



Supermove

Finance 101 Webinar

Dave Finger – CFO Industry Leader for Transportation and Logistics with CLA

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Icebreaker Question:

- Is a dollar of cost saved the same as a dollar of revenue generated?



Why is accounting important? More specifically, why is the primary product of the accounting function important, i.e. financial statements and underlying data?

- Who are the users of a company's financial statements?
- What are the uses of financial information at a company?
- Why is it important to have accurate and timely prepared financial statements and related information?



Users and Uses of Financial Information

- Owners and / or Investors to value the business and make investment decisions, i.e. buy, sell or investment more into the business
- Management, to guide decisions about operating the business including hiring decisions, vendor selection, service pricing, service lines to pursue, capital investment decisions, i.e. buying or selling tractors and trailers, etc.
- Banks, Equipment Finance Companies and other Creditors
- Government reporting, i.e. taxes and licensing
- Key Performance Indicator (KPI) identification and monitoring to assist owners and management with operating and growing the business



What are the main components to a financial statement?

- Balance Sheet – Shows Assets, Liabilities and Equity
 - $\text{Assets} - \text{Liabilities} = \text{Equity}$
- Income Statement – $\text{Revenues} - \text{Expenses} = \text{Net Income (or Loss)}$
- Cash Flow Statement – Starts with Net Income or Loss and explains what happened to cash during the period
- Statement of Shareholders Equity
- Notes to Financial Statements



Sample – Financial Summary (Q3 21)

Financial Statements

Consolidated Balance Sheets

| | September 30 2021 | December 31 2020 | \$ Change | % Change |
|---|----------------------|---------------------|------------------|--------------|
| Current Assets | | | | |
| Cash | \$ 504.2 | \$ 395.5 | \$ 108.7 | 27% |
| Marketable Securities | 45.7 | 47.1 | (1.4) | -3.0% |
| Accounts Receivable | 650.5 | 537.7 | 112.8 | 21.0% |
| Inventory | 25.1 | 44.9 | (19.8) | -44.1% |
| Prepaid Expenses | 96.9 | 77.9 | 19.0 | 24.4% |
| Other | 132.9 | 117.6 | 15.3 | 13.0% |
| Total Current Assets | <u>1,455.3</u> | <u>1,220.7</u> | <u>234.6</u> | <u>0.2</u> |
| Noncurrent Assets | | | | |
| Property and Equipment | | | | |
| Transportation Equipment | 2,900.9 | 2,880.2 | 20.7 | 0.7% |
| Land, Building and Improvements | 204.6 | 202.3 | 2.3 | 1.1% |
| Other | 169.3 | 166.8 | 2.5 | 1.5% |
| Total Property and Equipment | <u>3,274.8</u> | <u>3,249.3</u> | <u>25.5</u> | <u>0.8%</u> |
| Less Accumulated Depreciation | <u>1,386.4</u> | <u>1,417.4</u> | <u>(31.0)</u> | <u>-2.2%</u> |
| Net Property and Equipment | <u>1,888.4</u> | <u>1,831.9</u> | <u>56.5</u> | <u>3.1%</u> |
| Other Assets | <u>526.4</u> | <u>463.6</u> | <u>62.8</u> | <u>13.5%</u> |
| Total Assets | <u>\$ 3,870.1</u> | <u>\$ 3,516.2</u> | <u>\$ 353.9</u> | <u>10.1%</u> |
| Liabilities and Shareholder Equity | | | | |
| Accounts Payable | 356.7 | 245.7 | 111 | 45.2% |
| Other | <u>359.3</u> | <u>288.9</u> | <u>70.4</u> | <u>24.4%</u> |
| Total Current Liabilities | 716.0 | 534.6 | 181.4 | 33.9% |
| Debt and Noncurrent Liabilities | 855.0 | 926.1 | -71.1 | -7.7% |
| Stockholders Equity | <u>2,299.1</u> | <u>2,055.5</u> | <u>244</u> | <u>11.9%</u> |
| Total Debt and Equity | <u>\$ 3,870.1</u> | <u>\$ 3,516.2</u> | <u>\$ 353.90</u> | <u>10.1%</u> |



