

***THE POWER OF PERFORMANCE***  
**51<sup>TH</sup> ANNUAL CONFERENCE**  
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**Show me the Money**  
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# OBJECTIVES

- Review Types of Financial Statements and Reports
- Review Relevant Ratios
- Financial Evaluation and Capacity Review
- Tips for Negotiations



# Financial Statements – Part 1



# TYPES OF REPORTS

- Unaudited
  - Compilations
  - Reviews
- Audited
  - Audits



# FINANCIAL STATEMENTS

## BALANCE SHEET

- What is a balance sheet?
- Relevance in the financial analysis
- Key sections of the balance sheet
- Notes—Why pay attention to Notes?



# FINANCIAL STATEMENTS

## INCOME/LOSS STATEMENT

- Why is it relevant?
- Components
  - Revenues
  - Expenses
  - Net Income/Loss



# FINANCIAL STATEMENT

## STATEMENT OF RETAINED EARNINGS

- Relevancy
- Connection to balance sheet



# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

- Operating activities, investments, financing activities
- Change in cash





# Financial Analysis – Part 2



# TYPES OF RATIOS

- Liquidity Ratios
- Coverage Ratios
- Leverage Ratios
- Operating Ratios
- Expense to Sales Ratio



# FINANCIAL ANALYSIS

- Establish goal
  - Context of financial health
  - Review relevant portions of the Financial Statements
  - Select and calculate relevant ratios



# EXERCISE

- Review Situation
- Use Cheat Sheet for Exercise
- Prepare Financial Analysis
- Group Presentation



# DISCUSSION

- Team Presentations
  - Explain process
  - Explain why you selected the ratios
  - Indicate results



# THINGS TO CONSIDER

- What to do if a ratio lower than ideal on a service contract
- Can a vendor overcome a weak financial situation?



# PROFESSIONAL OR CONSTRUCTION SERVICES

- A & E
  - Labor; Overhead & Burden Rate; Profit
- Other Professional/Consulting Services
  - Labor Rates vs. Billing Rates



# CONSTRUCTION

- Financial Rating
- Uncompleted Work
- Dollar Value of Pending Contract





# SUPPLIES & WORK SERVICES

- Supplies
  - Inventory; Cash Flow
- Work Services
  - Cash Flow; Equipment



# QUESTIONS

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**Thank You**

