



Developing An Operational Structure

Accounting Systems to Support Operations & Cash Flow

A Workshop Exclusively for Small Business Owners and Their Team

Bottom Line – We Love Small Business™

Accounting & Systems to Support Cashflow

Tracking, Reporting, Measuring Cash Coming In and Going Out



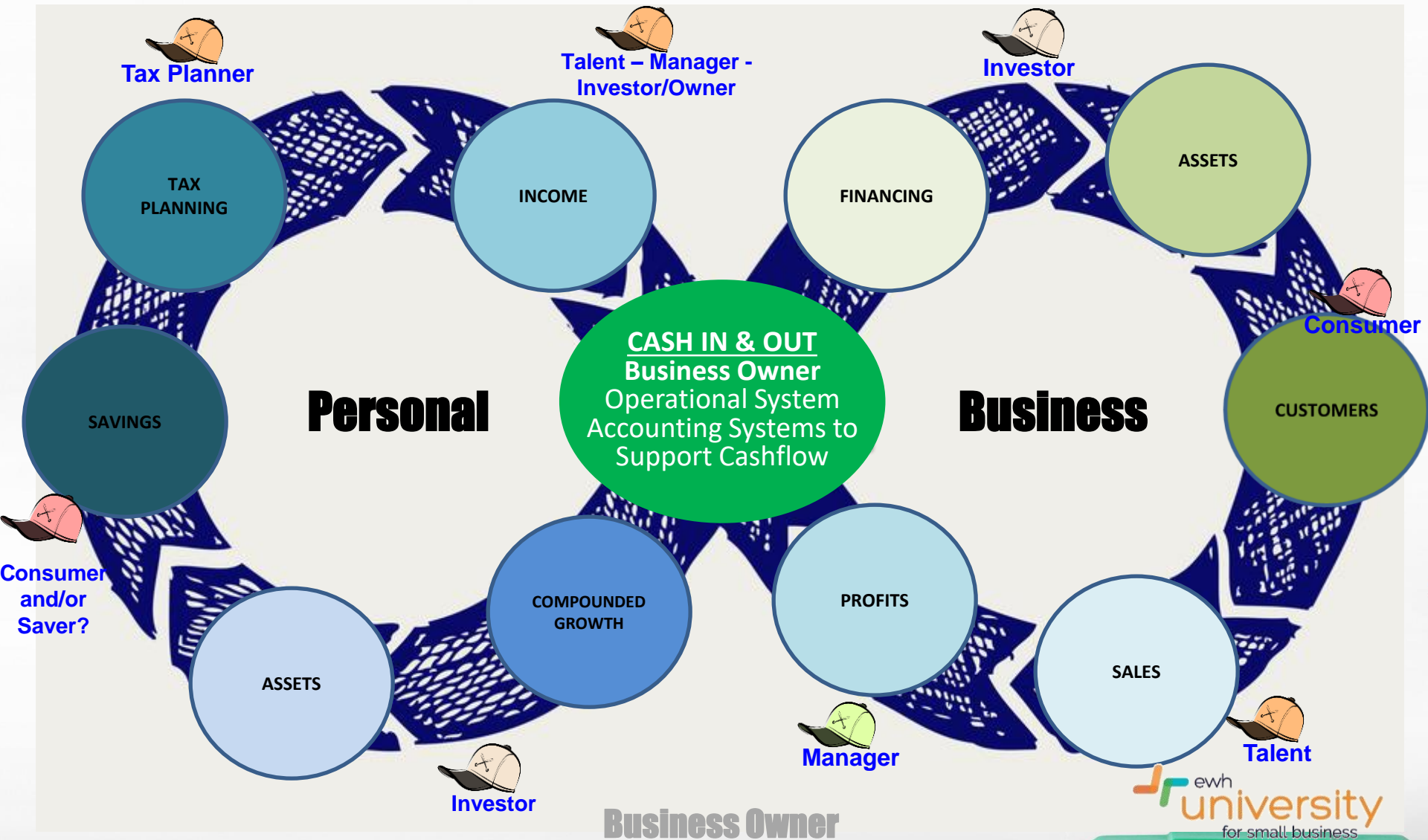
Recommendations for your Accounting System and Back Office Support, and Team/Services

