



# Navigating the Financial Landscape: Banking Services, Cash Flow, and Capital Access for Small Businesses

An overview of banking services, cash flow management, and capital access strategies for small businesses.

# Our Panelists



Clara Pratte  
CEO,  
Strongbow Strategies



Nate Lee,  
VP Bank of America  
Commercial Banking



Chris Long, CPA  
Certified Public  
Accountant

# Key Takeaways



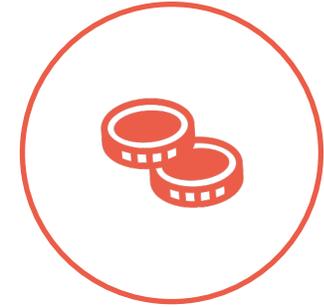
## Understanding Banking Services

Learn about the different banking services available, such as checking accounts, savings accounts, business loans, and merchant services, and how to select the right products for your small business.



## Effective Cash Flow Management

Develop strategies to maintain a healthy cash flow, including invoicing and collections, expense tracking, and budgeting, to ensure the financial stability of your small business.



## Accessing Capital for Growth

Explore various financing options, such as small business loans, lines of credit, and alternative financing, to secure the capital needed to expand your small business and fund new initiatives.

By understanding the key banking services, cash flow management techniques, and capital access options, small business owners can navigate the financial landscape more effectively and position their businesses for long-term success.

# Nate Lee

Vice President and Sr. Relationship Manager, Commercial Banking



Nate Lee, Diné (Navajo) tribal member from Fort Defiance, AZ with more than 18 years of financial work experience, Nate has served as a commercial banking profession in financial services companies that include BOK Financial, Rabobank, Wells Fargo, and MetLife Investments.

He earned his B.A. in Finance from the Fort Lewis College in Durango, Colorado and a M.S. degree in Agricultural Economics from New Mexico State University. He is a past recipient of the respected Chief Manuelito Scholarship and Native Forward fellowship.

Nate remains active in the Albuquerque community as a volunteer for Junior Achievement of NM, a board member of Explora Science Center & Childrens Museum, and the American Indian Chamber of Commerce of New Mexico.



# Introduction to Banking Services



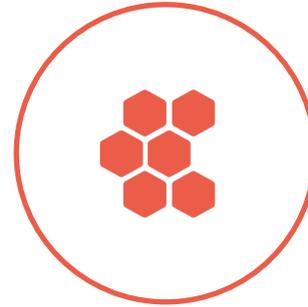
## Business Checking Accounts

Explore the various checking account options designed for small businesses, including features like low minimum balances, no monthly fees, and online banking.



## Business Savings Accounts

Discover savings account options that allow small businesses to earn interest on their cash reserves and build financial resilience.



## Small Business Loans

Understand the different loan products available for small businesses, such as term loans, lines of credit, and SBA-backed loans, to finance growth and expansion.



## Merchant Services

Explore the payment processing solutions that enable small businesses to accept credit and debit card payments, including point-of-sale systems and online payment gateways.

By understanding the range of banking services available, small business owners can make informed decisions to manage their finances, access capital, and grow their operations.

# Introduction to Accounting

- Definition of Accounting

Accounting is the systematic process of recording, analyzing, and interpreting financial transactions to provide information for decision-making.

- Purpose of Accounting

The primary purpose of accounting is to provide financial information to internal and external stakeholders, such as managers, investors, and regulatory authorities.

- Key Principles of Accounting

Accounting is guided by fundamental principles, including the accrual basis, double-entry bookkeeping, and the matching principle.

- Financial Statements

The main financial statements in accounting are the balance sheet, income statement, cash flow statement, and statement of changes in equity.

- Importance of Accounting in Business

Accounting provides crucial information for managing a business, tracking performance, and making informed decisions.

# Financial Statements

- Balance Sheet

Provides a snapshot of a company's assets, liabilities, and equity at a specific point in time, allowing you to understand the financial health and position of the business.

- Income Statement

Tracks a company's revenues, expenses, and profitability over a specific period, typically a month, quarter, or year, enabling you to assess the company's financial performance and profitability.

- Cash Flow Statement

Outlines the movement of cash in and out of a business, including cash from operating activities, investing activities, and financing activities, helping you understand the company's ability to generate and use cash.

