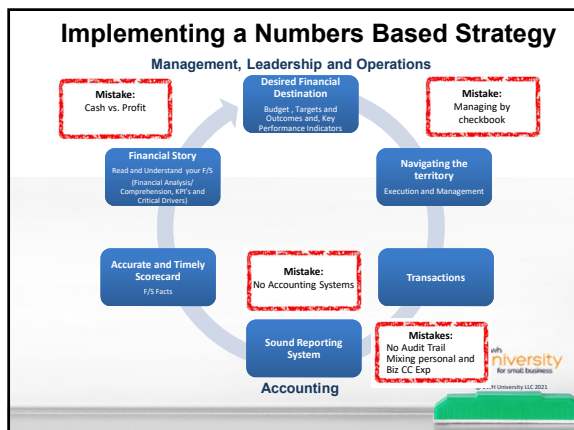


1




2



3

The 5 Critical Accounting Mistakes


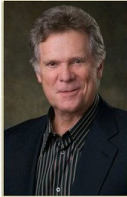
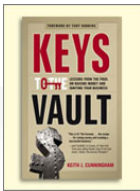
- Mistake # 1:** Mismanaging the company checkbook
- Mistake # 2:** Not having an accounting system in place
- Mistake # 3:** Not understanding your profit and cash position
- Mistake # 4:** Unintentional credit usage: Mixing business purchases with personal purchases
- Mistake # 5:** Lack of an Audit Trail for receipts and invoices




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4

Keith J. Cunningham

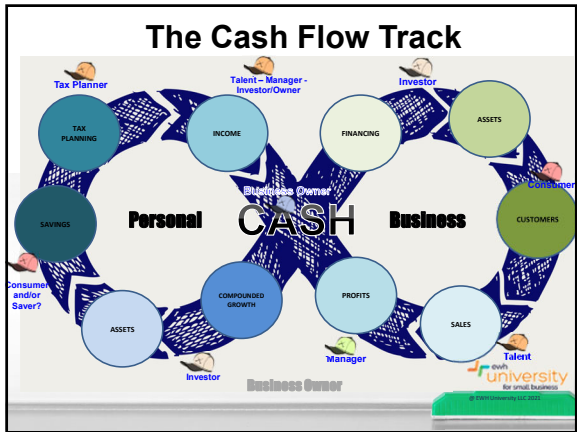


Author of:
Keys to the Vault,
The Ultimate Blueprint For an Insanely Successful Business, and
The Road Less Stupid

