



MASTERING FINANCIAL STATEMENTS AND CASHFLOW FORECASTING FOR DPC SUCCESS

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- ▶ Navigate to <https://aafp1.cnf.io/> and tap the session titled "Mastering Financial Statements and Cashflow Forecasting"
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Learning Objectives

1. Discover how to read and interpret key financial statements to monitor the financial health of your DPC practice, ensuring sustainability and improved patient care.
2. Identify and analyze critical financial metrics to track practice progress, optimizing resources and enhancing the patient experience.
3. Learn to build and implement cash flow forecasts to improve financial decision-making, ensuring long-term practice stability and consistent patient access to care.

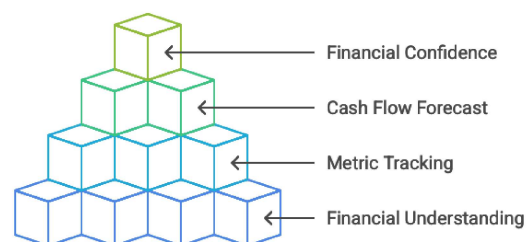


What You'll Learn

- Understand your practice's financial health using key statements
- Track the right metrics to support care and growth
- Build reliable cash flow forecasts to guide smart decisions

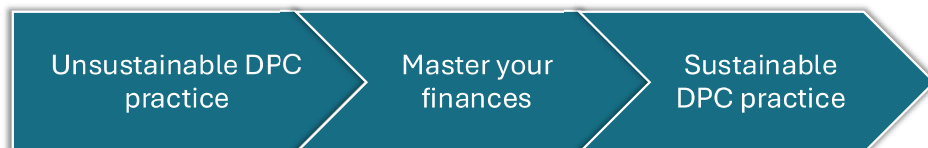
Why It Matters:
*Financial confidence drives better care,
stronger practices, and less stress.*

Financial Health Pyramid



Why Financial Mastery Matters in DPC

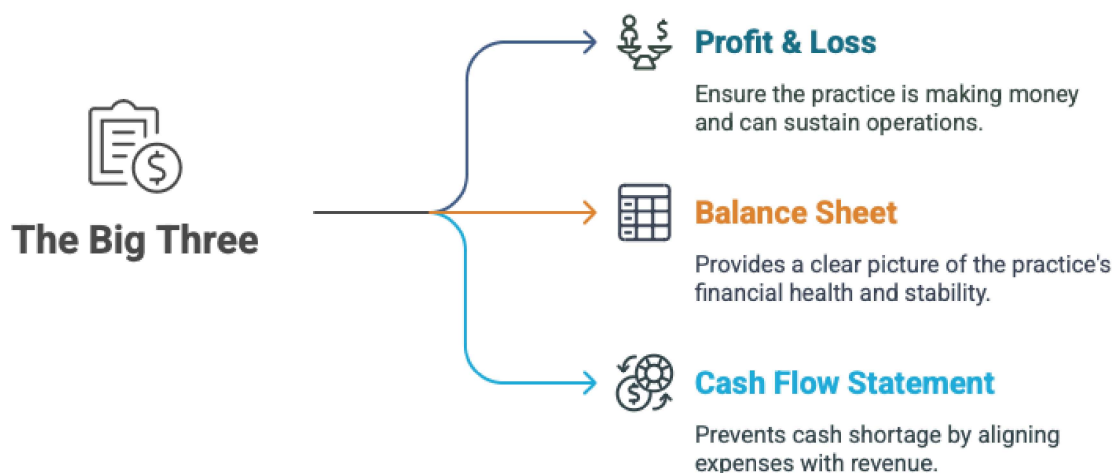
- DPC success depends on sustainability
- Knowing your numbers = confident, proactive decision-making
- Clarity reduces burnout and improves care



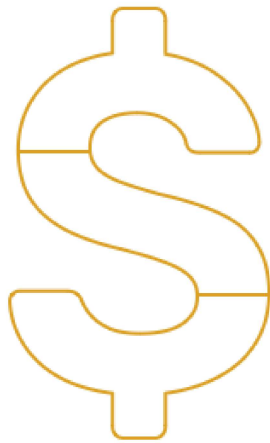
Many DPC owners prioritize work-life balance—but expanding too quickly (like adding new providers before revenue ramps up) can lead to cash flow shortages. Plan your spend with timing in mind.