# Accounting Cycle

Recognize and record all the financial events that occur within a business, such as sales, purchases, payments, and receipts.

Examine each transaction and determine which accounts are affected, then categorize the transaction into appropriate account types, such as assets, liabilities, equity, revenue, or expenses.

Document each transaction in the general journal, which is a chronological record of all financial activities, including the date, account names, and corresponding debit and credit amounts.

Transfer the journal entries from the general journal to the appropriate accounts in the general ledger, which is the central repository of all account balances.

Identify Transactions

Analyze and Classify Transactions

Record Transactions in the General Journal

Post Transactions to the General Ledger

Prepare a Trial Balance

Make Adjusting Entries

Prepare Financial Statements

Close the Books

Generate a trial balance, which is a list of all the account balances in the general ledger, to ensure that the total debits equal the total credits, indicating the accounting records are in balance.

Review the account balances and make any necessary adjusting entries to ensure the financial statements accurately reflect the business's financial position and performance at the end of the accounting period.

Generate the primary financial statements, including the income statement, balance sheet, and statement of cash flows, based on the adjusted account balances.

Record the closing entries to transfer the temporary account balances (revenue, expenses, gains, and losses) to the permanent equity accounts, preparing the accounts for the next accounting period.

# Accounting Principles

## Accrual Basis

Financial transactions are recorded when they occur, regardless of when cash is received or paid.

## Matching Principle

Expenses are recognized in the same period as the related revenue they helped generate.

## Going Concern

The assumption that a business will continue to operate for the foreseeable future.

## Historical Cost

Assets are recorded at their original purchase price, not their current market value.

## Materiality

Only transactions and events that could significantly influence a user's decisions are reported.

# Budgeting and Forecasting

## ● Budgeting

Establishing financial goals and allocating resources to achieve them

## ● Profit Planning

Estimating and managing expected revenues, expenses, and profitability

## ● Variance Analysis

Identifying and explaining deviations between budgeted and actual financial results

## ● Resource Allocation

Prioritizing and distributing financial resources to optimize business operations

## ● Forecasting

Predicting future financial performance based on historical data and market trends

## ● Cash Flow Analysis

Projecting and managing the timing of cash inflows and outflows

## ● Scenario Planning

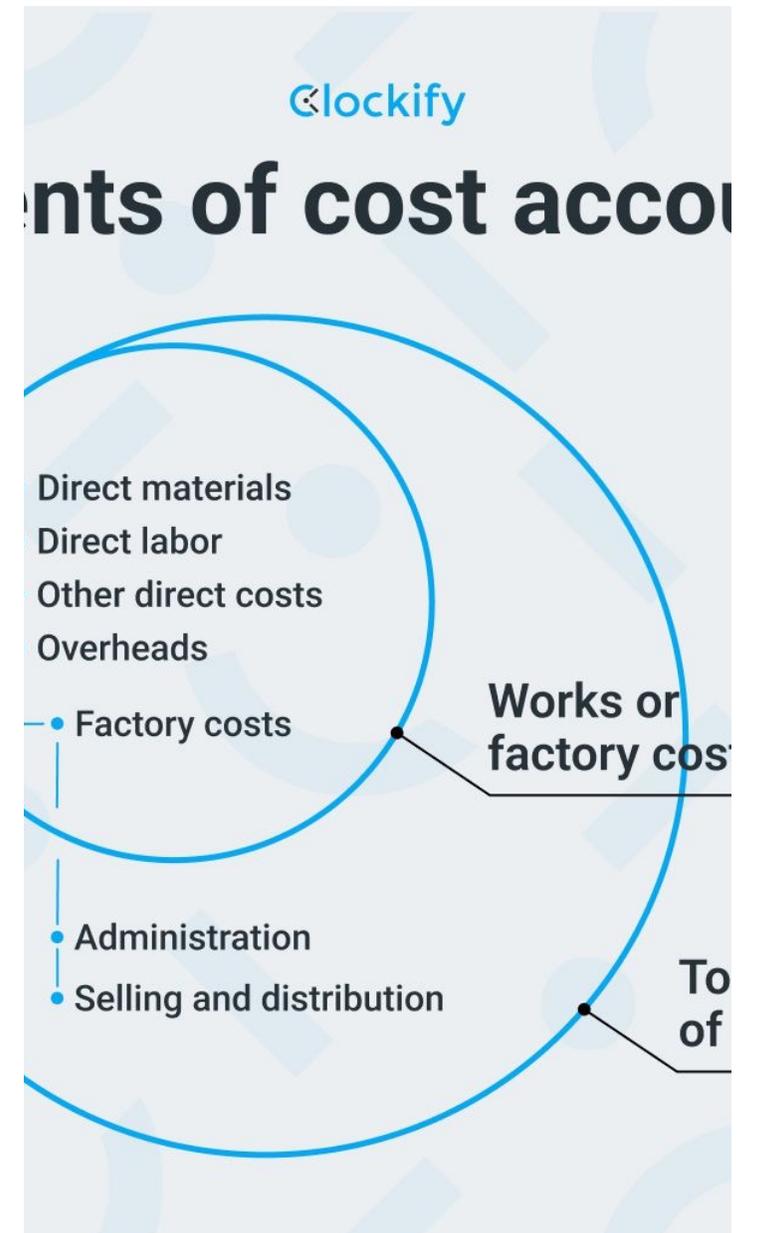
Evaluating the impact of different economic conditions and business strategies