Fundamentally Sound Service – Accurate and Timely Financial Information

Basic Business Guidance - Monitoring Sales, Profitability and Expenses

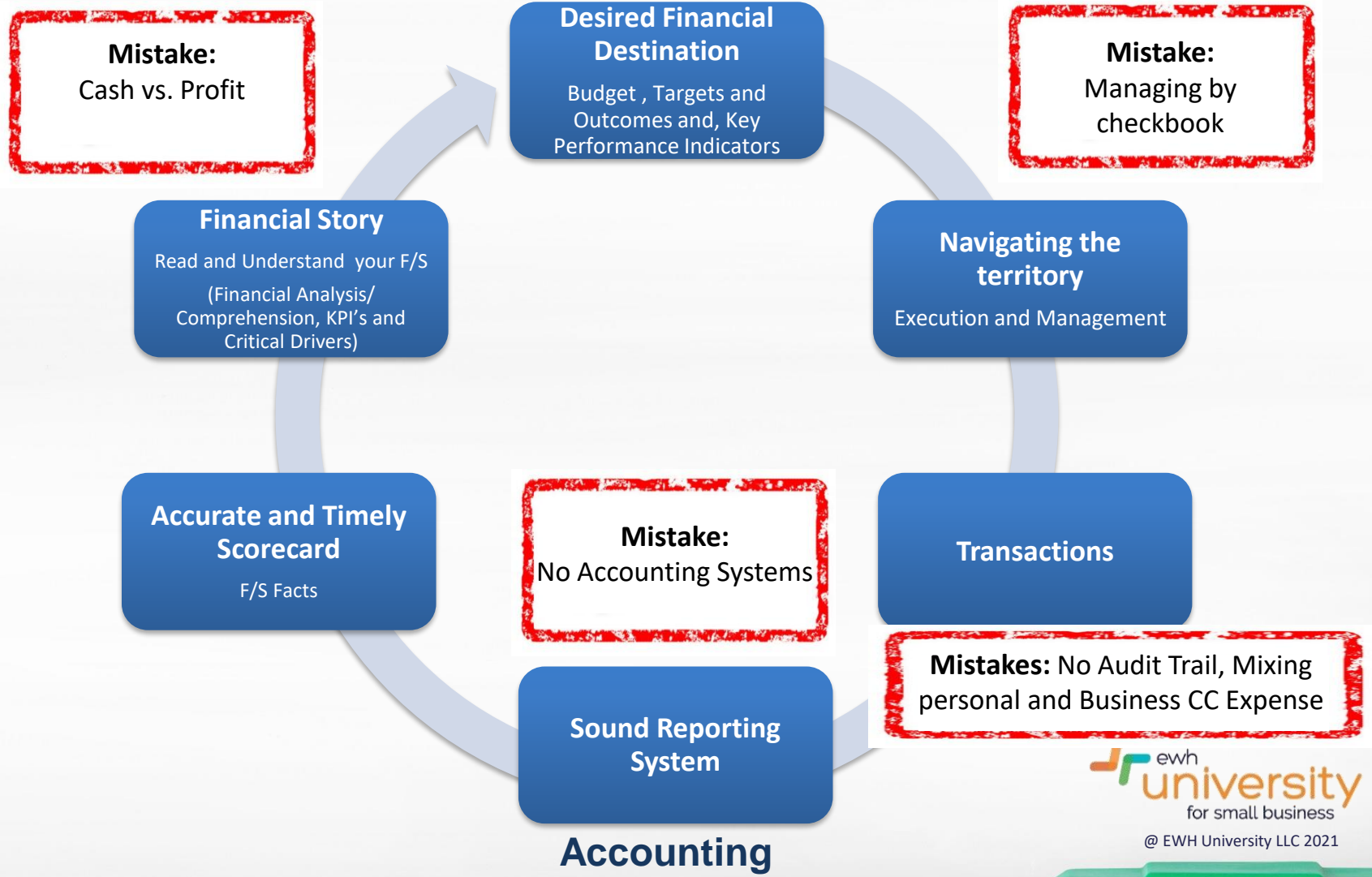
Tax Planning Preparation, Compliance, Filing and Reporting

The Cash Flow Track



Implementing a Numbers Based Strategy

Management, Leadership and Operations



The 5 Critical Accounting Mistakes

Mistake # 1: Mismanaging the company checkbook

Mistake # 2: Not having an accounting system in place

Mistake # 3: Not understanding your profit and cash position

Mistake # 4: Unintentional credit usage: Mixing business purchases with personal purchases

Mistake # 5: Lack of an Audit Trail for receipts and invoices

Balance Sheet As of...



Cash	
A/R & Inv	“Stuff”
Equip	
A/P / CC	
LOC	Owe
N/P	
Investment	
Distributions	Own
Profits	

Profit & Loss Month of...