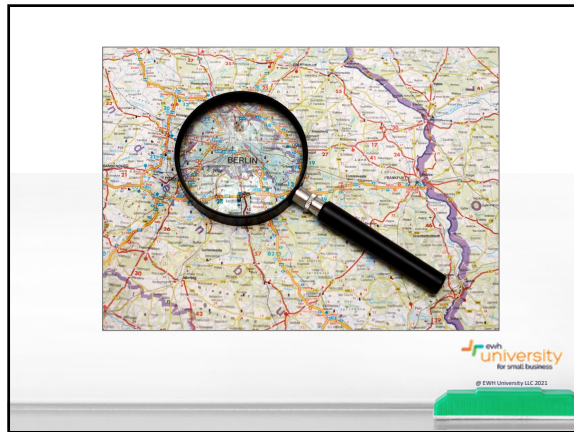


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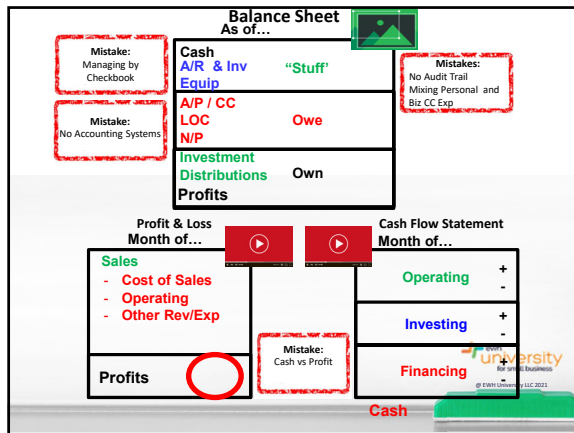
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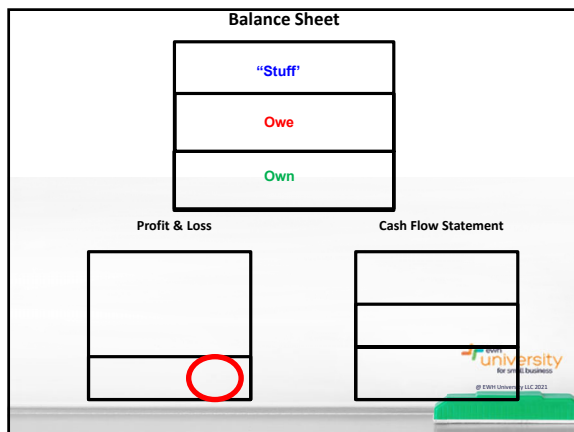
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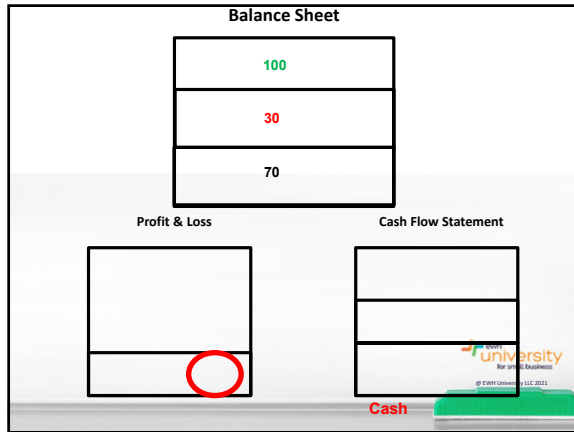
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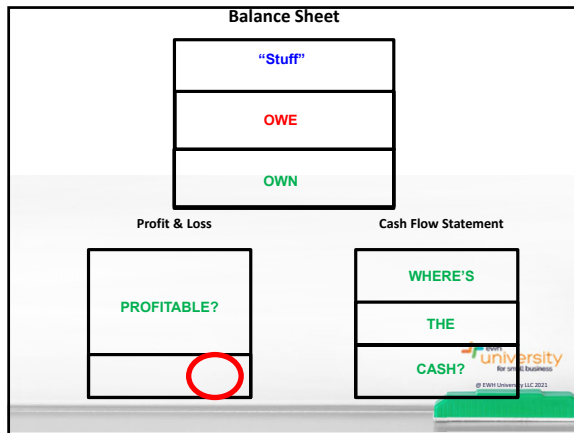
8



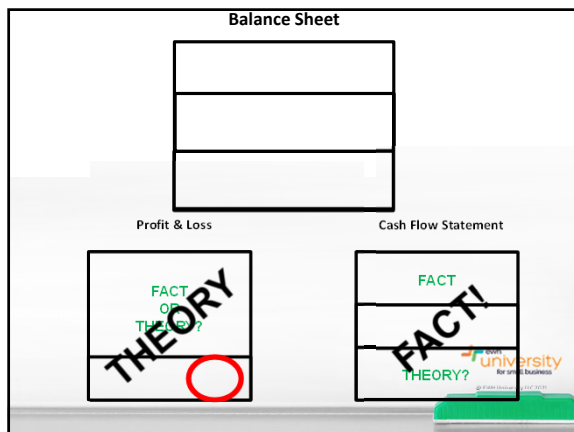
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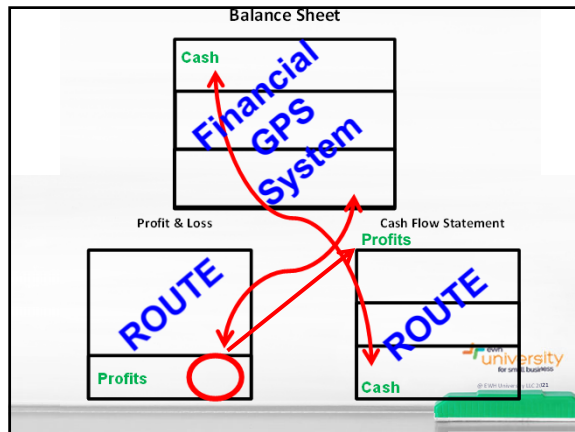
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11



12



13

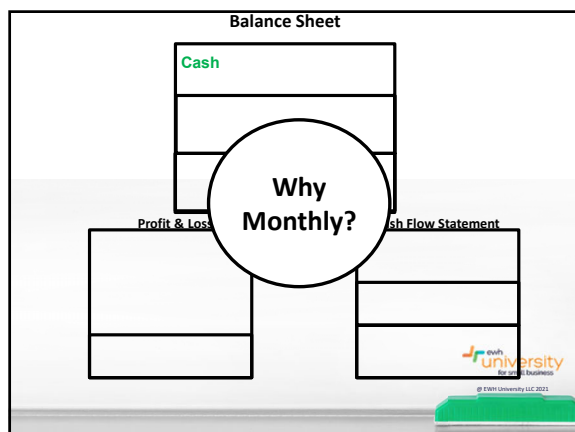
Fun Department Incorporated (S Corp)
STATEMENT OF REVENUES AND EXPENSES
Year Ended December 31, 2012