## ● Performance Monitoring

Tracking and measuring the effectiveness of budgeting and forecasting processes

# Cost Accounting

Cost accounting is a crucial aspect of business management, providing organizations with a comprehensive understanding of their costs and enabling them to make informed decisions to optimize their financial performance. It involves the systematic analysis and allocation of various costs, including direct materials, direct labor, and overhead expenses, to determine the true cost of producing goods or providing services.



# Taxation and Compliance

- Importance of Tax Compliance

Adhering to tax laws and regulations is crucial for businesses to avoid penalties, fines, and legal issues.

- Understanding Tax Obligations

Businesses must understand their tax obligations, including income tax, sales tax, payroll tax, and other relevant taxes.

- Accurate Record-Keeping

Maintaining accurate and detailed financial records is essential for proper tax reporting and compliance.

- Timely Tax Filing

Submitting tax returns and payments on time is critical to avoid penalties and interest charges.

- Tax Planning and Optimization

Businesses should consider tax planning strategies to minimize their tax liabilities while remaining compliant.

# Introduction to Financial Statements



## Balance Sheet

A snapshot of a company's assets, liabilities, and equity at a specific point in time, providing a view of the overall financial position.



## Income Statement

A report that shows a company's revenue, expenses, and net income (or loss) over a period of time, typically a year or quarter.



## Cash Flow Statement

A statement that tracks the inflows and outflows of cash, providing insight into a company's ability to generate and use cash from operating, investing, and financing activities.

Understanding these three core financial statements is essential for analyzing a company's financial health and making informed business decisions.

# Balance Sheet : What is it and example

Current Assets	Current Liabilities
Cash: \$50,000	Accounts Payable: \$20,000
Accounts Receivable: \$75,000	Accrued Expenses: \$10,000

# Income Statement

## ● Revenue

Total income generated from selling products or services during the period.

## ● Net Income

The difference between total revenue and total expenses, representing the company's profitability for the period.

## ● Operating Income

The profit generated from the company's core business activities, excluding non-operating income and expenses.

## ● Expenses

All costs incurred in operating the business, including cost of goods sold, operating expenses, and other expenses.