Sales
- Cost of Sales
- Operating
- Other Rev/Exp
Profits



Balance Sheet

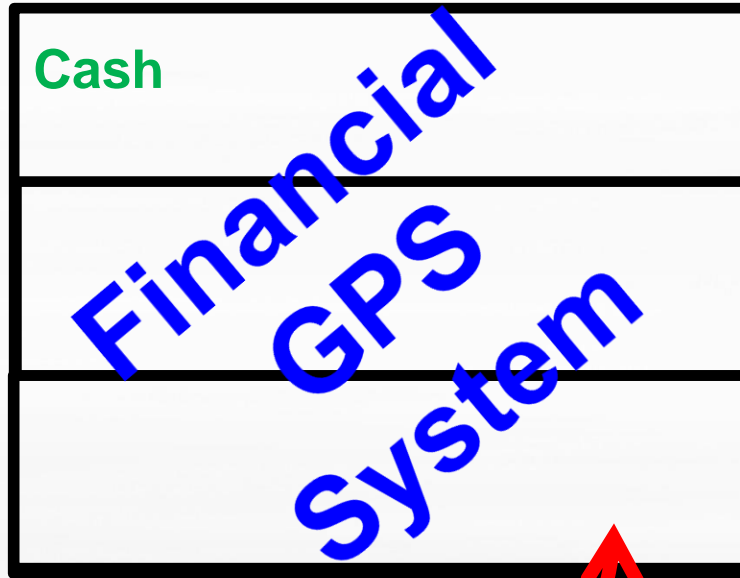
“STUFF”	100
OWE	30
OWN	70

Profit & Loss

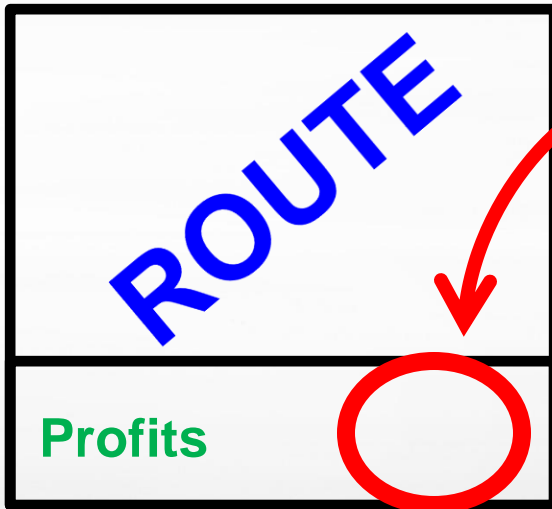
PROFITABLE?




Balance Sheet



Profit & Loss



Balance Sheet

“Stuff”
OWE
OWN

Profit & Loss

PROFITABLE?


Cash Flow Statement

WHERE'S
THE
CASH?

Balance Sheet

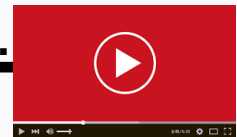
“Stuff”
OWE
OWN

Profit & Loss

PROFITABLE?


Cash Flow Statement Month of...


Operating
Investing
Financing




Balance Sheet

Profit & Loss

Cash Flow Statement

FACT OR THEORY?
THEORY


FACT
FACT!
THEORY?