Why do we look at Months? → Year Ended December 31, 2012

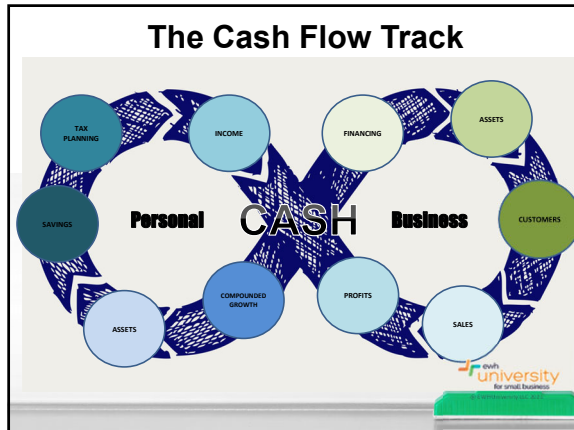
		%
Sales		
300 - Sales - Fun	\$ 25,000.00	100.00
Total Sales	25,000.00	100.00
Cost of Goods Sold		
400 - Purchases - Fun	10,000.00	40.00
Total Cost of Goods Sold	10,000.00	40.00
Gross Profit	15,000.00	60.00
Operating Expenses		
500 - Interest	1,200.00	4.80
575 - Depreciation Expense	750.00	3.00
576 - Amortization	250.00	1.00
580 - Operating Cost	10,000.00	40.00
Total Operating Expenses	12,200.00	48.80
Net Income (Loss)	\$ 2,800.00	11.20

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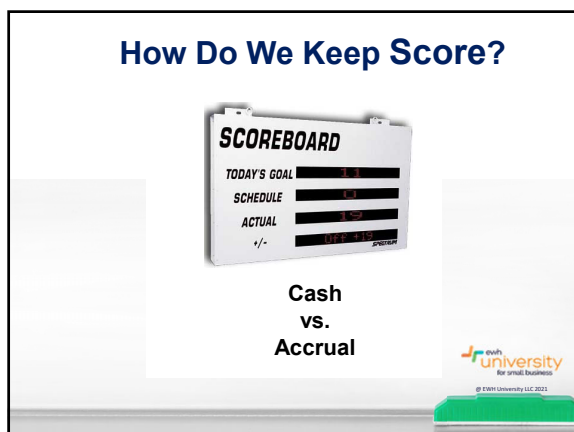
15



16



17



18

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



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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.



20

KPI's (Key Performance Indicators)

Benefits of KPI's

- Anticipate and solve challenges before they occur
- Tells you the story behind your numbers
- Becomes the benchmark to measure progress within your business and your financial goals
- Trends and Relationships



"What gets measured is what gets done" ~ Keith Cunningham



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Numbers are your BUD!

B B = Benefits > Costs

U U = Understandable & Useful for Decisions

D D = Date Monster - Avoid!

Source: Becker CPA Review Course


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Why the NUMBERS so Important

J	F	M	A	M	J	J	A	S	O	N	D
5	5	5	5	4.9	4.9	4.8	4.8	4.7	4.7	4.6	4.5

You want to become a
"Pattern Recognition Specialist"

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Deal With Facts, Not Opinions

1	2	3	4	5	6	93
---	---	---	---	---	---	----

Most people think...they know

"I know"

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24

"The Trend is your Friend"
"Compared to what?"
The Difference that
"Makes the Difference"



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25

Sales	\$100	\$1000
- Expenses	\$80	\$900
Profit	\$20	\$100

20% 10%
 $10\% * 1,000 = \$100$
\$200

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26

Sales	\$100	\$1000
Expenses	- \$96	- \$ 996
Profit	\$4	\$4

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Going Forward into Your Business

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



Schedule a time to review F/S every month

Start with the P&L:

Sales, were the up, down. Anything up or down?

What about expenses?

Any of them noticeably up or down, in terms of dollars or in term of percentage of sales? Why were they up or down?

What happened with A/R, A/P, Inventory, and Cash?

Was Cash used for:

- Loan repayments
- Equipment or
- Distributions



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