



WATSCPA
WILSON ACCOUNTING & TAX SERVICES

Top 5 Cash Flow Management Tips for Business Owners

JUNE 23 @ 12:30 PM - 1:30 PM
VIA ZOOM

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ABOUT THE PRESENTER

- ▶ Audra Wilson-Russell, CPA, MBA
- ▶ Owner of WATS CPA Firm, established 10/2/2012
- ▶ Certified Public Accountant in FL
- ▶ B.S. degree in Accounting from Florida State University
- ▶ MBA from Lynn University
- ▶ Advanced Certified QuickBooks Online ProAdvisor
- ▶ Certified Advisor for Xero Accounting
- ▶ Member of the Delray Beach Business Partners Leads Group



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Agenda

- ▶ About the Presenter
- ▶ Meet with your CPA
- ▶ Understand your cashflow
- ▶ Create and track cashflow projections
- ▶ Utilize accounting technology to collaborate
- ▶ Implement strategies to increase net profits
- ▶ About WATS CPA
- ▶ Q&A

#1 - Meet with your CPA

According to data from the Bureau of Labor Statistics: about **50% of small businesses fail within their first 5 years.**

Hire a trusted CPA to help you navigate cash-flow and the business.

#1 - Meet with your CPA

Set Targets/Goals to Achieve

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Set Targets/Goals to Achieve

- ▶ Revenue target
- ▶ Gross Profit target
- ▶ # of customers
- ▶ Cash reserve balance

#2. Understand your cashflow

Net Income \neq Ending Cash

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Why the heck not?

#2. Understand your cashflow

What is Net Income?

$$\begin{array}{r} \text{Revenue} \\ - \text{Expenses} \\ \hline = \text{Net Income} \end{array}$$

Found on Profit and Loss Statement

#2. Understand your cashflow

What is Net Cash?

$$\begin{aligned} &\text{Beg Cash} \\ &+ \text{CF from Operations} \\ &+ \text{CF from Investing} \\ &+ \text{CF from Financing} \\ &\hline &= \text{Ending Cash} \end{aligned}$$

Found on **Statement of Cashflows**

Found on Statement of Cashflows

Beg Cash Balance

Examples of Operating Activities (P&L)

Sales

Rent

+ Wages

Supplies

Legal Fees

Examples of Investing Activities (B/S)

Buying or selling assets: Property, Plant, & Equipment

Vehicles

+ Computers

Furniture

Equipment

Examples of Financing Activities (B/S)

Dividends

+ Debt

Loan Payments

Equity Distributions/Contributions

= Ending Cash Balance

#2. Understand your cashflow

Tax treatment

- ▶ Taxed on Net Income

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Tax treatment

- ▶ Taxed on Net Income
- ▶ Ending cash is typically lower than Net Income

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- ▶ Ending cash is typically lower than Net Income

	Net Income	Cash Balance			
Sales	10,000	10,000		P&L	
Rent	(2,500)	(2,500)		P&L	
Utilities	(400)	(400)		P&L	
Distributions		(5,000)		BS	
Loans Payment		(450)		BS	
	7,100	1,650			

#3. Create and track cashflow projections

29% of businesses failed because they ran out of cash.

- CB Insights Analysis

#3. Create and track cashflow projections

Cash Flow Projections

- ▶ Cash balance, Money in, Money out – What is left?

#3. Create and track cashflow projections

Cash Flow Projections

- ▶ Cash balance, Money in, Money out – What is left?
- ▶ Can you cover your overhead?

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Cash Flow Projections

- ▶ Cash balance, Money in, Money out – What is left?
- ▶ Can you cover your overhead?
- ▶ Can you pay yourself?

#3. Create and track cashflow projections

Cash Flow Projections

- ▶ Cash balance, Money in, Money out – What is left?
- ▶ Can you cover your overhead?
- ▶ Can you pay yourself?
- ▶ Longer term - Is there cash available to invest in the business

