

WHAT YOUR BALANCE SHEET IS ACTUALLY TELLING YOU

**NOT A GLOSSARY OF ASSETS AND LIABILITIES.
A LOOK AT HOW FINANCIALLY RESILIENT YOUR
COMPANY REALLY IS.**



WOODLAND BUSINESS SOLUTIONS



YOUR BALANCE SHEET TELLS A DIFFERENT STORY

Your P&L tells you how the business performed over a period of time.
Your Balance Sheet tells you where the company stands financially right now.
It shows what the business owns.
What it owes.
What customers owe you.
How much financial breathing room you have.
And what has actually been built underneath all the work moving through the company.
A profitable company can still have a cash problem.
A growing company can still be financially stretched.
And a busy company isn't necessarily becoming a stronger one.
The goal isn't to memorize accounting terminology.
It's to understand what your financial position is telling you about the business you're building.



CASH

DON'T ONLY ASK:

How much cash do we have?

ASK:

How much breathing room does that cash actually give us?

A healthy bank balance today doesn't necessarily mean the business is financially comfortable.

Consider what that cash already needs to cover:

Payroll.

Suppliers and subcontractors.

Taxes.

Loan payments.

Overhead.

Upcoming job costs.

And unexpected problems.

The important number isn't only what's in the bank. It's how much of it is actually available.

ACCOUNTS RECEIVABLE

DON'T ONLY ASK:

Who owes us money?

ASK:

How long is it actually taking us to get paid — and is that getting worse?

Revenue you've earned but haven't collected can't pay today's bills.

A growing receivables balance can look like success on paper while creating pressure everywhere else.

Pay attention to:

How much is outstanding.

How old those receivables are.

Which clients or jobs are consistently slow to pay.

And whether the company is effectively financing its clients' projects.

Profit matters. Getting paid matters too.

ACCOUNTS PAYABLE

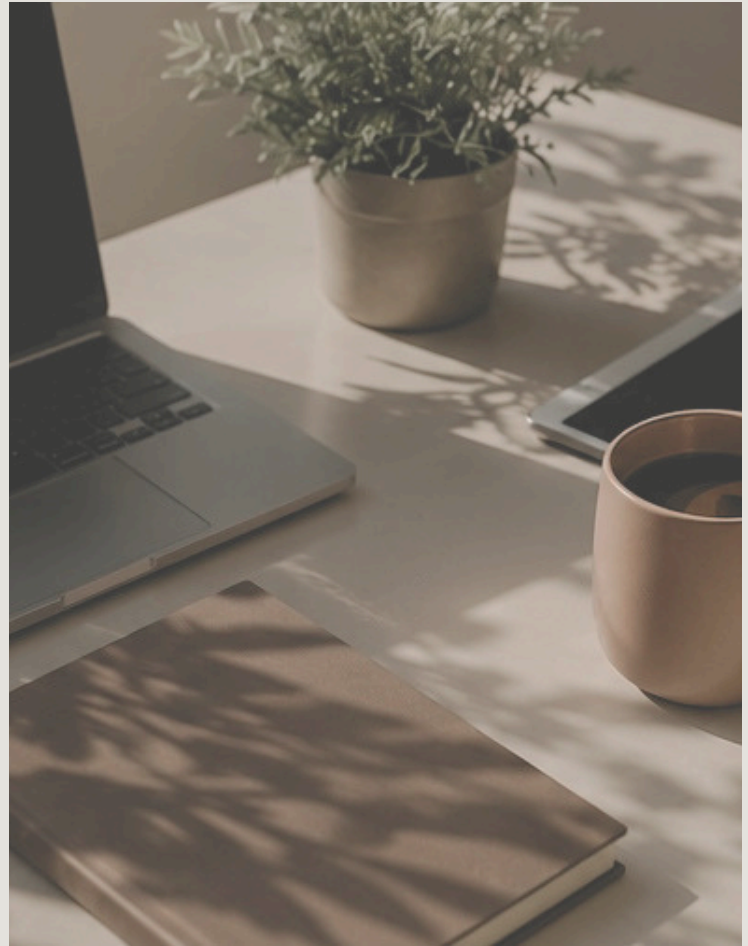
DON'T ONLY ASK:
Who do we owe?

ASK:

Are we paying our bills as planned — or using suppliers and subcontractors to quietly finance the business?

Accounts payable is a normal part of running a construction company. The question is whether those balances are being managed intentionally. Are bills being paid according to agreed terms? Are balances getting older? Are payments being delayed because cash hasn't arrived from a job? Are you regularly waiting for one draw to pay for work already completed on another?

When payables begin carrying the company, the Balance Sheet will usually show it before the owner feels it somewhere else.



DEBT

DON'T ONLY ASK:
How much do we owe?

ASK:

Is this debt building capacity — or quietly covering a cash problem?

Not all debt is bad.

Debt can help purchase equipment, build capacity or support intentional growth. But borrowing can also hide problems with pricing, collections, job performance or cash timing.

Ask what the debt is actually doing for the company.

Good debt should have a job.

WORKING CAPITAL

DON'T ONLY ASK:

What's the number?

ASK:

Do we have enough financial breathing room to handle the normal ups and downs of construction?

Working capital looks at the relationship between your current assets and current liabilities.

In plain language:

Can the business comfortably meet what's coming due with the resources it expects to have available?

Construction is rarely perfectly timed.

A draw comes late.

A client delays payment.

Materials need to be purchased sooner than expected.

A job hits a problem.

The stronger your working-capital position, the more room you have to make good decisions without every surprise becoming an emergency.

OWNER'S EQUITY

DON'T ONLY ASK:

What's left over on paper?

ASK:

Is this company actually becoming more valuable — or just getting busier?

Owner equity is one way of seeing what has accumulated in the business after its liabilities are considered.

Over time, you want to understand whether all of the work, risk and growth is actually building financial strength.

More revenue doesn't automatically mean more value.

More jobs don't automatically mean a stronger company.

Growth should eventually build something.

GROWTH & CASH

DON'T ONLY ASK:
Are we growing?

ASK:

Is growth building the company — or
consuming the cash that's supposed to
support it?

Growth costs money.

Larger jobs can mean:

More labour.

More materials.

Larger subcontractor commitments.

More overhead.

More money tied up in receivables and
retainage.

And more cash needed before customer
payments arrive.

That doesn't make growth bad.

It means growth has to be financially
supported.

A company can be profitable and growing
while becoming increasingly cash
constrained.

Your P&L may tell you the company is
succeeding.

Your Balance Sheet helps tell you whether
the company can support that success.



YOUR NEXT MOVE

Open your most recent Balance Sheet.

Don't worry about understanding every account.

Start with a few questions:

Cash

How much breathing room do we actually have?

Accounts Receivable

How much money have we earned but not collected?

Accounts Payable

Are we paying bills as planned — or stretching them because cash is tight?

Debt

What is our debt actually doing for the company?

Working Capital

Could we absorb a difficult month without panicking?

Owner Equity

Is the company becoming financially stronger?

Then look at the picture those answers create together.

One number rarely tells the whole story.



The goal isn't to learn accounting

It's to understand the company underneath the work.

Your Balance Sheet can help you see whether the business has the financial strength to absorb problems, support growth and make decisions without constantly reacting to cash.

Before building another tracker or report, start with the information you already have.

Your financial statements may already be telling you more than you think.

If your Balance Sheet raises questions you can't confidently answer, that's where a Builder Financial Assessment goes deeper into your actual numbers, jobs and systems to understand what's happening — and what to do next.





**FINANCIAL DIRECTION FOR BUILDERS WHO'VE OUTGROWN GUESSWORK.
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