Understanding Financial Statements



How to Read Them



Income = Revenue - Expenses

Represents the difference between revenue and expenses



Balance = Assets = Liabilities + Equity

Shows the equilibrium between assets and liabilities plus equity



Cash Flow = Tracks Cash Movement

Tracks the movement of cash, indicating liquidity

Monthly Profit & Loss

	Apr 2025	Mar 2025	Variance	Variance	Feb 1, 2025
	Actual	Actual	Dollars	Percent	Actual
Revenue	72,081	73,935	(1,853)	(3%)	87,941
Cost of Goods Sold	0	0	0		0
Gross Profit	72,081	73,935	(1,853)	(3%)	87,941
Gross Profit Margin	100%	100%	0%	0%	100%
OPEX	45,431	51,332	(5,901)	(11%)	51,979
Operating Profit	26,651	22,603	4,048	18%	35,962
Operating Profit Margin	37%	37%	0%	0%	41%
Total Other Income	83	77	7	9%	96
Total Other Expense	354	354	0	0%	854
Net Profit	26,380	22,325	4,054	18%	35,203

Monthly Profit & Loss

	May 2025		Total	
	CURRENT	April 2025 (PP)	CURRENT	April 2025 (PP)
Income	\$69,953.48	\$72,081.39	\$69,935.48	\$72,081.39
GROSS PROFIT	\$69,953.48	\$72,081.39	\$69,935.48	\$72,081.39
Expense	\$43,448.49	\$45,430.82	\$43,448.49	\$45,430.82
NET OPERATING INCOME	\$26,486.99	\$26,650.57	\$26,486.99	\$26,650.57
Other Income	\$11.80	\$83.21	\$11.80	\$83.21
Other Expenses	\$307.79	\$354.08	\$307.79	\$354.08
NET OTHER INCOME	\$ -295.99	\$ -270.87	\$ -295.99	\$ -270.87
NET INCOME	\$26,191.00	\$26,379.70		\$26,379.70



Balance Sheet

TOTAL		LIABILITIES AND EQUITY	
ASSETS		Liabilities	
Current Assets		Current Liabilities	
Bank Accounts	\$90,933.18	Credit Cards	\$6,123.08
Other Current Assets		Other Current Liabilities	
Uncategorized Asset	\$0.00	All Payroll Liabilities	\$1,819.00
Undeposited Funds	\$0.00	Total Other Current Liabilities	\$1,819.00
Total Other Current Assets	\$0.00	Total Current Liabilities	\$7,942.08
Total Current Assets	\$90,933.18	Long-Term Liabilities	\$0.00
Fixed Assets	\$7,349.97	Total Liabilities	\$7,942.08
Other Assets	\$139,726.16	Equity	
TOTAL ASSETS	\$238,009.31	Opening Balance Equity	\$0.00
		Owner's Investment	\$182,320.76
		Owner's Pay & Personal Expenses	-\$251,923.09
		Retained Earnings	\$115,280.27
		Net Income	\$184,389.29
		Total Equity	\$230,067.23
		TOTAL LIABILITIES AND EQUITY	\$238,009.31



Statement of Cash Flows

Statement of Cash Flows January – December 2024

	TOTAL
OPERATING ACTIVITIES	
Net Income	184,389.29
Adjustments to reconcile Net Income to Net Cash	5,793
Net Cash Provided by Operating Activities	\$190,182.29
INVESTING ACTIVITIES	\$32,032.92
FINANCING ACTIVITIES	\$-246,216.53
NET CASH INCREASE FOR PERIOD	\$-24,001.32
Cash at Beginning of Period	114,934.50
CASH AT END OF PERIOD	\$90,933.18



Interpreting Financial Health



Revenue/Expense Trends

Analyzing revenue and expense trends provides insights



Consistent Net Income

Consistent net income indicates financial stability over time



Debt-to-Asset Ratio

The debt-to-asset ration shows leverage and risk levels



Cash on Hand

Cash on hand indicates immediate liquidity

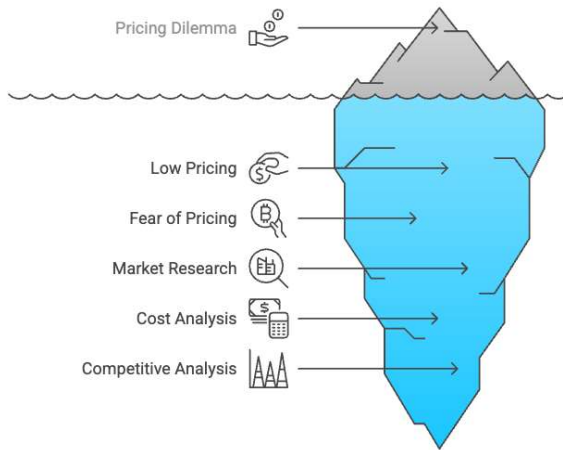


Red Flags

Identifying red flags helps prevent financial problems



Common Issues We See in DPC

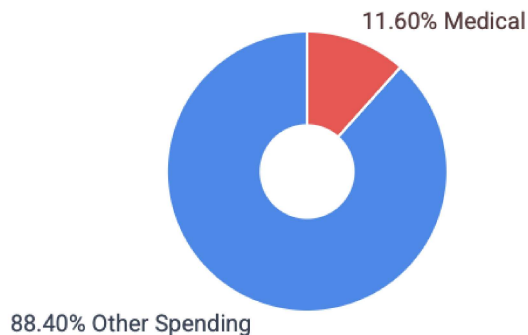


- Pricing is too low (You have made exceptions for Family/Friends/Early Adopters) Calculate your average PPM (price per membership)
- There's a lot of fear around pricing too high / too low. Running census data on annual household income can alleviate this fear.

