



Enhancing Month-End Close With Advanced Reporting

October 30, 2024

Meet the Presenters



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Agenda

- I. Objectives
- II. Practical Approaches to Financial Reporting
- III. Going Beyond Standard Financial Reporting
- IV. Cash Flow Reporting
- V. Tools



Objectives

- I. Understand options for accessing financial data
- II. Identify a single source of truth through an integration of systems
- III. Find more meaning with your standard financial statements with key performance indicators & alternative reporting

Practical Approaches to Financial Reporting

Structure matters

- Chart of Accounts indexing
 - Is there a logical order?
 - Are there clear & concise groups?
 - Is there consistency?
- Industry standard Chart of Accounts
- Reporting Dimensions
 - Tags or Flags
 - Examples
 - Departments
 - Storefronts
 - Projects



Practical Approaches to Financial Reporting

Consider Automation

Reduce time to close

- **ACCOUNTS PAYABLE**
- Bank reconciliation automation via feeds
- Application Programming Interface (API) Integration
- Data transformation
- Management of customer receipts

Practical Approaches to Financial Reporting

Eliminate Bottlenecks

Reduce time to close

- What is being tracked in spreadsheets? Why?
- Can transactions be recorded now, allocated later using automation?
- Information needed from Operations?
 - Eliminate barriers for data submission
 - Explain your process so they understand the urgency

Practical Approaches to Financial Reporting

Optimize Review

Reduce time to close

- Give reviewers access on their terms
 - Cloud-based financials
- Keep commentary out of email, & available to entire team
- Create targeted variance reporting
 - % of budget threshold in key accounts
- Focus on what is important or material

Practical Approaches to Financial Reporting

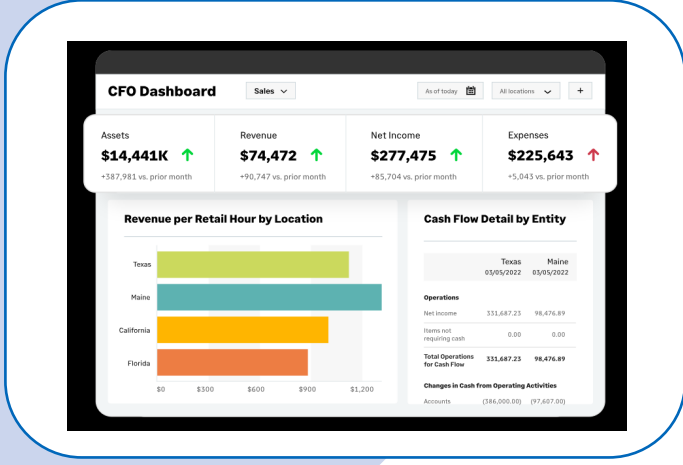
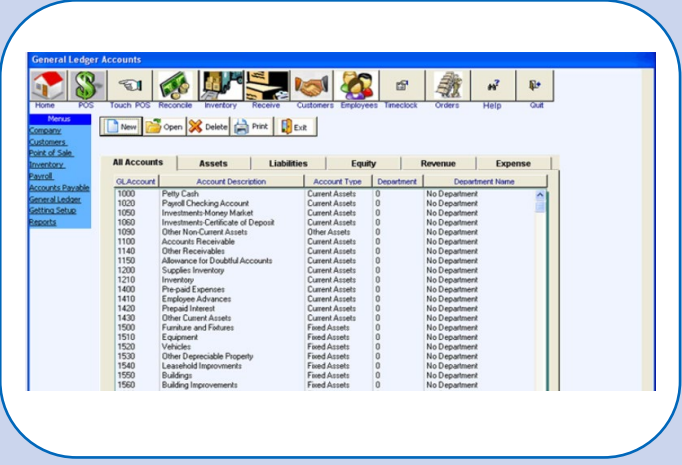
“Think like the owner”

Focus on what is important

1. Step away from financial statement production for at least two hours
2. Look at the financial statements from a “10,000 ft view”
3. If you owned the business, what stands out?
4. Drill in on #3, find & document the why

Evolution of the General Ledger

Subledger Batch Close → Computer Records → Cloud



Going Beyond Standard Financial Reporting

Identify Systems of Record

Have a plan to pull accurate & useful data from each

- Points of Sale, Electronic Medical Record Systems, Billing Systems
 - Secondary sources of revenue often missed
 - Beyond revenue, what else can the point of sale tell you?
 - Customer count
 - Transaction count
- Payroll systems
 - Headcount
- Operations
 - Usage metrics
 - When combined with financial data, what can be gleaned?
 - Revenue items/statistic
 - Expense items/statistic

Going Beyond Standard Financial Reporting

Key Performance Indicators

When combined with financial data, what can be gleaned?

