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# Get a Financial Health Checkup

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## Why Good Financial Statements Matter

Duane Griffith  
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# Plan/Approach For Today

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- Learn the **WHY**, Not the **How** of financial analysis
- Use RDFinancial to gain an understanding of:
  - **Business's** financial position & performance
  - Interaction among financial statements
  - Financial interaction/impact the family structure has on the business
  - Measure the possible impacts different types of **risk** have on the financial health of the business

# Are You a Risk Taker????



**Production**

**Financial**

**Marketing**

**Institutional**

**Human Resource**

# Do You Take Unnecessary Risks??





# What Should We Measure???

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- Business **Position**
- Business **Performance**
- What is our tape measure?



# Complete Financials Required


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- Beginning and Ending Balance Sheets
- Cash Flow Statement
  - Statement of Cash Flows
- **Accrual Adjusted** Income Statement
- Statement of Owner Equity (SOE)
  
- This set of statements allows reconciliation of the financial statements.

# Just Like Balancing a Check Book

- Beginning Cash Balance
- + Inflows
- - Outflows
- = Ending Cash Balance

These are  
Linked



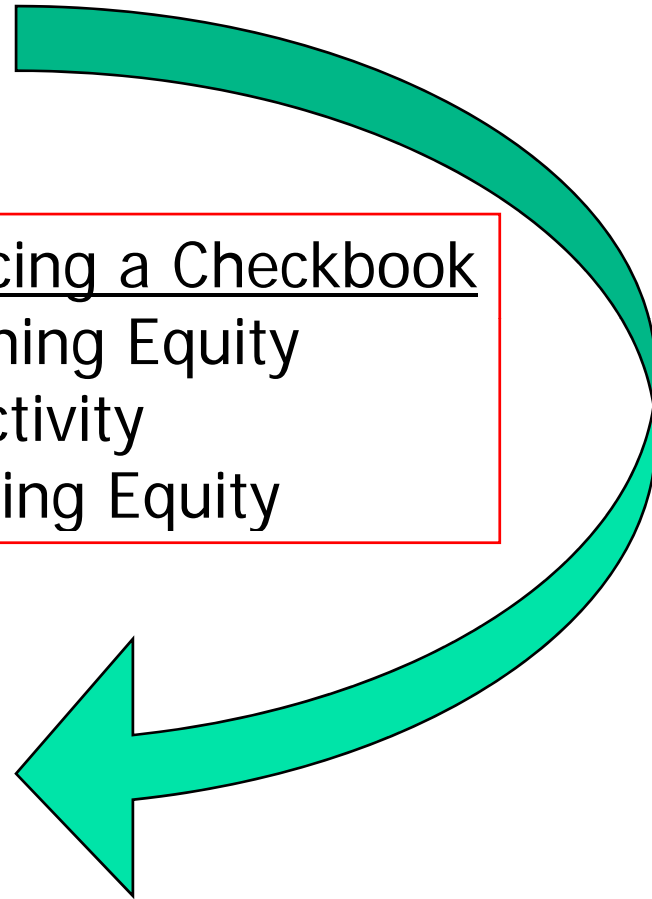
- Business **position and performance** are measured the same way with a complete set of financial statements



# Statement of Owner Equity

- Beginning Owner Equity
- + Net Income
- - Withdrawals
- + Contributions
- - Distributions
- +/- Change in Valuation
- = Ending Owner Equity

Balancing a Checkbook  
Beginning Equity  
+/- Activity  
= Ending Equity



# Need to Worry About the Details

Like Swatting a  
Beehive With a  
Broom

**But Not Today**



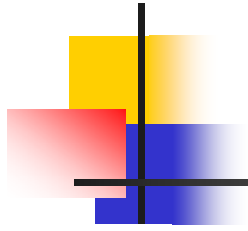


## Topics Examined With RDFinancial

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- Owner Withdrawals
- Non-Business Inflows
- Money Trees
- Government Payments
- Capital Asset Purchase
- Cost of Production
- Asset revaluation
- Debt Load and Structure
- Non-cash Expense
- Non-Cash Income
- Contributed Capital
- Distributed Capital
- Cash Management
- Swap Credit for Cash
- Enterprise Mix
- Using Ratios
- Credit Scoring





# Must Measure A Business's Financial Position & Performance



Would you try  
to build a house  
without a tape  
measure?

Financial  
Statements are  
our tape measure.


If you can't  
measure it, you  
can't manage it!!



# Today's Take Home Message

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- **Must be profitable**
- Must be able to generate Net Worth internally
- Manage ALL types of risk



# How to Get There -- Two Approaches

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- Many financial analysis programs are available
  - FinPack
  - AgPlan
  - IFFS
  - Fast Tools
  - Others
- Record Keeping Systems
  - Day-to-day implementation





## Parting Comment

Do not risk the future of your operation (family and business) with frustration over preparing detailed financial statements.

**Just do it!**