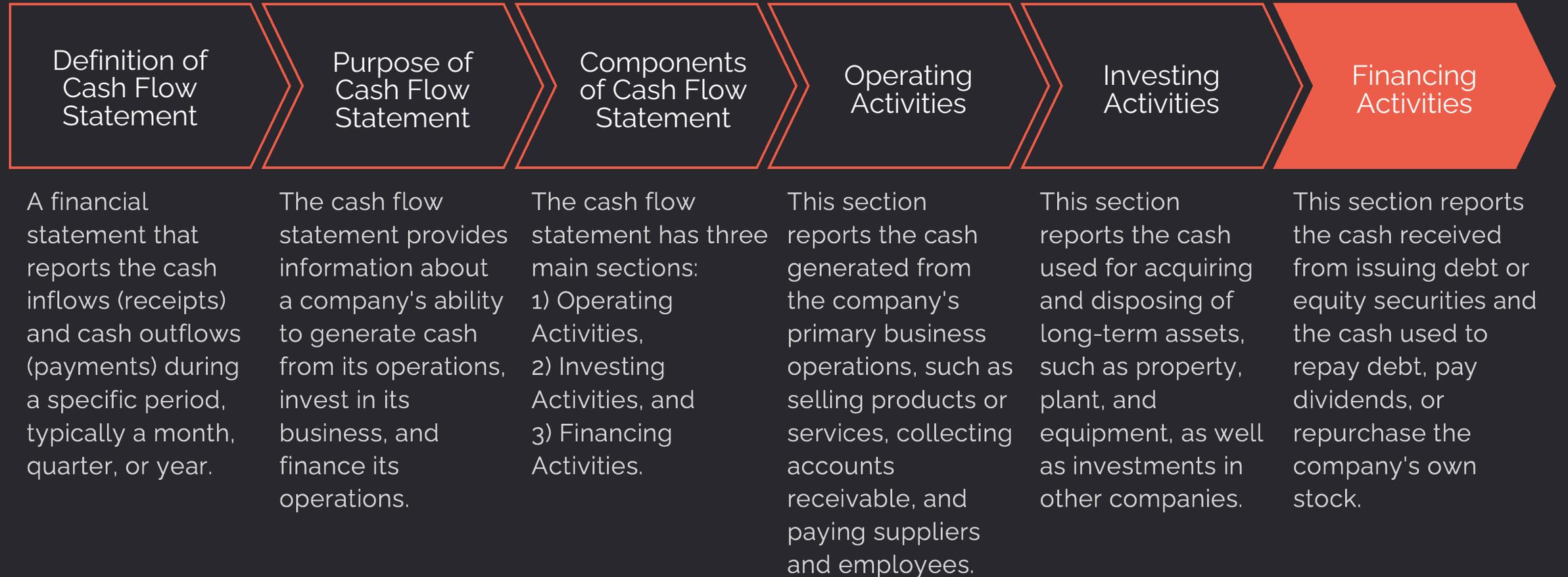
## ● Gross Profit

The revenue remaining after deducting the cost of goods sold, representing the profit before operating expenses.

## ● Non-Operating Income/Expenses

Income and expenses that are not directly related to the company's primary business operations, such as interest, investments, and one-time events.

# Cash Flow Statement



# Importance of Financial Statements

- **Evaluating Financial Performance**

Financial statements provide businesses with a clear picture of their financial standing, including their profitability, liquidity, and solvency. This information helps them identify areas of strength and weakness, allowing them to make informed decisions about how to improve their operations.

- **Budgeting and Forecasting**

By analyzing past financial statements, businesses can create accurate budgets and forecasts, which are essential for planning and allocating resources effectively. This helps them anticipate and prepare for future financial challenges and opportunities.

- **Identifying Trends**

Financial statements reveal trends in a business's financial performance over time, such as changes in revenue, expenses, and cash flow. This information can be used to identify areas of growth or decline, and to make strategic decisions about the direction of the business.

- **Securing Funding**

Potential lenders and investors rely heavily on a business's financial statements to assess its creditworthiness and investment potential. Strong financial statements can help a business obtain the funding it needs to expand, invest in new projects, or weather economic downturns.

- **Compliance and Reporting**

Financial statements are necessary for meeting legal and regulatory requirements, such as tax filings and financial reporting. Accurate and well-documented financial statements help ensure a business remains in compliance with relevant laws and regulations.

# Analyzing Financial Statements

Financial Ratio	Description
Current Ratio	Measures a company's ability to pay short-term obligations. Calculated as current assets divided by current liabilities.
Debt-to-Equity Ratio	Measures a company's financial leverage. Calculated as total debt divided by total equity.
Profit Margin	Measures a company's net income as a percentage of its revenue. Calculated as net income divided by revenue.