Sample – Financial Summary (Q3 21)

Financial Statements

Consolidated Statements of Comprehensive Income

| | Nine Months Ended September 30, | | | | | |
|------------------------------------|------------------------------------|------|------------|------|-----------|----------|
| | 2021 | | 2020 | | \$ Change | % Change |
| Operating Revenue | \$ 4,033.9 | 100% | \$ 3,287.6 | 100% | \$ 746.3 | 22.7% |
| Operating Expenses: | | | | | | |
| Purchased Transportation | 1,900.4 | 47% | 1,417.7 | 43% | 482.7 | 34.0% |
| Sales, Wages, and Benefits | 832.9 | 21% | 771.4 | 23% | 61.5 | 8.0% |
| Fuel and Fuel Taxes | 204.1 | 5% | 152.5 | 5% | 51.6 | 33.8% |
| Depreciation and Amortization | 220.5 | 5% | 216.3 | 7% | 4.2 | 1.9% |
| Operating Supplies and Expenses | 362.0 | 9% | 395.7 | 12% | (33.7) | -8.5% |
| Insurance and Related Expenses | 60.7 | 2% | 74.9 | 2% | (14.2) | -19.0% |
| Other General Expenses | 97.6 | 2% | 78.0 | 2% | 19.6 | 25.1% |
| Restructring - Net | - | 0% | (0.5) | 0% | 0.5 | -100.0% |
| Total Operating Expenses | 3,678.2 | | 3,106.0 | | 572.2 | (0.2) |
| Income From Operations | 355.7 | 9% | 181.6 | 6% | 174.1 | 95.9% |
| Other Expense (Income), Net | | | | | | |
| Interest Income | -1.8 | 0% | -2.9 | 0% | 1.1 | -37.9% |
| Interest Expense | 9.7 | 0% | 10.5 | 0% | -0.8 | -7.6% |
| Other Income Expense | -14.8 | 0% | -7.1 | 0% | -7.7 | 108.5% |
| Total Other Expense (Income), Net | -6.9 | 0% | 0.5 | 0% | -7.4 | |
| Income Before Income Taxes | 362.6 | 9% | 181.1 | 6% | 181.5 | 100.2% |
| Provision For Income Taxes | 91.3 | 2% | 46.3 | 1% | 45 | 97.2% |
| Net Income | \$ 271.3 | 7% | \$ 134.8 | 4% | \$ 136.50 | 101.3% |



Sample – Statement of Cash Flow

| | Nine Months Ended September 30, | |
|---|---------------------------------|----------|
| | 2021 | 2020 |
| Operating Activities: | | |
| Net income | \$ 271.3 | \$ 134.8 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 220.5 | 216.3 |
| (Gains) losses on sales of property and equipment—net | (48.0) | 5.4 |
| Proceeds from lease receipts | 54.7 | 53.2 |
| Deferred income taxes | 21.6 | (2.8) |
| Long-term incentive and share-based compensation expense | 11.3 | 5.4 |
| Gains on investment in equity securities—net | (17.1) | (8.8) |
| Noncash restructuring—net | — | (0.6) |
| Other noncash items | 0.6 | 6.3 |
| Changes in operating assets and liabilities: | | |
| Receivables | (112.3) | (17.2) |
| Other assets | (53.3) | (32.9) |
| Payables | 68.0 | 49.6 |
| Claims reserves and other receivables—net | 1.1 | 16.6 |
| Other liabilities | (22.4) | 43.8 |
| Net cash provided by operating activities | 396.0 | 469.1 |
| Investing Activities: | | |
| Purchases of transportation equipment | (296.9) | (131.7) |
| Purchases of other property and equipment | (33.4) | (38.7) |
| Proceeds from sale of property and equipment | 145.2 | 55.5 |
| Proceeds from sale of off-lease inventory | 13.2 | 17.9 |
| Purchases of lease equipment | (72.8) | (63.3) |
| Proceeds from marketable securities | 11.7 | 19.2 |
| Purchases of marketable securities | (11.6) | (16.9) |
| Investment in equity securities | (5.0) | (5.0) |
| Net cash used in investing activities | (249.6) | (163.0) |