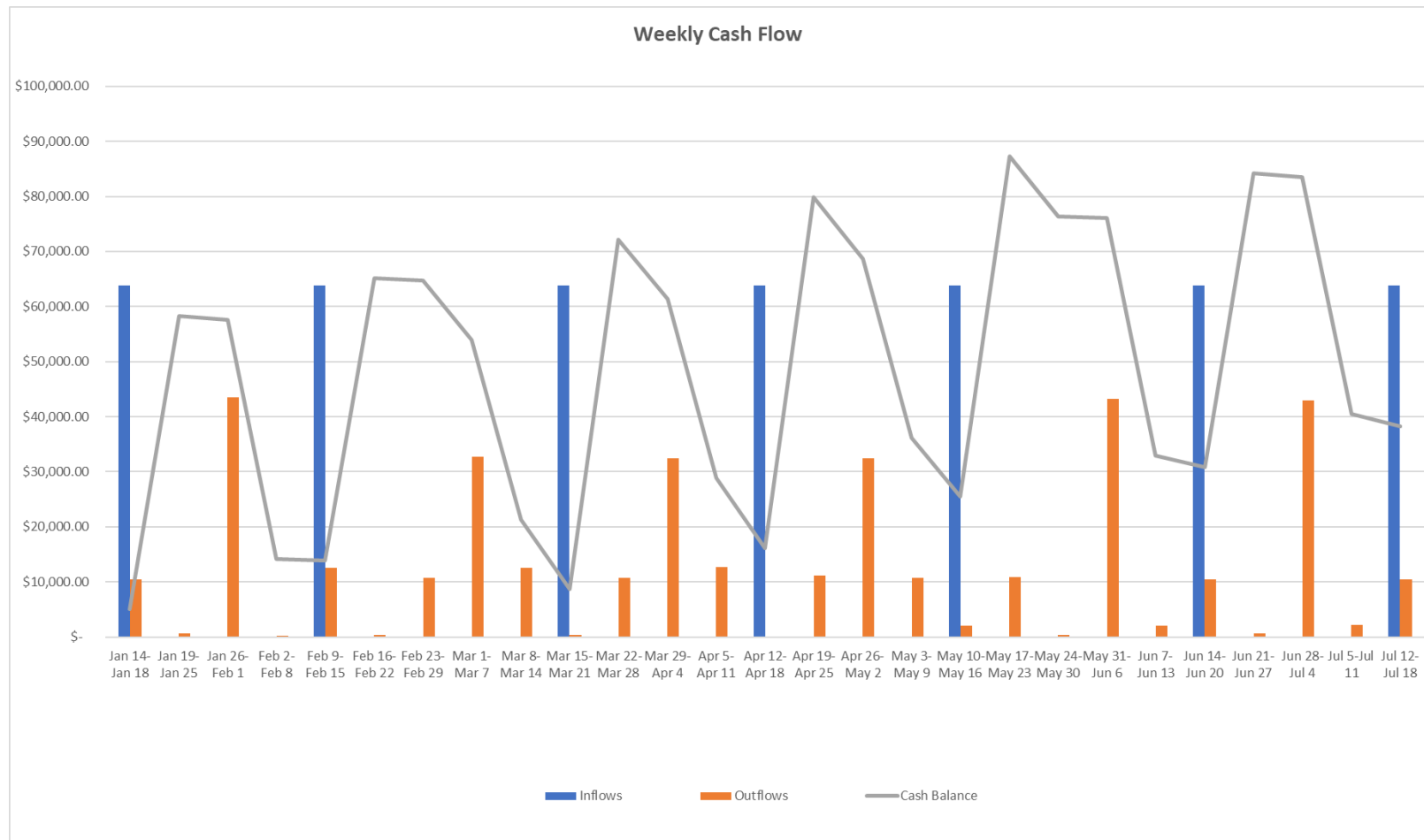
#3. Create and track cashflow projections

ABC Company						
			forecast	forecast	forecast	forecast
			Jan 14-Jan 18	Jan 19-Jan 25	Jan 26-Feb 1	Feb 2-Feb 8
Forecast as of:	13-Jan	\$ 5,000.00	\$ 5,000.00	\$ 58,300.00	\$ 57,600.00	\$ 14,099.00
Inflows	Total Amount	Due Date				
<i>Outstanding Invoices:</i>						
Client 1	\$ 8,500.00		\$ 8,500.00			
Client 2	\$ 15,000.00		\$ 15,000.00			
Client 3	\$ 8,300.00		\$ 8,300.00			
Client 4	\$ 12,000.00		\$ 12,000.00			
Client 5	\$ 20,000.00		\$ 20,000.00			
Subtotal - Open Invoices (AR)	\$ 63,800.00		\$ 63,800.00	\$ -	\$ -	\$ -
Total inflows			\$ 63,800.00	\$ -	\$ -	\$ -