# Managing Cash Flow and what is Cash Flow?



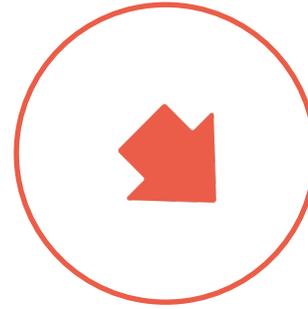
## Definition

Cash flow refers to the net amount of cash and cash-equivalents moving into and out of a business over a given period of time.



## Incoming Cash

Incoming cash includes revenue from sales, investments, loans, and other sources that increase the overall cash balance.



## Outgoing Cash

Outgoing cash includes expenses, payments, and other outflows that decrease the overall cash balance.



## Net Cash Flow

Net cash flow is the difference between incoming and outgoing cash, which indicates the overall change in a business's cash position.

Understanding cash flow is crucial for managing a business's financial health, planning for future investments, and ensuring sufficient liquidity to meet obligations.

# Importance of Cash Flow Management



Cash flow refers to the movement of money in and out of a business, including incoming revenue and outgoing expenses. Effective cash flow management involves tracking and controlling these financial inflows and outflows to ensure the business maintains a positive cash balance.

Proper cash flow management helps businesses maintain operational stability by ensuring they have sufficient funds to cover day-to-day expenses, such as payroll, rent, and supplier payments. This prevents disruptions to business operations and ensures the company can continue to function effectively.

With a solid cash flow, businesses can invest in growth opportunities, such as expanding product lines, opening new locations, or investing in research and development. Effective cash flow management allows companies to capitalize on these strategic initiatives and drive long-term success.

Effective cash flow management helps businesses mitigate financial risks, such as unexpected expenses or economic downturns. By maintaining a healthy cash balance, companies can better weather these challenges and remain financially stable during periods of uncertainty.

Detailed cash flow analysis provides valuable insights that inform better business decisions. By understanding the company's cash flow patterns and trends, managers can make more informed choices about investments, spending, and overall financial strategy.

# Components of Cash Flow

- **Operating Activities**

These are cash flows related to the core business operations, such as cash receipts from sales, cash payments to suppliers, employee wages, and other routine business expenses.

- **Investing Activities**

These are cash flows related to the acquisition or disposal of long-term assets, such as purchasing or selling property, plant, and equipment, or making investments in securities.

- **Financing Activities**

These are cash flows related to the acquisition or repayment of capital, such as issuing or repaying loans, raising equity through the sale of stock, or paying dividends to shareholders.

# Cash Flow Statement

The cash flow statement provides a comprehensive overview of a company's cash inflows and outflows during a specific period, typically a quarter or a year. It serves as a crucial tool for understanding the company's liquidity and ability to generate and utilize cash, which is essential for effective business cash flow management.

# Cash Flow Forecasting

- Understand Business Cycles

Analyze historical cash flow patterns to identify seasonal fluctuations and predictable cash flow cycles.

- Identify Potential Risks

Anticipate potential cash flow disruptions, such as late payments, unexpected expenses, or changes in customer demand, and incorporate them into the forecasting model.

- Monitor and Adjust Regularly

Continuously monitor the cash flow forecast, compare it to actual results, and make adjustments as needed to ensure the accuracy and relevance of the projections.

- Gather Accurate Data

Collect and consolidate data from various sources, such as invoices, bank statements, and financial reports, to ensure the forecasting is based on reliable information.

- Develop Flexible Forecasting Models

Create cash flow forecasting models that can adapt to changing business conditions and allow for scenario planning and sensitivity analysis.

# Strategies for Improving Cash Flow

## Accelerate Collections

Implement early payment incentives, send invoices promptly, and follow up on overdue accounts to get paid faster.

## Delay Payments

Take advantage of vendor payment terms by paying bills as close to the due date as possible, while maintaining good relationships with suppliers.

## Manage Inventory Effectively

Optimize inventory levels to minimize capital tied up in stock, and consider just-in-time ordering to reduce carrying costs.

## Negotiate Better Terms

Renegotiate with suppliers for more favorable payment terms, such as longer net payment periods or discounts for early payments.

## Offer Customer Discounts

Provide early payment discounts to incentivize customers to pay invoices quickly, improving your cash flow.

# Financial Statement Preparation

## Gather Financial Data

Collect all relevant financial information, including transactions, invoices, bank statements, and other records.

