



Mastering Financial Reporting: Essential Techniques for SMB Success

Outsourced Accounting Services

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Meet Your Presenters



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Agenda

1. Objectives
2. Financial Reporting Basics
3. Common Audit Schedules
4. Technology Tools and Integrations
5. Month-End Deliverables



1. Objectives

- I. Recognize what a seamless month-end close entails
- II. Describe what technology tools and integrations can assist with your month-end close.
- III. Identify month-end deliverables to aid and provide insight into your decision-making process

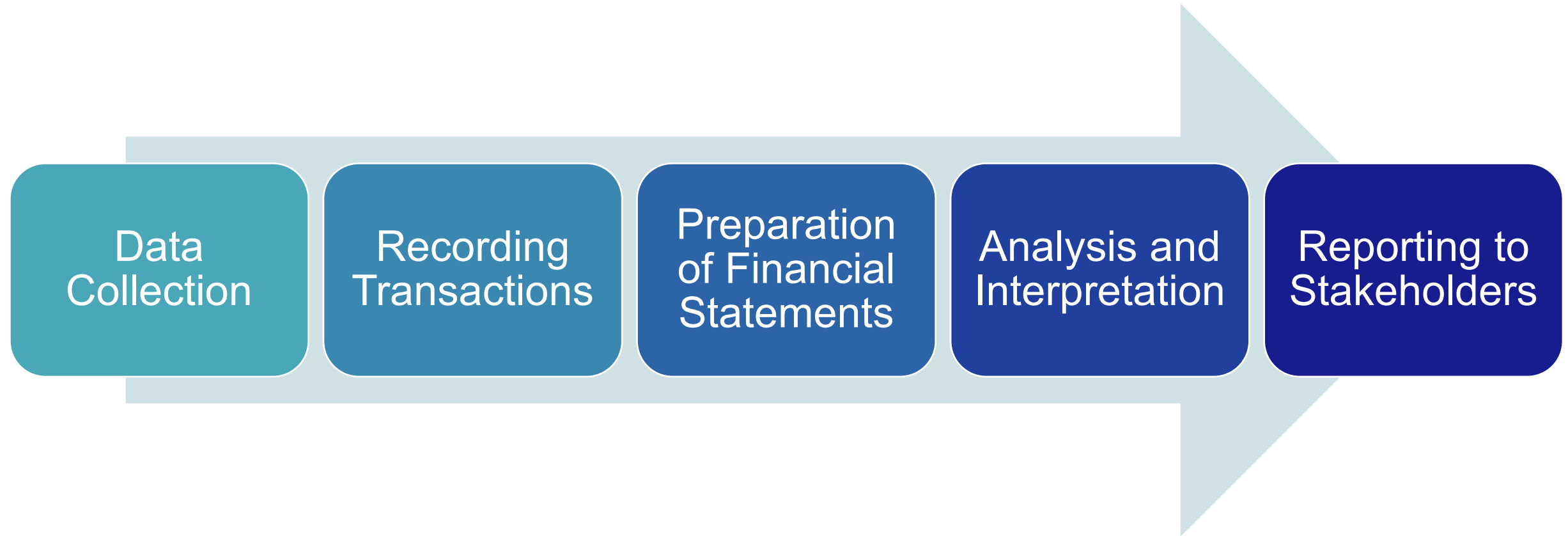


2. Financial Reporting Basics



Financial Reporting Basics

Financial Reporting Process



Financial Reporting Basics

Key Financial Statements



Balance Sheet

Income Statement

Cash Flow Statement

Financial Reporting Basics

Assessing the Balance Sheet

Tool for Managing the Success of Your Business

- The Balance Sheet is key for the following areas:
 - Strategy and planning
 - Determining risk
 - Securing capital
- The Balance Sheet assists users in making informed decisions with accurate data
- It helps determine what the available cash is compared to outstanding obligations
- One can assess the upcoming cash flow activity, *e.g.*, accounts receivable, accounts payable, and loan payments coming due

Financial Reporting Basics

Assets Are the Life of Your Business

Assets are used to generate income and to satisfy outstanding obligations

- Cash – Including cash on hand, undeposited checks, and checking accounts
- Short-term investments – CDs maturing within one year; investments intended to be sold within a year
- Accounts receivable – Amounts due from customers for goods already provided or services previously rendered
- Inventory – Goods on hand available for sale to customers
- Prepaid expenses – An expense paid in advance of the period in which the benefit is received (such as insurance policies)
- Fixed assets – Property, plant, and equipment that will stay with your organization for future use

Financial Reporting Basics

Liabilities & Equity

Liabilities are any obligations your business owes to any other entity.

- Accounts payable – Amounts due to vendors for goods previously provided or services already rendered
- Deferred revenue – Amounts paid by customers in advance for goods not yet provided or services not yet rendered
- Loans – Consisting of amounts due in future years

Owner's equity

- Owner's equity is any remaining claim an owner may have to assets after all liabilities have been satisfied

Financial Reporting Basics

Analyzing the Income Statement

Profit & Loss

- Revenues
- Expenses
- Fixed costs and depreciation
- Trend analysis

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Reconciliations

- $GL\ balance \ +/-\ Reconciling\ Items = Third\text{-}Party\ Statement\ Balance$
- Bank, Investment, Credit Card, AP, AR, Debt Reconciliations

Rollforwards

- $Beginning\ Balance + Additions - Reductions = Ending\ Balance$
- Prepaid Expenses, Fixed Assets

Recalculations

- Testing reasonableness of a balance
- Payroll, Revenue

Subledgers

- Detailed subdivision of asset or liability
- AR, AP

Variance Analysis

- Comparison of current and prior period or expected balance (budget)

4. Technology Tools & Integrations



Technology Tools & Integration

Technological Solutions for SMBs



Future Trends


- AI and Machine Learning
- Cloud-Based Software and Tools
- Robotic Process Automation
- Blockchain Technology
- Predictive Analytics and Forecasting
- Focus on Cybersecurity



5. Month-End Deliverables



Common Month-End Deliverables



Key Performance Indicators (KPI)	<ul style="list-style-type: none">• Benchmarking, aid in decision making
Balance Sheet	<ul style="list-style-type: none">• Snapshot of financial health
Income Statement	<ul style="list-style-type: none">• Understanding revenue and expenses
Cash Flow Statement	<ul style="list-style-type: none">• Cash inflows and outflows

Best Practices for Month-End Close

- ✓ Consistency and Standardization
- ✓ Timeliness
- ✓ Accuracy and Completeness
- ✓ Continuous Improvement

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Questions

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