| | Nine Months Ended September 30, | |
|---|---------------------------------|----------|
| | 2021 | 2020 |
| Financing Activities: | | |
| Payments of debt and finance lease obligations | (0.5) | (55.5) |
| Dividends paid | (37.2) | (33.7) |
| Net cash used in financing activities | (37.7) | (89.2) |
| Net increase in cash and cash equivalents | 108.7 | 216.9 |
| Cash and Cash Equivalents: | | |
| Beginning of period | 395.5 | 551.6 |
| End of period | \$ 504.2 | \$ 768.5 |
| Additional Cash Flow Information: | | |
| Noncash investing and financing activity: | | |
| Equipment and inventory purchases in accounts payable | \$ 43.7 | \$ 50.2 |
| Dividends declared but not yet paid | 14.0 | 11.8 |
| Cash paid during the period for: | | |
| Interest | 10.0 | 11.3 |
| Income taxes—net of refunds | 77.7 | 45.5 |



Sample – Financial Summary (Q3 21)

| Selected Financial Statement Ratios | | | | | |
|---|---|--------|--------------|--------|--|
| | 9/30/21 | | 9/30/20 | | |
| PROFITABILITY RATIOS: | | | | | |
| EBITDA Margin | 592.8 | | 408 | | |
| EBITDA./Net Sales | 4,033.9 | 14.70% | 3,288 | 12.41% | |
| | <i>Change in EBITDA Margin</i> | | <i>2.29%</i> | | |
| Net Income Margin | 271 | | 135 | | |
| NI (Loss)/Net Sales | 4,034 | 6.73% | 3,288 | 4.10% | |
| | <i>Change in Net Income Margin</i> | | <i>2.63%</i> | | |
| Operating Income Margin | 356 | | 174 | | |
| Oper Inc./Net Sales | 4,034 | 8.82% | 3,288 | 5.30% | |
| | <i>Change in Operating Income Margin</i> | | <i>3.52%</i> | | |
| Return on Equity*: | 362 | | 180 | | |
| NI (Loss)/Ave. Equity | 2,299 | 15.73% | 2,056 | 8.74% | |
| | <i>Change in Return on Equity</i> | | <i>6.99%</i> | | |
| Return on Assets*: | 362 | | 180 | | |
| NI (Loss)/Ave. Total Assets | 3,870 | 9.35% | 3,516 | 5.11% | |
| | <i>Change in Return on Assets</i> | | <i>4.24%</i> | | |
| ASSET TURNOVER RATIOS: | | | | | |
| Operating Revenues to Net Fixed Assets* | 5,379 | | 4,383 | | |
| | 1,888 | 2.85 | 1,832 | 2.39 | |
| | <i>Change in Operating Revenues to Net Fixed Assets</i> | | <i>0.46</i> | | |
| Operating Revenues to Total Assets* | 5,379 | | 4,383 | | |
| | 3,870 | 1.39 | 3,516 | 1.25 | |
| | <i>Change in Operating Revenues to Total Assets</i> | | <i>0.14</i> | | |