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Balance Sheet

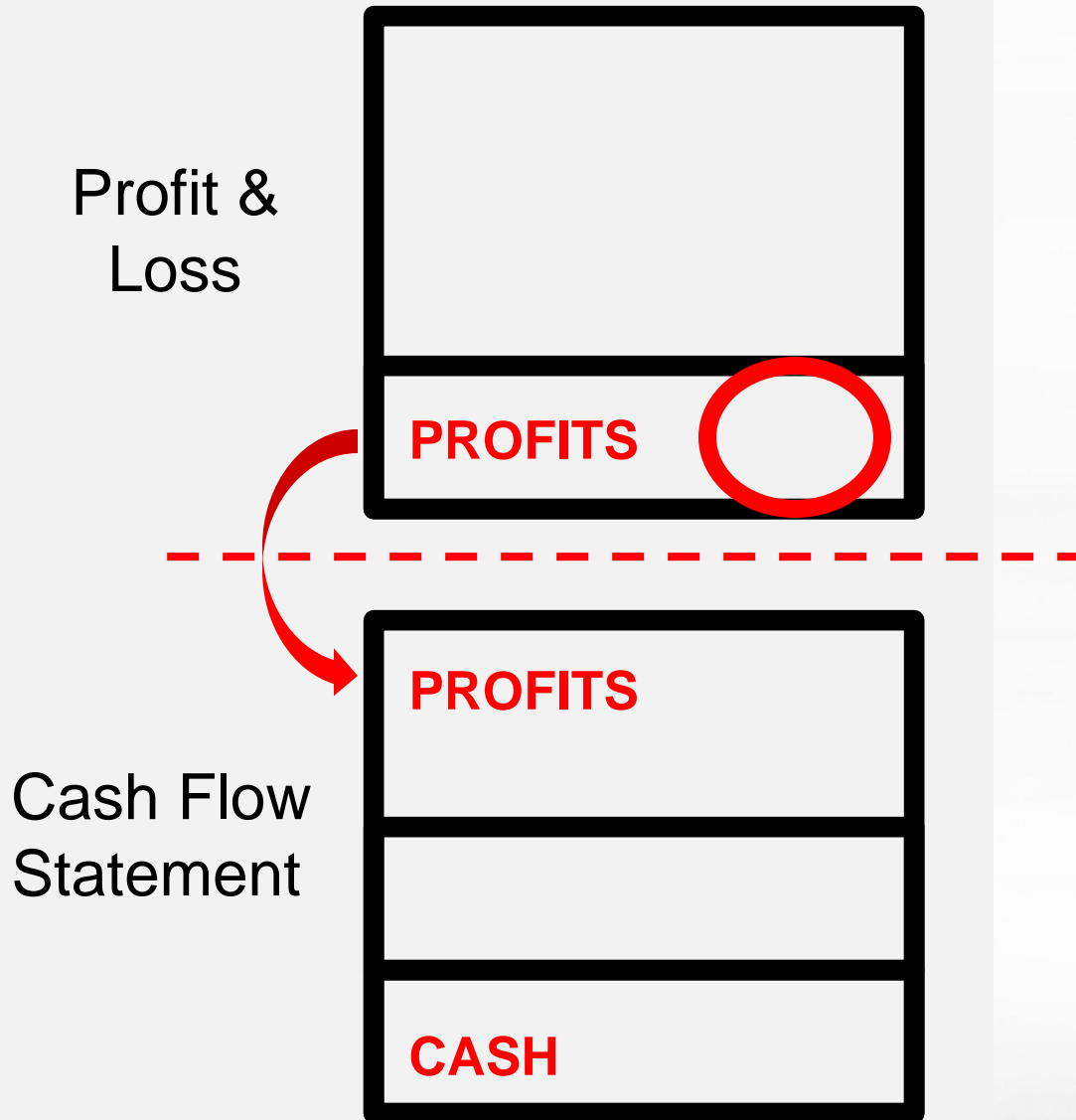
Cash

Why
Monthly?

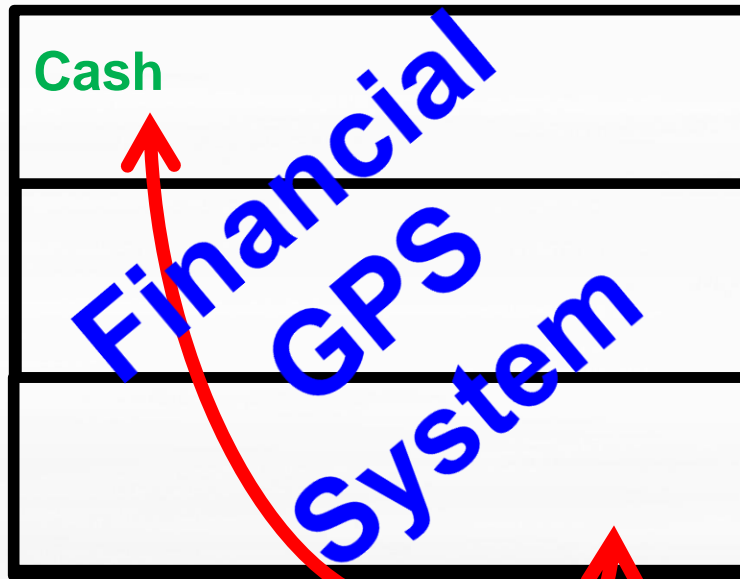
Profit & Loss

Cash Flow Statement

Where's the Cash?