#3. Create and track cashflow projections

Outflows	Amount	Due Date					
<i>Other outflows</i>							
At&T	\$ 224.00		\$ -	\$ -	\$ -	\$ 224.00	
My landlord LLC, LLC	\$ 7,500.00		\$ -	\$ -	\$ 7,500.00	\$ -	
City of Delray	\$ 400.00		\$ -	\$ 400.00	\$ -	\$ -	
FPL	\$ 300.00		\$ -	\$ 300.00	\$ -	\$ -	
Honda	\$ 501.00		\$ -	\$ -	\$ 501.00	\$ -	
Payroll	\$ 8,000.00		\$ 8,000.00	\$ -	\$ 8,000.00	\$ -	
Payroll Taxes	\$ 2,500.00		\$ 2,500.00	\$ -	\$ 2,500.00	\$ -	
All other vendors	\$ 25,000.00				\$ 25,000.00		
UNITED HEALTHCARE	\$ 2,000.00		\$ -	\$ -	\$ -	\$ -	
Subtotal - Other outflows	\$ 46,425.00		\$ 10,500.00	\$ 700.00	\$ 43,501.00	\$ 224.00	
Total outflows			\$ 10,500.00	\$ 700.00	\$ 43,501.00	\$ 224.00	
Net cash inflow / (outflow)			\$ 53,300.00	\$ (700.00)	\$ (43,501.00)	\$ (224.00)	
Cash balance, ending			\$ 58,300.00	\$ 57,600.00	\$ 14,099.00	\$ 13,875.00	

#3. Create and track cashflow projections



#4. Utilize accounting technology to collaborate



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- ▶ Use Bank Feeds - Connect accounting software to bank account

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- ▶ Set up Chart of Accounts in a way that optimizes your deductions

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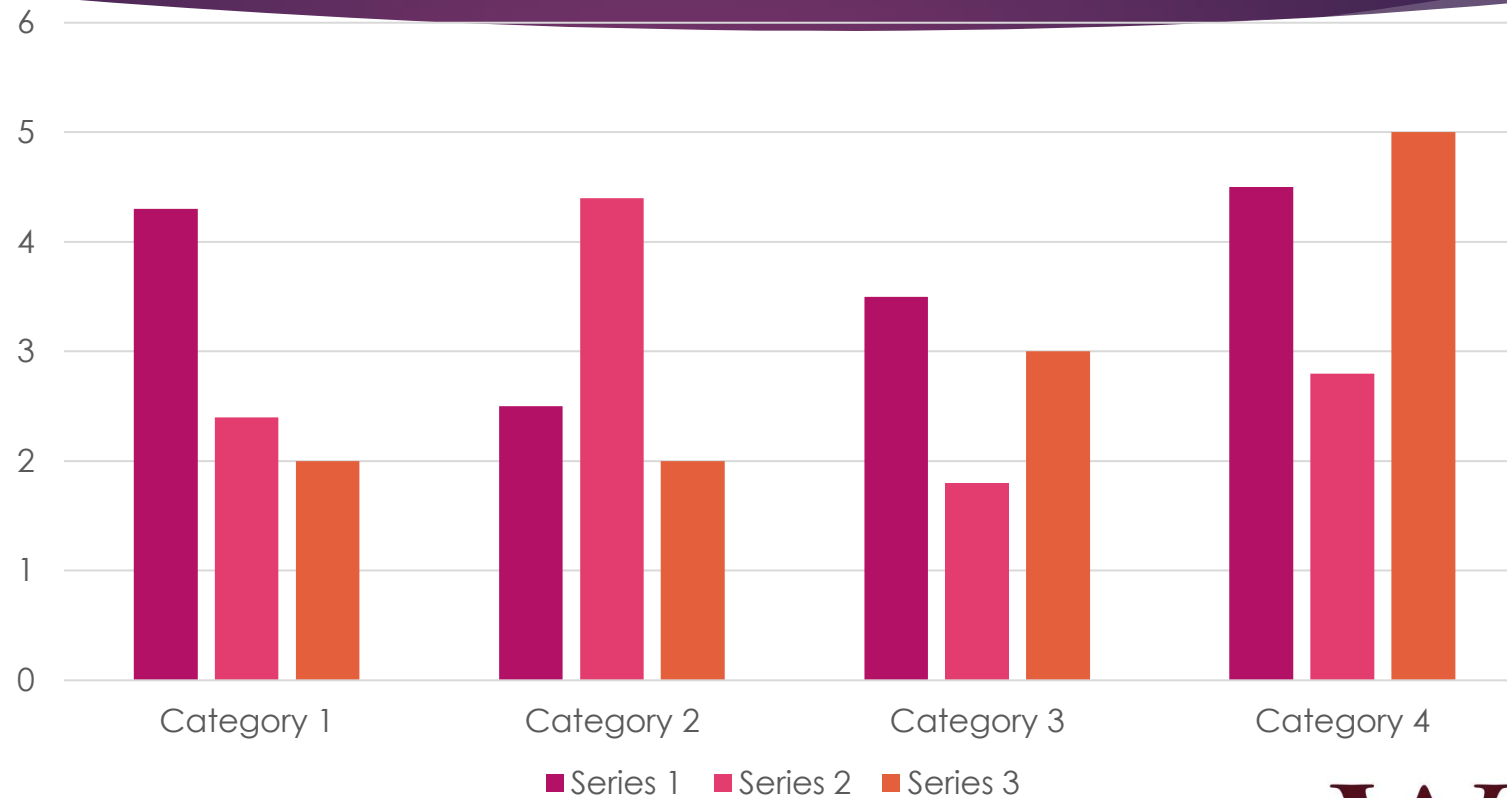
- ▶ Use Bank Feeds - Connect accounting software to bank account
- ▶ Set up Chart of Accounts in a way that optimizes your deductions
- ▶ Real time info at your fingertips

