WEBINAR WALKTHROUGH

Financial Reporting

The top 3 financial reports, and how they're structured.



CFO *on speed dial*

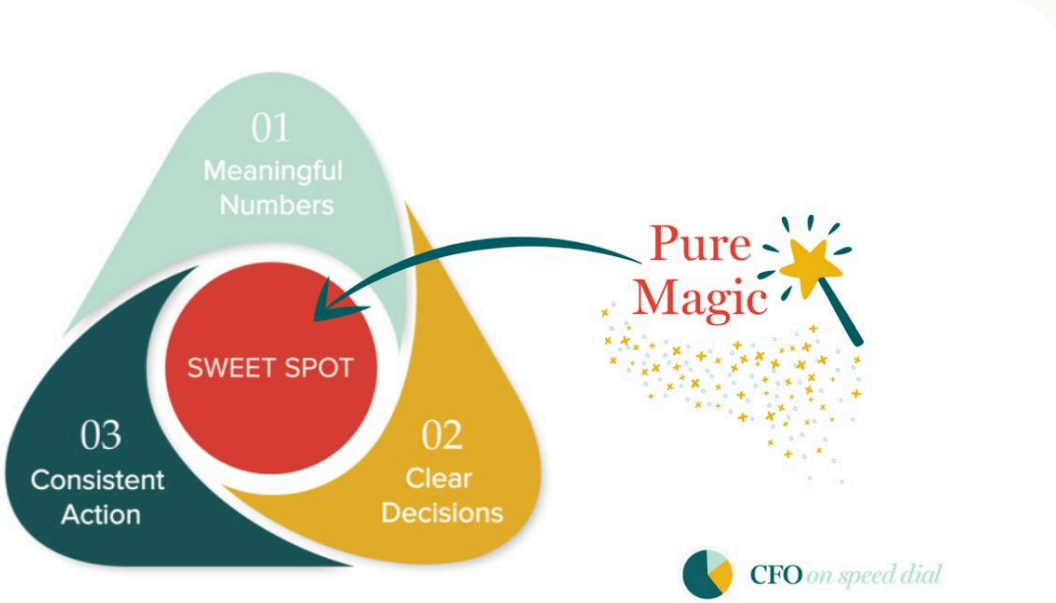
WHERE THIS FITS

Understanding your financial reports is a key part of having Meaningful Numbers

PILLAR 1

Meaningful Numbers

The balance sheet, income statement and cash flows are where those numbers live. Read them well and the decisions get clearer.



ABOUT US

CFO on Speeddial

Three ways to work with us:

Scale-Ready CFO

A CFO on your leadership team.

Scale-Ready Sprints

One focused decision, in 45 to 60 days.

CFO-Led Accounting

Your books: closed and checked on time every month.

ABOUT ME



Christine Rico

Fractional CFO for mission-driven companies and founder of CFO on Speeddial. I've served as CFO to farms, food access groups, CPG brands, bakeries and multi-location cafés.

I help food and farm founders raise capital that fits their mission, without giving up control or taking predatory loans. Past co-chair of Slow Money NYC and member of the Innovative Finance Initiative.

$3,398,000

secured by 17 food and farm businesses in the past 3 years, including $898,000 of debt financing and a $2.5 million USDA grant.

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BEFORE THE REPORTS

Do you trust your numbers?

To be meaningful, your financial reports and bookkeeping must be:

01

Current

Reconcile monthly.

02

Accurate

Review for reasonableness.

03

Organized

Set up your Chart of Accounts to suit your needs.

04

Connected

Tied to your strategy and your purpose. Match it to your budget and financial plan.

PART ONE

Top 3 financial reports

Balance sheet. Income statement. Statement of cash flows.

THE BIG THREE

Three reports, three different questions

BALANCE SHEET

What do we own and owe today?

A snapshot of the cumulative value of a company at a specific moment in time.

INCOME STATEMENT (A.K.A. PROFIT & LOSS)

Did we make money this period?

Summarizes the impact of revenue, expense, gain and loss transactions for a given accounting period: monthly, quarterly or yearly.

STATEMENT OF CASH FLOWS

Where did the cash go?

A detailed picture of how cash flows in and out of a business during a specific period of time.

Balance sheet

A snapshot of the cumulative value of a company at a specific moment in time.

ASSETS

$24,359.79

Bank accounts	$2,924.50
Accounts receivable	$5,281.52
Other current assets	$2,658.77
Fixed assets (truck)	$13,495.00

=

LIABILITIES

$31,895.98

Accounts payable	$1,602.67
Credit cards	$922.37
Other current liabilities	$4,370.94
Long-term (notes payable)	$25,000.00

+

EQUITY

-$7,536.19

Opening balance equity	-$9,337.50
Retained earnings	$0.00
Net income	$1,801.31

Sample company as of August 31, 2023. Assets always equal liabilities plus equity, and the two sides of this page have to tie.

REPORT 2 OF 3

Income statement

Also known as profit & loss

Summarizes the impact of revenue, expense, gain and loss transactions for a given accounting period: monthly, quarterly or yearly.

Sample company, totals through August 2023.

Revenue	$10,200.77
- Cost of goods sold	$405.00
Gross profit	**$9,795.77**
- Operating expense	$5,078.46
Operating profit (EBITDA)	**$4,717.31**
+/- Other income & expense	-$2,916.00
Net profit	**$1,801.31** 17.66% of revenue

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Statement of cash flows

A detailed picture of how cash flows in and out of a business during a specific period of time.

OPERATING ACTIVITIES

$2,819.52

Starts with net income of $1,801.31, then adjusts for receivables, inventory, payables and other balances.

INVESTING ACTIVITIES

-$13,495.00

In this example, the purchase of a truck at its original cost.

FINANCING ACTIVITIES

$15,662.50

Notes payable of $25,000.00, less $9,337.50 of opening balance equity.

Net cash increase for the period

Sample company, January to August 2023. Cash at the end of the period is the same $4,987.02.

$4,987.02

READING ACROSS THE REPORTS

One number, three reports

When the books are current and accurate, the same net income shows up everywhere it should.

INCOME STATEMENT

$1,801.31

The bottom line: net profit.

BALANCE SHEET

$1,801.31

The net income line in the equity section.

STATEMENT OF CASH FLOWS

$1,801.31

The first line under operating activities.

The cash ties out too

Cash at the end of the period on the cash flow statement is $4,987.02. On the balance sheet that's checking ($2,124.50), savings ($800.00) and undeposited funds ($2,062.52).

TOP REPORTS

Honorable mentions

MONEY COMING IN

AR aging summary

Shows who owes you money, and how late they are on their payments.

MONEY GOING OUT

AP aging summary

Shows who you owe money to, and how late you are in your payments.

BEHIND EVERY REPORT

Cash vs. accrual accounting

CASH

Record transactions when they hit your bank

Revenue counts as income when you're paid.

Costs are expensed when you pay the bill.

ACCRUAL

Record transactions when the activity occurs

Revenue counts as income when you provide the service.

Costs are recorded when the activity occurs. Bills are entered with payment terms, then matched to payments.

The sample reports in this deck are on an accrual basis.

PURE MAGIC

Numbers should make decisions easier, not harder.

Meaningful Numbers + Clear Decisions + Consistent Action = the Sweet Spot. That's where the Pure Magic happens.

Let's talk