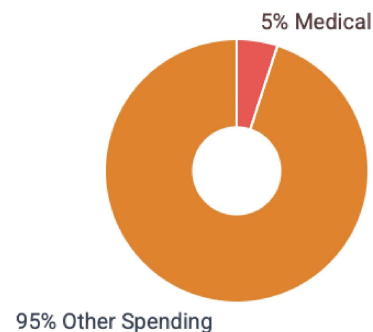


Percentage of Household Income Spent on Healthcare

National Average



Buncombe County Household Using DPC + Sedera



Source: [statista](#)



Financial & Non-Financial Metrics to Monitor

Financial Health:

- Monthly Recurring Revenue (MRR)
- Operating & Gross Profit Margins
- Net Income
- Average Price Per Membership
- Tax Reserve Number (usually 30% of net income)
- Cash Reserve number (10% of rolling 12 months of revenue then move to 20-30%)

Operational Health:

- Overhead ratio
- Burn rate & runway
- Days cash on hand
- Marketing Spend as Percentage of Revenue
- Patient to Provider Ratio



How Metrics Impact Patient Experience



Building a Cash Flow Forecast

What is a cash flow forecast?

- A projection of incoming and outgoing funds over a period
- Helps anticipate shortfalls or surplus



The Cashflow Formula

$$\text{Net Cashflow} = \text{Cash Inflows} - \text{Cash Outflows}$$

The foundation of every business decision

■ Cash Inflows

Money coming INTO your business:

- Sales revenue
- Investment income
- Loan proceeds
- Asset sales

■ Cash Outflows

Money going OUT of your business:

- Operating expenses
- Loan payments
- Equipment purchases
- Tax payments

■ Net Cashflow

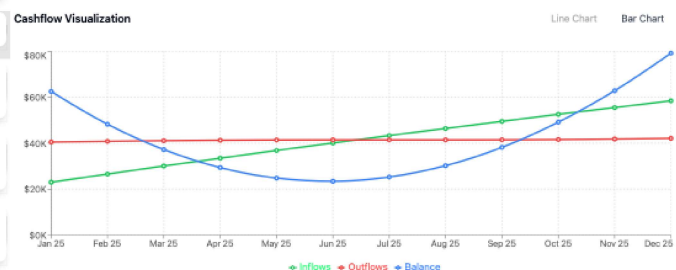
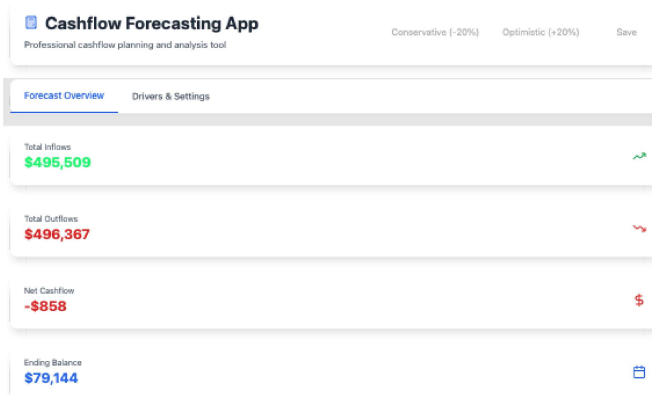
The bottom line result:

- **Positive** = Growing cash
- **Negative** = Using reserves
- **Zero** = Breaking even

