function (unless accounting is their first language). The general breakdown is as follows:

- The Office Manager performs the traditional office manager functions:
  - human Resources
  - client file opening/oversight/conflict check initiation
  - mail & scanning
  - scheduling
  - supplies monitoring and purchasing
  - vendor management for the company's insurance providers (renewals, modifications, etc.)
  - payroll (Accounting & Payment processing serves as a backup in emergency situations or can be directly responsible for payroll processing)
  
- The Lancaster CPA Firm is responsible for:
  - Money Movement:
    - initiating payments for authorized non-billable accounts payable requests
    - initiating payments for authorized billable/client disbursements, check cutting, and payment processing requests
      - Assuming it is not initiated by the attorney/paralegal on a credit card
    - initiating payments for authorized attorney expense reimbursements
    - initiating transfers from IOLTA(s) to operating account(s)
  
  - Accounting:
    - completing bank account reconciliations
    - completing credit card account reconciliations
    - properly recording billable expenses in accounting/practice management software
    - monitoring, working with software vendors regarding integration issues between billing and accounting software
    - providing monthly financial statements (cash flows, income statement, balance sheet)
      - Providing custom reporting for performance/compensation purposes

Our firm prices engagements based on what the accounting & payment processing functions should cost your firm to perform internally with your own accounting team. That figure is normally 3-4.5% of gross revenue, applicable once your revenue reaches & exceeds \$2.5 million. If your revenue is below that amount, our fee is generally the cost to hire someone you would trust to have access to and move your money without active oversight. In addition, forecasting & budgeting along with other forward-looking decision planning can also be provided.

Consistency is not an accident. I suggest this breakdown in part because it requires clean approval processes that allow you to responsibly bifurcate the approval and payment processing functions (as well as establish reasonable approvals depending on types and/or sizes of transactions). This framework sets the stage for your firm to have an accounting team that is built to grow with your firm.

Knight Lancaster, CPA, JD

## Frequently Asked Questions

**Question #1:** Can you explain the Lancaster CPA Firm's pricing? Is it contingent on firm revenue?

**Answer:** Our fee is not contingent on your firm earning revenue. A law firm budget measures its expenses as a percentage of revenue in its budget. We establish our fee based on what a firm should budget to receive the quality of service we provide, whether in-house or external.

We revisit our fee for appropriateness annually as part of the annual budgeting process by looking at the last few years of income and the upcoming year. We are up front about pricing so you can understand costs as you plan for growth, what it should cost, and make informed decisions for your firm's future.

**Question #2:** If it costs 3% - 4% to handle \$2.5 million of revenue, why does it cost 3% - 4% at \$6 million of revenue? I would rather pay a fixed sum for an accountant to do as much as we need.

**Answer:** Just like attorneys, accountants can only handle so much operational work. When someone is at full capacity, there are 3 options to handle the additional work: (i) hire someone to perform the work on a part time basis (and you likely have to become actively involved in the training, oversight, and review again); (ii) hire a second full time person before you need a full-time person; or (iii) work with my firm that carries the cost of the full-time accountant that provides high quality work for your law firm where you get the benefit of the person already trained (from a knowledge and firm policy standpoint).

**Question #3:** Is the Lancaster CPA Firm deciding which payments to process and bills to pay?

**Answer:** No. We process your firm's approved payment requests in accordance with your firm's policy. If you do not have a formal policy, we are happy to show you what we suggest.

**Question #4:** My law firm isn't like most businesses that just need their bills paid at the end of the month. How does payment processing work?

**Answer:** We make ourselves available for urgent payment requests by having standard processing days for the bulk of transactions that are not urgent. Traditionally, we perform prescheduled payment processing on one (1) or two (2) days a week and are available as-needed for urgent requests. While we cannot guarantee same day processing for urgent requests, we make every effort to fulfill them on the same day.

**Question #5:** Can the Lancaster CPA Firm print checks to our law firm office?

**Answer:** Yes. We can print all checks to your office or at our office, but at this time, all checks do need to be printed to a single location.

**Question #6:** We want help with growth and forward-looking decisions. Can you help with that?

**Answer:** Absolutely. Having complete & accurate financial information allows growth to be a deliberate and exciting process. The forward-looking planning services are outside our scope of services for accounting & payment processing functions, but is a service we enjoy providing.