| Selected Financial Statement Ratios | | | | | |
|---------------------------------------|---|-------|---------------|-------|--|
| LIQUIDITY RATIOS: | | | | | |
| Current Ratio: CA/CL | 1,455 | | 1,221 | | |
| | 716 | 2.03 | 535 | 2.28 | |
| | <i>Change in Current Ratio</i> | | <i>(0.25)</i> | | |
| Quick Ratio: Cash & A/R divided by CL | 1,155 | | 933 | | |
| | 716 | 1.61 | 535 | 1.75 | |
| | <i>Change in Quick Ratio</i> | | <i>(0.13)</i> | | |
| A/R Turnover*: | 5,379 | | 4,383 | | |
| Sales/Ave. Net A/R | 651 | 8.27 | 538 | 8.15 | |
| | <i>Change in AR Turnover</i> | | <i>0.12</i> | | |
| Days Sales in A/R*: | 651 | | 538 | | |
| Net A/R/(Net Sales/365) | 15 | 44.14 | 12 | 44.77 | |
| | <i>Change in Day Sales in A/R</i> | | <i>(0.63)</i> | | |
| A/P Turnover*: | 4,904 | | 3,106 | | |
| Op. Exp./Ave. Net A/P | 357 | 13.75 | 246 | 12.64 | |
| | <i>Change in A/P Turnover</i> | | <i>1.11</i> | | |
| Days Sales in A/P*: | 357 | | 246 | | |
| Net A/P/(Op. Exp./365) | 13 | 26.55 | 9 | 28.87 | |
| | <i>Change in Day Sales in A/P</i> | | <i>(2.33)</i> | | |
| CAPITAL STRUCTURE RATIOS: | | | | | |
| Fixed Assets to Equity | 1,888 | | 3,249 | | |
| | 2,299 | 0.82 | 2,056 | 1.58 | |
| | <i>Change in Fixed Assets to Equity</i> | | <i>(0.76)</i> | | |
| Debt to Equity: | 1,571 | | 926 | | |
| Total Liabilities/Equity | 2,299 | 0.68 | 2,056 | 0.45 | |
| | <i>Change in Debt to Equity</i> | | <i>0.23</i> | | |
| Debt to Total Assets: | 1,571 | | 926 | | |
| Total Liabilities/Total Assets | 3,870 | 0.41 | 3,516 | 0.26 | |
| | <i>Change in Debt to Total Assets</i> | | <i>0.14</i> | | |



Users and Uses of Financial Information

- Owners and / or Investors to value the business and make investment decisions, i.e. buy, sell or investment more into the business
- Management, to guide decisions about operating the business including hiring decisions, vendor selection, service pricing, service lines to pursue, capital investment decisions, i.e. buying or selling tractors and trailers, etc.
- Banks, Equipment Finance Companies and other Creditors
- Government reporting, i.e. taxes and licensing
- Key Performance Indicator (KPI) identification and monitoring to assist owners and management with operating and growing the business



KPI's – Financial

| Financial | Ticker |
|---------------------------------------|--------------------|
| Profitability Ratios | |
| EBITDA Margin | EBITDA |
| Net Income Margin | NI |
| Return on Equity | ROE |
| Return on Assets | ROA |
| Liquidity Ratios | |
| Current Ratio | CURRENT |
| Quick Ratio | QUICK |
| AR Turnover | ARTURN |
| Days in AR | DAYSINAR |
| AP Turnover | APTURN |
| Days in AP | DAYSINAP |
| Working Capital | WorkingCAP |
| Asset Turnover | AssetT |
| Operating Revenue to Net Fixed Assets | OPREVEFIXED ASSETS |
| Operating Revenue to Total Assets | OPREVTOTALASSETS |
| Industry Specific | |
| Revenue Per Mile | REVERMILE |
| Fuel Per Mile | FUELPERMILE |
| Driver Wages Per Mile | DRIVERWAGE |
| Repairs per Mile | REPAIRSPERMILE |



KPI's – Operational

| Operational KPI's | Ticker |
|--------------------------------|--------|
| Average Length of Haul | ALOHA |
| Brokerage Revenue % | BROREV |
| Driver to Non-Driver Ratio | DRRAT |
| Revenue per Driver Per Week | DRVREV |
| Driver Turnover (%) | DRVTO |
| Empty Miles (%) | EMPTY |
| Insurance Expenses (%) | INSURE |
| Loaded Miles (%) | LOADM |
| Loads per Truck per Week | LODTR |
| Maintenance Expense per Mile | MAINT |
| Miles per Truck per Week | MILTR |
| Net Revenue per Truck per Week | NETREV |
| Net Fuel Expense per Mile | NREMIL |
| Net Fuel Expense | NFEPCT |
| Operating Ratio | OPRAT |
| OO Driver (%) | OWNOPS |
| Truck to Driver Ratio | TDRAT |





Improving Profitability And Efficiency Through Outsourcing

Your Accounting and Finance Function —
Own It or Outsource It?