- What is important to the Industry?
 - What the trade association considers “successful”
- What is important to Managers?
 - Easier to manager revenue per customer than total revenue
- What is important to Lenders?
 - Covenants
- What is important to Investors?
 - Return on Capital

Can your reporting platform calculate these for you???

Going Beyond Standard Financial Reporting Dashboarding

Put it all in one place

	Pros	Cons
Spreadsheets	<ul style="list-style-type: none"> • Extremely flexible • Cheap 	<ul style="list-style-type: none"> • Lacks direct connection to data for updates • Tedious to set up • Tedious to update • House of cards
Accounting System	<ul style="list-style-type: none"> • No need to refresh financial data 	<ul style="list-style-type: none"> • Not an option for some SMB applications • Lack of statistical data • Limited forecasting & scenario planning
Dedicated FP&A Software	<ul style="list-style-type: none"> • Extremely flexible • Direct link to data • Unlimited possibilities 	<ul style="list-style-type: none"> • Expensive • Steep learning curve • Secondary system to maintain

Cash Flow Reporting

Evolution Cash Flows: Compliance => Practical



	Company A			Company B		
	Year 1	Year 2	year 3	Year 1	Year 2	year 3
Cash flow from operations	+20M	+21M	+22M	+10M	+11M	+12M
Cash flow from financing	+5M	+5M	+5M	+5M	+5M	+5M
Cash flow from investment	-15M	-15M	-15M	0M	0M	0M
Net cash flow	+10M	+11M	+12M	+15M	+16M	+17M

Cash Flow Reporting

- GAAP vs. Cash Planning
 - Purpose & Audience
 - Structure & Format
 - Timing & Frequency
 - Focus & Detail
 - Metrics & Analysis

Cash Flow Reporting

GAAP

- **Cash Flows from Operating Activities:**
- Net Income: \$500,000
- Adjustments to reconcile net income to net cash – operating activities:
 - Depreciation: \$50,000
 - Changes in working capital:
 - Accounts Receivable: (\$30,000)
 - Accounts Payable: (\$10,000)
- **Net Cash Provided by Operating Activities:** \$510,000
- **Cash Flows from Investing Activities:**
- Purchase of Equipment: (\$100,000)
- Sale of Investments: \$50,000
- **Net Cash Used in Investing Activities:** (\$50,000)
- **Cash Flows from Financing Activities:**
- Issuance of Common Stock: \$200,000
- Repayment of Long-term Debt: (\$150,000)
- **Net Cash Provided by Financing Activities:** \$50,000
- **Net Increase in Cash & Cash Equivalents:** \$510,000

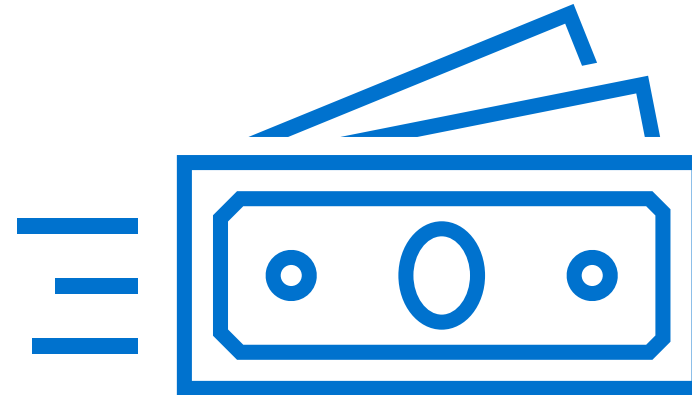
Cash Planning

- **Company XYZ Cash Flow Forecast for Jan – Feb 2025**
- **January Cash Inflows (outflows):**
 - Customer Payments: \$200,000
 - Loan Proceeds: \$50,000
 - Payroll: (\$80,000)
 - Rent: (\$10,000)
 - Utilities: (\$5,000)
 - Supplier Payments: (\$50,000)
- **Net Cash Flow for January:** \$105,000
- **Feb Cash Inflows (outflows):**
 - Customer Payments: \$180,000
 - Payroll: (\$80,000)
 - Rent: (\$10,000)
 - Utilities: (\$5,000)
 - Supplier Payments: (\$40,000)
- **Net Cash Flow for February:** \$45,000



Understanding the Cash Cycle & Automating Your Forecasts

- Defined
- Real-Time Data Is Critical
- Defining the Drivers
- Ratio Accuracy & Precision
- Improved Decision Making
- Forecasting With Software



Tools

General Ledger

- Sage Intacct
- Oracle NetSuite

Process Automation

- BILL
- Expensify
- Workato
- Alteryx
- Microsoft Power Apps

Reporting & Planning

- Jirav
- Fathom
- Martus
- Adaptive Insights
- Solver



Questions?

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Thank You!

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