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# Building a Strong Financial Foundation

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# Today's Presenters



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# AGENDA

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Financial Clarity Overview

Foundational Elements

Operational Accounting  
Foundation

Profit Vs Cash Flow

Warning Signs and Actions





# SESSION CPE REQUIREMENTS

You need to attend 50 minutes  
to receive the full 1 CPE credit.

There will be 4 polling questions  
throughout the presentation.  
You must respond to a  
minimum of 3 to receive the full  
1 CPE credit.

**\*\*Both requirements must be  
met to receive CPE credit\*\***





# LEARNING OBJECTIVES

Describe the foundational elements needed to bring financial clarity in an organization.

Identify the characteristics of a strong operational accounting foundation, including core processes and controls that support accurate reporting.

Identify the differences between profit and cash flow and explain common misunderstandings leaders have when interpreting each.

Recognize key warning signs that indicate underlying finance and accounting issues may be constraining profitability and growth.



# POLLING QUESTION 1

How *confident* are you in your financial reporting?

- A. Very confident – *our financials are so solid they could probably pass an audit in their sleep.*
- B. Somewhat confident – *we trust our numbers...but we still double-check like it's a group project.*
- C. Not very confident – *the numbers exist, but we're not always sure how they got there.*
- D. Not confident – *at this point, the financials feel more like a mystery novel than a report.*





# Financial Clarity Overview



# Financial Clarity Defined



Structured  
financial data



Reliable processes



Actionable insights



Supports  
decision making





# Foundational Elements



# Core Elements

- Clean and structured data
- Consistent monthly processes
- Timely reporting
- Relevant insights





# Clean Data

## Organized chart of accounts

Group accounts logically so financial statements are easy to read and compare period over period

## Consistent coding

When every team member categorizes transactions the same way, your data stays reliable

Not matched to budget, but to correct account

## Accurate transactions

Catching errors at the point of entry prevents costly corrections and restatements later

## Avoid unnecessary complexity

More accounts and categories do not mean better data; simplicity drives usability





# Consistent Processes

Repeatable  
monthly close

A standardized checklist ensures nothing gets missed and the close runs smoothly each period

Documented  
workflows

Written procedures protect your business when team members are out or transition to new roles

Defined  
ownership

When everyone knows who is responsible for each task, handoffs happen cleanly and deadlines are met

Reduced  
variability

Consistency in your process leads to consistency in your numbers, making trends easier to identify





# Timely Reporting

## Short close cycle

Aim to close your books within 10 to 15 business days so stakeholders are working with current data

Think outside the box,  
“What could make this faster”

## Faster decision making

When financials arrive weeks late, the decisions they should have informed have already been made

## Current insight vs history

Real-time visibility into performance lets you course-correct before small issues become big ones

## Leadership visibility

Executives and board members gain confidence when they receive consistent, on-time financial updates





# Relevant Insights

## Tailored reporting

Different stakeholders need different views; customize reports for operations, leadership, and the board

## Focus on key metrics

Identify 3 to 5 KPIs that drive your business and track them consistently each month

What is the most important thing your business does?

## Aligned with decisions

Every report should connect to a specific business question or decision point

Track against “the plan” aka budget

## Reduce noise

Eliminate data that no one acts on; excessive detail buries the insights that matter



# Example: *Simplification*



Excess accounts create confusion



Streamlined structure improves clarity



Faster close and reporting



Better decision support



# Operational Accounting Foundation



# Operational Accounting Foundation

- Supports accurate reporting
- Enables consistency
- Reduces risk
- Builds confidence





# Core Processes

## Monthly close discipline

Establish a firm close calendar with clear deadlines for journal entries, reviews, and approvals

## Revenue recognition (GAAP)

Record revenue when it is earned, not just when cash arrives, to reflect true business performance

## Expense cutoff (GAAP)

Confirm expenses land in the correct period so monthly comparisons remain meaningful

## Standard workflows

Documented step-by-step procedures keep the team aligned and the process running efficiently



# Controls



Approvals



Reconciliations



Segregation  
of duties





# Data Flow

## Timely inputs

When source data arrives on schedule, the close process stays on track without last-minute scrambles

## Clear ownership

Assign each data input to a specific person so there is no ambiguity about who delivers what and when

## Reduced chasing

Proactive handoff deadlines eliminate the time finance spends following up with other departments

## Efficient handoffs

Standardized formats and delivery methods speed up the flow of data from operations to accounting



# Example: *Close Improvement*



Long close cycles create delays



Checklist and ownership



Reduced close timeline



Improved reliability



“Perfection is the enemy of good”



# POLLING QUESTION 2

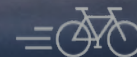
How do you *monitor* performance?