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Listing of Capabilities / Job Duties by Level

| | Bookkeeper/ Staff Accountant | Controller | CFO |
|--|---------------------------------|------------|-------|
| Level 1-Transactional Processing | | | |
| Accounts Payable Entry | Green | Green | Green |
| Vendor Maintenance and Payment Processing | Green | Green | Green |
| Customer Billing | Green | Green | Green |
| Accounts Receivable Customer Maintenance | Green | Green | Green |
| Cash Receipt Application | Green | Green | Green |
| Payroll Coordination and Entry/Processing | Green | Green | Green |
| Level 2-Month End Close and Financial Statement Preparation | | | |
| Monthly Account Reconciliations | Yellow | Green | Green |
| Accounts Receivable Collections | Yellow | Green | Green |
| Fixed Asset Accounting | Yellow | Green | Green |
| Address Complex Accounting Issues | Red | Green | Green |
| Segregation of Duties | Yellow | Green | Green |
| Coverage for Vacations | Yellow | Green | Green |
| Coverage During Employment Transitions | Yellow | Green | Green |
| Financial Statement Preparation | Red | Green | Green |
| Prepare Reliable Information for Tax Compliance | Yellow | Green | Green |
| Audit Preparation and Loan Reporting | Yellow | Green | Green |



Listing of Capabilities / Job Duties by Level

| | Bookkeeper/ Staff Accountant | Controller | CFO |
|--|---------------------------------|------------|-------|
| Level 3-Business Measurement/Analysis and Monitoring for Continuous Improvement | | | |
| Identification of Key Business Metrics | Red | Yellow | Green |
| Monitoring of Key Business Metrics | Yellow | Green | Green |
| Budgeting and Forecasting | Red | Yellow | Green |
| Trend and Variance Analysis | Red | Yellow | Green |
| Process Improvement Implementation | Red | Yellow | Green |
| Provide Organizational Risk Assessment | Red | Yellow | Green |
| Insure Appropriate Internal Controls are in Place | Red | Yellow | Green |
| Level 4-Organization Growth, Financial and Corporate Management | | | |
| Management Team Leadership | Red | Yellow | Green |
| Board of Director Communications | Red | Yellow | Green |
| Contract Review | Red | Yellow | Green |
| Bank Relationships and Negotiations | Red | Yellow | Green |
| Strategic Tax Planning | Red | Yellow | Green |
| Risk Management-Evaluate Insurance, etc.. | Red | Yellow | Green |
| Strategic Business Planning | Red | Yellow | Green |
| Investor Relationships / Communication | Red | Yellow | Green |
| Deep Industry Expertise | Red | Yellow | Green |



Is your controller a good value?

- What we typically find when we start working with a company is that 70% of what a company's controller does on a daily basis can be pushed down to less experienced staff....



Benefits of Outsourcing Your Finance Department

- One of the biggest advantages of outsourced support is **customizing a high functioning team** with additional specific industry knowledge and resources.
- Once outsourced services are in place, they can be adjusted as your business ebbs and flows. (We have worked ourselves out of a job)
- The ability to push work down to the lowest skill level of the person able to complete the work to cut expenses
- To enhance the segregation of duties within an accounting and finance department
- Not having to worry about turnover...outsourcing firm should provide at least two outsourced professionals with knowledge of company's accounting practices in case one leaves employment all of the "institutional knowledge" does not leave with them
- Full time CFO's and controllers are expensive 😊



How CLA Can Help

- CLA provides full- or part-time outsourced finance and accounting services for your organization.
 - Our experienced accountants work exclusively within the industry on finance and accounting services.
 - We pride ourselves on clear communication and providing insights and value beyond a clean and understandable financial statement.
 - We want to be a resource that offers you information can use to make better business decisions.



We Are One Click Away

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THANK YOU! Questions?

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