

# Cash Waterfall: A Cash Flow Report For Humans

Boiled down, the job of a CEO is actually quite simple: **Make sure your company doesn't run out of money.** If a CEO can track exactly how much cash is coming in, how much is going out, and most importantly, why, his job is a lot easier. Unfortunately, accurately measuring cash flow isn't so easy – especially in QuickBooks.

## 1 // The Problem: Cash Flow Chaos

If you've ever looked at a cash flow report, you probably ended up more confused than you started. And, sadly, the more time you spend with cash flow reports, the more perplexed you're likely to become. What's the difference between **indirect** and **direct** cash flow reporting? Why does **QuickBooks** show cash flow in one way, while the **Financial Accounting Standards Board (FASB)** opts for another?

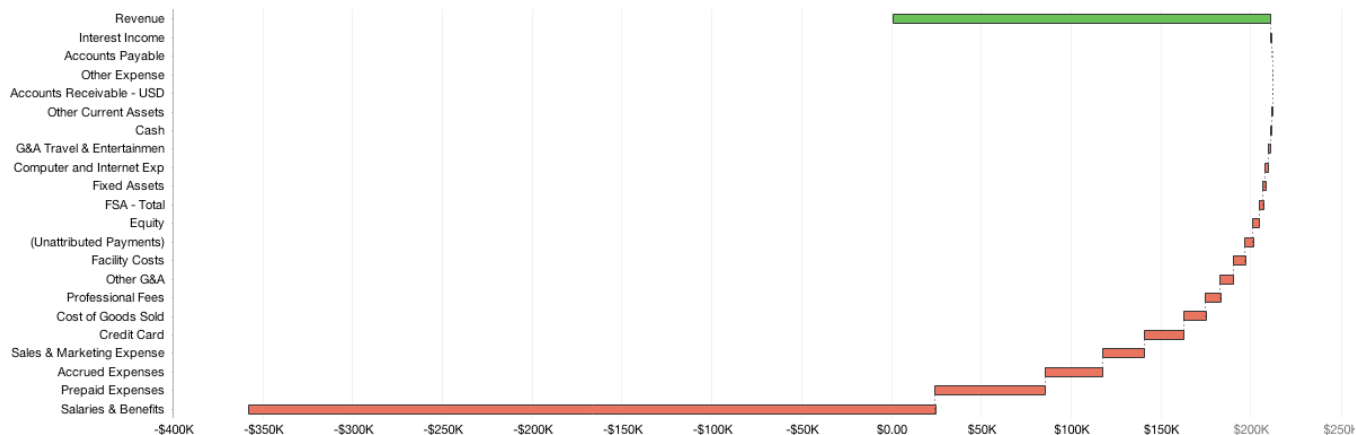
The short answer is that there has never been a good way to tell a coherent, straightforward story about exactly where a company's cash is coming from and going to. Instead, finance software like QuickBooks has been forced to display cash flow in a way that is only intelligible by full-time finance professionals (and often not even by them).

Until now. The new **cash waterfall** has all the benefits of a direct cash flow report. **And it's designed for humans.**

## 2 // The Solution: Cash Waterfall Report

How has our cash position changed?

-\$358,492 change in cash from 01 Jan 2014 to 31 Jan 2014



**The Cash Waterfall** is the ideal way to visualize and measure the direct method of cash flow reporting. First, it shows (in green) **where your company's cash is coming from**, and below that it shows (in red) **all of the places your company's cash is going**: marketing spend, facility costs, professional services, and so on. As any financial professional will tell you, allocating cash outflows to the right P&L categories is extremely difficult, but it is the only way to really understand where your cash is going. And the cash waterfall does it all for you.

It's really that simple: **your company's direct cash flow statement in a single visualization.** No more cobbling together your cash position from disparate (often contradictory) reports. No more relying on the indirect method just because it's the way QuickBooks has always done it. Instead, you have a complete, easy-to-understand story of exactly where your company's cash is going to, coming from, and why. All in real time.

Want to learn more about how financial analytics can help you understand your company?

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