- A. Profit – the "bottom line"
- B. Cash balances – what's in the bank
- C. Both
- D. Neither





# Profit Vs Cash Flow



# Profit Vs Cash Flow

- Profit = performance
- Cash = survival
- Both are needed
- May not move together



# Financial Clarity Defined



Profit means  
cash health



Growth  
drives cash



Overlooking  
working capital



Ignoring timing  
differences



# Key Cash Flow Drivers

## Accounts receivable

The longer customers take to pay, the more cash is tied up and unavailable for operations

## Inventory levels

Excess inventory locks up capital that could be deployed for growth or covering obligations

## Payables timing

Strategically managing when you pay vendors preserves cash without damaging supplier relationships

## Capital investments

Large purchases of equipment or technology create significant cash outflows even when depreciated over time

## Debt

Loan repayments reduce available cash even though principal payments do not appear on the income statement



# Example: *Close Improvement*



Revenue growth increases receivables



Cash declines despite profit



Liquidity pressure



Planning is key



# In Summary

***Profit*** tells you if your business works

It measures whether your revenue model, pricing, and cost structure are sustainable

***Cash*** tells you if your business survives

It determines whether you can meet obligations, invest, and weather unexpected downturns



# POLLING QUESTION 3

What is your *biggest* challenge today?

- A. Reporting delays – *The numbers are right – they just occasionally arrive on their own schedule.*
- B. Accuracy of financial data – *We trust the story the numbers tell - sometimes we fine tune the details.*
- C. Cash availability – *The plan works well – timing, on the other hand, likes to keep things interesting.*
- D. Insight – *We have the data – turning it into fast, confident decisions is the next step.*





# Warning Signs and Actions





# Warning Signs: *Symptoms*

## Delayed reporting

- If financials consistently arrive late, the data driving your decisions is already outdated

## Inconsistent results

- Wide swings between periods that cannot be explained signal underlying process or data issues

## Frequent adjustments

- Regularly correcting prior period entries indicates errors are being caught too late

## Limited insight

- When reports only show what happened but not why, leadership cannot take meaningful corrective action





# Warning Signs: *Root Causes*



## Finance chasing data

- If the accounting team spends more time collecting information than analyzing it, the process is broken



## Repeated rework

- Redoing reconciliations or re-posting entries wastes time and erodes confidence in the output



## Late approvals

- When budget owners delay sign-off, the entire close process backs up and reporting slips

## Communication gaps

- Misalignment between departments leads to missing data, incorrect assumptions, and surprises in the financials





# Warning Signs: *Results*

## Declining cash

- A steady downward trend in cash balances is often the first visible sign of deeper operational issues

## Unclear profitability drivers

- If you cannot explain why profit went up or down, you cannot replicate success or prevent losses

## Revenue concentration

- Relying too heavily on one or two clients or products creates fragility in your financial model

## Unexpected results

- Surprises in your financials typically mean the monitoring and forecasting processes need strengthening



# Example: *Delayed Reporting*



Delayed financials



Reactive decisions



Reduced confidence



Improved with process discipline





# POLLING QUESTION 4

I'd like to *talk* to someone at CLA about:

- A. Tracking cash flow
- B. Managing billing, payroll, or monthly close
- C. Producing reliable, timely financial records and reporting
- D. Other
- E. Nothing at this time



# Key Takeaways

- Financial clarity is a system
- Sound processes drive reliability
- Profit and cash both matter
- Early signals prevent risk



# Next Steps



Evaluate close  
process



Track profit  
and cash



Fix one  
friction point



Improve  
reporting clarity



# Wise Words

*“Complexity is your enemy. Any fool can make something complicated.”*

-Richard Branson

*“Simplicity is the ultimate sophistication.”*

-Leonardo da Vinci\*



*Thank you!*

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