## Classify and Record Transactions

Categorize each financial transaction according to the appropriate accounts, such as revenue, expenses, assets, liabilities, and equity.

## Prepare Financial Statements

Generate the primary financial statements, including the Balance Sheet, Income Statement, and Statement of Cash Flows.

## Review and Reconcile Accounts

Verify the accuracy of the financial data by reconciling accounts and ensuring all transactions are properly recorded.

## Analyze Financial Performance

Evaluate the financial statements to assess the company's financial health, identify trends, and make informed business decisions.

## Ensure Compliance

Ensure the financial statements comply with relevant accounting standards, regulations, and laws.

# Regulatory Requirements

Accounting Standards Compliance

GAAP (Generally Accepted Accounting Principles)  
Adherence

Financial Reporting  
Regulations

Auditing Standards Compliance

# Accounting Standards & Compliance

## GAAP and IFRS

Understanding the Generally Accepted Accounting Principles (GAAP) and the International Financial Reporting Standards (IFRS) and how they apply to your small business.

## Tax Regulations

Staying up-to-date with federal, state, and local tax regulations to ensure accurate reporting and compliance.

## Financial Reporting

Preparing and presenting accurate financial statements, including balance sheets, income statements, and cash flow statements, to comply with regulatory requirements.

## Auditing and Recordkeeping

Implementing robust recordkeeping practices and preparing for potential audits to demonstrate financial accountability and transparency.

## Compliance Frameworks

Adopting relevant compliance frameworks, such as Sarbanes-Oxley or industry-specific regulations, to ensure comprehensive financial management and control.

# GAAP



## Generally Accepted Accounting Principles (GAAP)

A set of standardized accounting rules and guidelines that provide a common framework for financial reporting across businesses.



## Financial Statement Preparation

GAAP outlines the required format and content of financial statements, such as the balance sheet, income statement, and cash flow statement.



## Asset and Liability Recognition

GAAP defines how to recognize, measure, and disclose assets, liabilities, revenues, and expenses on a company's financial statements.



## Consistency and Comparability

GAAP ensures that financial information is presented in a consistent manner, allowing for meaningful comparisons across companies and time periods.

Understanding and adhering to GAAP is crucial for small businesses to produce accurate and reliable financial information, which is essential for securing banking services, managing cash flow, and accessing capital.

# Access to Capital

- Traditional Bank Loans

Secured and unsecured loans offered by commercial banks, with varying interest rates, repayment terms, and collateral requirements based on the lender's assessment of the business's creditworthiness and financial standing.

- Government Programs

Federal, state, and local government-backed financing options, such as the SBA's loan guarantee programs, economic development grants, and tax incentives, designed to support small business growth and expansion.

- Venture Capital

Equity investments made by venture capital firms in high-growth potential startups and small businesses, in exchange for an ownership stake, with the expectation of significant financial returns.

- Angel Investors

Affluent individuals who provide early-stage capital to entrepreneurs and small businesses, often in exchange for equity or convertible debt, and offer mentorship and strategic advice.

- Crowdfunding Platforms

Online platforms that enable small businesses to raise funds from a large number of individual backers, either through rewards-based, equity-based, or donation-based crowdfunding campaigns.

# Key Takeaways



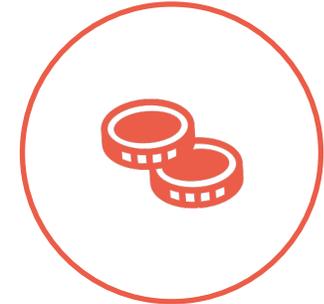
## Understanding Banking Services

Learn about the different banking services available, such as checking accounts, savings accounts, business loans, and merchant services, and how to select the right products for your small business.



## Effective Cash Flow Management

Develop strategies to maintain a healthy cash flow, including invoicing and collections, expense tracking, and budgeting, to ensure the financial stability of your small business.



## Accessing Capital for Growth

Explore various financing options, such as small business loans, lines of credit, and alternative financing, to secure the capital needed to expand your small business and fund new initiatives.

By understanding the key banking services, cash flow management techniques, and capital access options, small business owners can navigate the financial landscape more effectively and position their businesses for long-term success.