The Cashflow Forecast Visualization



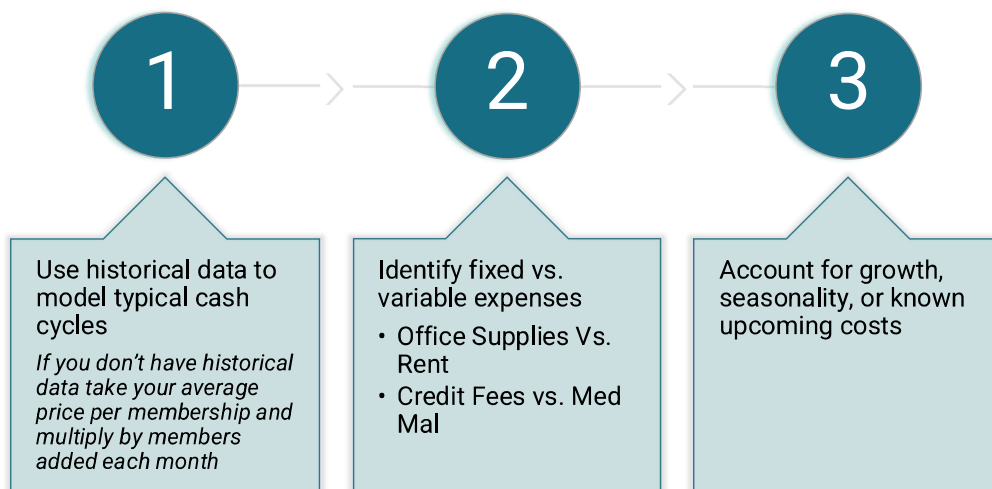
Goodman's Cashflow Forecasting Tool



Goodman's Cashflow Forecasting Tool

Month	Inflows	Operating Expenses	Balance Sheet	Net Flow	Balance
Starting	-	-	-	-	\$80,000
Jan 25	\$23,000	\$33,000	\$7,500	-\$17,500	\$62,500
Feb 25	\$26,530	\$33,307	\$7,500	-\$14,276	\$48,224
Mar 25	\$30,061	\$33,576	\$7,500	-\$11,015	\$37,208
Apr 25	\$33,442	\$33,777	\$7,500	-\$7,834	\$29,374
May 25	\$36,825	\$33,896	\$7,500	-\$4,571	\$24,803
Jun 25	\$40,058	\$33,942	\$7,500	-\$1,384	\$23,419
Jul 25	\$43,292	\$33,944	\$7,500	\$1,848	\$25,267
Aug 25	\$46,377	\$33,944	\$7,500	\$4,933	\$30,200
Sep 25	\$49,463	\$33,985	\$7,500	\$7,978	\$38,178
Oct 25	\$52,549	\$34,101	\$7,500	\$10,949	\$49,127
Nov 25	\$55,487	\$34,305	\$7,500	\$13,682	\$62,809
Dec 25	\$58,425	\$34,590	\$7,500	\$16,336	\$79,144

How to Build One



Implementing & Using Forecasts

- Set review intervals (monthly or quarterly)
- Stress test scenarios (e.g. patient churn, rising costs)
- Use to guide big decisions (e.g. hiring, expansion, vendor contracts)

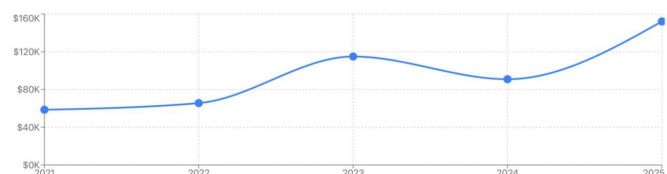


Real-World Example: DPC Practice

Financial Journey Dashboard • 2021-2025

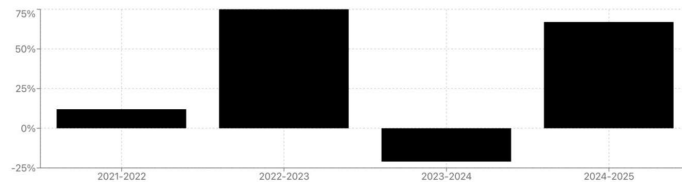


Cash Flow Journey



Real-World Example: DPC Practice

Year-over-Year Growth



Business Evolution Timeline

- 2021 Practice Launch** ✓
Started with \$58K foundation capital
- 2022 Patient Base Growth** ✓
Achieved 12% cash growth through patient acquisition
- 2023 Market Breakthrough** ✓
75% growth - hit critical mass in patient enrollment
- 2024 Strategic Reinvestment** ✓
Invested in infrastructure and systems for scale
- 2025 Optimization Success** ✓
67% YTD growth with improved efficiency



Tools & Templates

Bookkeeping Platforms

- QuickBooks Online (QBO) - quickbooks.intuit.com
- Xero - xero.com

Cash Flow & Financial Tools

- Goodman CPA Cashflow Tool - Used for forecasting cash inflows/outflows and assessing runway.
- Fathom - Performance tracking and reporting tool for accountants and businesses.
- Reach Reporting - Visual financial dashboards. Integrates with QBO and Xero.



Summary & Takeaways

- You don't need to be an accountant, but you do need to know your numbers
- Track consistently, review regularly, and use data to make smart moves
- Financial clarity = stronger practice + better care



Live Content Slide

When playing as a slideshow, this slide will display live content

**Social Q&A for Mastering Financial Statements and
Cashflow Forecasting**



QUESTIONS?

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