#4. Utilize accounting technology to collaborate

- ▶ Use Bank Feeds - Connect accounting software to bank account
- ▶ Set up Chart of Accounts in a way that optimizes your deductions
- ▶ Real time info at your fingertips
- ▶ Connect accounting software to various apps

#5. Implement strategies to increase net profits

Chart Title



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Increase Revenue

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Increase Revenue

- ▶ Raise your Prices – Are you competitive?

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Increase Revenue

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- ▶ Increase your customers base – sell more in quantity

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Increase Revenue

- ▶ Raise your Prices – Are you competitive?
- ▶ Increase your customers base – sell more in quantity
- ▶ Add a new service or product

#5. Implement strategies to increase net profits

Decrease Expenses

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Decrease Expenses

- ▶ Trim Fat – Non-essential expenses, does not grow revenue

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Decrease Expenses

- ▶ Trim Fat – Non-essential expenses, does not grow revenue
- ▶ Price shop commoditized suppliers

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Decrease Expenses

- ▶ Trim Fat – Non-essential expenses, does not grow revenue
- ▶ Price shop commoditized suppliers
- ▶ Invest in technology to cut cost

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Decrease Expenses

- ▶ Trim Fat – Non-essential expenses, does not grow revenue
- ▶ Price shop commoditized suppliers
- ▶ Invest in technology to cut cost
- ▶ Utilize social media for marketing

#5. Implement strategies to increase net profits

Decrease Expenses

- ▶ Trim Fat – Non-essential expenses, does not grow revenue
- ▶ Price shop commoditized suppliers
- ▶ Invest in technology to cut cost
- ▶ Utilize social media for marketing
- ▶ Reduce # of hours of staff and/or operations

#5. Implement strategies to increase net profits

Accelerate Cash Collections

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- ▶ Use online invoicing

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- ▶ Accept debit/credit cards

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- ▶ Set up recurring payments

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Accelerate Cash Collections

- ▶ Use online invoicing
- ▶ Accept debit/credit cards
- ▶ Set up recurring payments
- ▶ Use a mobile device for on the fly collections

About WATS CPA

WATS CPA is a virtual accounting firm that offers CFO advisory, outsourced accounting, and tax solutions primarily to childcare providers. We are very passionate about helping our clients reach their business and financial goals.



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SOLUTIONS

CFO Advisory

Business Advisory

Budgeting

Cash-flow
Forecasting

Advanced Reporting

Accounting & Bookkeeping

Monthly

Quarterly

Compliance

Tax Returns

Tax Planning

Various

Online Bill Pay

Invoice Processing

App Advisory

Payroll Access

Cloud Accounting
Migration

Software Training

We're everywhere!

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