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CERTIFIED PUBLIC ACCOUNTANTS

**Do a Financial Review Mid-Year** August 2019

Before you get involved with other things this late summer, schedule a mid-year checkup. Not a height/weight/blood pressure checkup, but rather an income statement/balance sheet/cash flow checkup — a review of your business’s financial operating fundamentals.

If you review your vital financial information only at year-end, you may not know there’s a problem until it’s too late. The more often you take your company’s “pulse,” the sooner you’ll be able to notice — and react to — changes in your business situation.

**Check Your Vital Signs** Start with the operating fundamentals. What’s the status of accounts payable? When’s the last time you ran an aging report for accounts receivable? How long are your A/R outstanding? What is your profit margin?

These numbers are critical to running your business. You can’t make accurate decisions if your figures are old. By keeping track of key financial ratios, you can more readily spot trends that should be addressed sooner rather than later. An appropriate attorney should verify that the language of your A/R agreements and invoices protects you in case of slow or non-payers.

**Monitor Your Budget** Next, check your spending. If overspending is a problem, creating a comprehensive budget that establishes realistic guidelines is an effective remedy. Make sure you have a budgeted amount for every expense on your operating statement. Then compare actual spending to budgeted amounts on a regular basis.

Certain expenses should be reviewed by a specialist to reduce expenses and verify adequate services. For example, business insurance should be reviewed with an insurance agent, bank and credit card charges with your banker, telephone expense with a communications expert.

**Reduce Your Debt** Avoid the temptation to take out your profits in good years. Instead, consider reinvesting some of those earnings in the business. Using retained earnings instead of debt to capitalize your business saves money — and provides a safety net to help you through periods of slower sales or unexpected expenses. Review your cash flow and investments with your investment adviser. A healthy debt-to-equity ratio will also look great when it’s time to borrow money or sell your business.

**See a Specialist** Now is the time to consult with your financial advisors to build and maintain a healthy business. We work with many competent insurance agents, investment advisers and attorneys who can review your operations. Let us know how we can help you.

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**Welcome to 2016!**