Balance Sheet

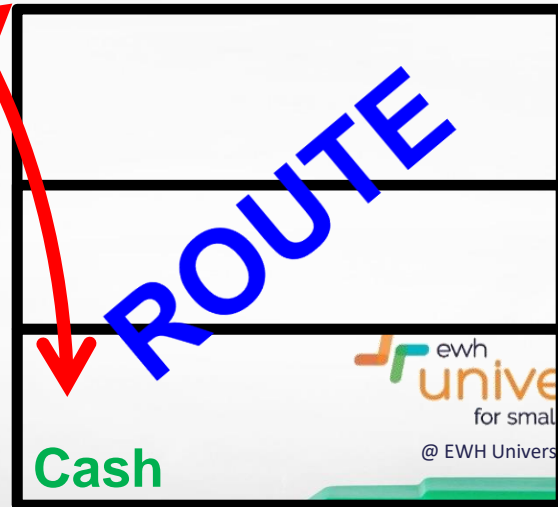


Profit & Loss



Cash Flow Statement

Profits



How Do We Keep Score?



Cash vs. Accrual Accounting

How Do We Keep Score?

Cash Accounting



Transactions are only recorded in your accounting system ... when cash is paid out or received.

Benefits:

More representative of cash position

Weaknesses:

Doesn't tell you the whole story

How Do We Keep Score?

Accrual Accounting



A transaction gets recorded once a transaction occurs in your business...regardless of whether cash was paid out or received.

Benefits:
Shows you the whole story!

Weaknesses:
Is a more detailed and complex method of accounting.

Balance Sheet

ASSETS

FINANCING

INCOME/
Distribution

CUSTOMERS

Sales Reports
Lead Reports
POS Reports

Cash Flow Statement

CASH

Profit & Loss

SALES

PROFITS

Accounting & Systems to Support Cash Flow

Tracking, Reporting, Measuring Cash Coming In and Going Out



A Reporting System – Efficiency and Accuracy

- Reporting Checklist – bank statements, credit cards, loan statement, etc.
- Bank Reconciliation: Account for everything going in and out, and what's outstanding (*checks and balances*).
- Managerial Accounting compared to Financial Accounting
- Internal Bookkeeper: day-to-day tasks, A/P, manage checkbook, A/R billing
- Team Approach: Organize into scorecard, prepare Financial Statement, watch for tax implications and provide guidance
- Year End Tax Organizer – capture all deductions – audit trail
- Record-keeping
- Compliance for payroll, sales tax

Accounting and Bookkeeping Essentials

Three ways to work with an Accountant:

1. Year End Only
2. Monthly
3. Controllership

Roles to Support Cash Flow

Who/What do you need?

AP Specialist

Handles AP & incoming bills
Prepares invoices
Oversees A/R
Manages checkbook

Bookkeeper

Bank Reconciliation
(separation of duties)
Sales Tax
Processes payroll
Pays Payroll Taxes
Qtrly Payroll Reports
UC
EOY: W-2s & 1099s
Reconciles Balance Sheet
Prepares F/S

Accountant

Oversees FS preparation
Makes sure FS is correct
Provides advice and consultation
Tax preparation and planning
Consults on tax issues
(audits and notices)

Tax Accountant

3 Levels of Financial Statement Preparation

Compilation

- Separation of duties
- Outside parties
- Banks and Lenders

Review

- Review and inquires of F/S
- Inquires regarding accounting practices and internal controls
- Basic Level of Assurance
- Certain Lending Situations

Outside Audit

- Non-Profit (compliance reasons)
- Public Held Companies
- Specific/Large Lending Situations
- Physical Inspection, substantive testing of procedures (internal controls)
- CPA Expresses opinion on whether the F/S are presented fairly and in accordance to Accounting Principles

Tax Audit



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Building Your Team To Manage Your Money

Who Does What?

Accountant – Track, manage, and save money (Defense)

Banker – Manage daily cash flow needs

Financial Planner – Diversify assets, grow wealth

Attorney – Protect your wealth

Insurance Agent – Risk management



Going Forward Into Your Business

Secret # 9: Grow S.M.A.R.T.E.R. by Setting Written Goals

Write down 1-3 goals and a timeline of when you will put them into action.

- ✓ Reporting Checklist – Materials need monthly
- ✓ Report by 5th of month
- ✓ Receive FS within 10 business days once ALL material is received
- ✓ Schedule a time to review F/S every month
- ✓ System – Written Procedures
 - ✓ Can't run a company just by...
 - ✓ Nothing Real Until...
 - ✓ CAM



Watch our Understanding Cash Flow video to learn more about how to review your F/S

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