

CASE STUDY: MULTI FAMILY OFFICE TFO PHOENIX

The Company

Founded in 2011, TFO Phoenix is an Arizona-based family office with over \$2.4 billion in assets under management.* The firm provides a full range of investment, financial, tax, estate planning, education and other services to its clients.

The Challenge

As with many firms, TFO Phoenix was using spreadsheets to manage partnership accounting. While this essentially accomplished what the firm needed, the process of rolling over the database, comparing data points and building a new spreadsheet each year was time consuming and increased the chance of input error. Plus, the accounting became more cumbersome as the firm grew and the partnerships it supported increased in complexity.

TFO Phoenix eventually took a step back to question whether the process they had in place was really the best option. That led to a search for a back-office accounting and reporting solution. Two criteria were key: a single consolidated database and the ability to handle all the complexities and special calculations of their clients' structures and returns.

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The Solution

Implementing FundCount software, which provides partnership and portfolio accounting, general ledger and reporting in one integrated system, has dramatically reduced TFO Phoenix's reliance on spreadsheets. All information is aggregated on a

single platform with one database so the firm can easily look back at previous years to compare current and past data.

Although TFO Phoenix selected FundCount for its powerful accounting and tax functionality, the firm quickly realized that the software had far greater capabilities than they expected. In addition to supporting any investment type, FundCount tracks all entities – whether individuals, trusts, corporations, partnerships or other structures. It accounts for and instantly shows ownership for the entities linked to each family member. The ability to look through entities to view performance, holdings and other investment information either individually or by groups provides immediate, actionable intelligence.

“The look-through functionality is particularly useful,” said David Bloom, Senior Wealth Advisor, TFO Phoenix. “We can drill down through complex structures and nested entities to see actual net worth – something that was not possible with spreadsheets. FundCount also enables us to run up-to-date allocation schedules where we can view the specific asset classes a family owns, including all related details such as side pockets, and not just percent ownership.”

FundCount’s powerful reporting has been helpful on many fronts. Consolidated look-through cross-entity reports simplify the accounting and reconciliation of data across each entity’s general ledger. By-partner reports, which account for partnership contributions, distributions and income allocation between partners provide a comprehensive view of activity that has been useful for tax planning and income tax projections. “FundCount lets us create a balance sheet for the family in near real time,” said Bloom.

Results

Having a single consolidated database not only fulfilled a key criterion, but provides TFO Phoenix with numerous benefits, including improved operational efficiency, streamlined workflow and reporting flexibility. “Everything FundCount said they could do they ended up doing,” said Bloom. “That’s refreshing from a vendor. They have been a good fit for us.”

TFO Phoenix’s use of FundCount keeps growing. What started out as a partnership accounting and tax solution has expanded to include everything from family balance sheets and income statements to reporting. “In addition to accounting and tax form preparation as originally anticipated, we use FundCount for portfolio information, percent ownership values, allocation schedules, performance schedules and many other details,” explained Bloom.

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While the tax team remains the most active user of FundCount, TFO Phoenix is looking forward to expanding usage in the investment group for trading and in other service areas. “We see great value in producing look-through reports so traders can view a client’s full allocation schedule,” said Bloom. “FundCount’s capabilities have grown over the years and we know we aren’t utilizing the full scope of what the software can do. But, we’re working towards it.”