



CFO REAL TALK **THE CASH FLOW LIE**

Your Bookkeeper Never Told You

By Carolina Aponte

Founder & CEO, Caja Holdings



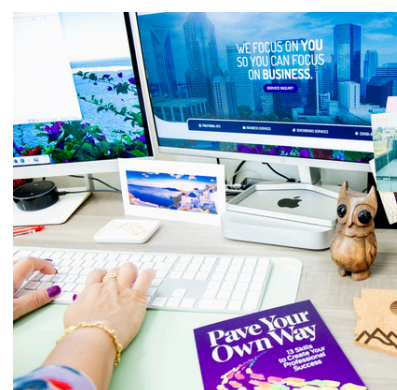
About The Author

Carolina Aponte

Founder & CEO, Caja Holdings

Carolina Aponte is the founder and CEO of Caja Holdings, a firm providing fractional CFO, bookkeeping, and financial advisory services to multi-million-dollar businesses, law firms, CPA firms, and nonprofits. A Venezuelan immigrant who built her success through grit, education, and an unwavering belief in the power of financial clarity, Carolina is a nationally recognized business leader, award-winning author of *Pave Your Own Way*, and host of the *Breaking Even Better Podcast*.

She has been honored with the Latin American Businesswoman Award, NAWBO Charlotte Woman Business Owner of the Year, induction into the NC Women Business Owners Hall of Fame, recognition as one of Charlotte's 50 Most Influential Women, the 2023 100 Women to Know list, and many other distinctions.



A woman with blonde hair, wearing a floral patterned shirt, is sitting at a desk and smiling. She has her hands on a white keyboard. On the desk, there is a potted plant with green leaves and a red flower. A blue cup is also visible on the desk. The background shows a window with white blinds. The text is overlaid on the image in a white, sans-serif font. Two vertical yellow lines are positioned on either side of the text.

This is CFO Real Talk — no
fluff, no jargon, just the
honest **financial**
conversation most
business owners never
get to have.

"I'm profitable. So why is my bank account empty?"

You worked hard this month. You landed new clients, delivered great work, and your reports say you're profitable. So you open your bank account expecting to see that reflected — and the number staring back at you doesn't add up.

You're not imagining it. And you're not bad at business.

This disconnect — between the profit you've earned on paper and the cash you actually have available — is one of the most common, most frustrating, and most misunderstood problems in growing service businesses. I see it every single week.

In this guide, I'm going to break down:

- ✓ **WHY PROFIT AND CASH ARE NOT THE SAME THING — EVEN ON A CASH BASIS SYSTEM.**
- ✓ **THE FIVE PLACES YOUR CASH IS HIDING RIGHT NOW.**
- ✓ **WHAT YOUR BOOKKEEPER IS ACTUALLY RESPONSIBLE FOR (AND WHAT FALLS OUTSIDE THEIR LANE).**
- ✓ **THE MONTHLY QUESTIONS THAT WILL CHANGE HOW YOU SEE YOUR BUSINESS FINANCES.**



After more than a decade building Caja Holdings and serving multi-million-dollar businesses across industries — healthcare, law, nonprofits, cleaning companies, leadership consulting — I've sat across the table from brilliant, hardworking business owners who are genuinely confused about where their money goes. They have bookkeepers. They get monthly reports. And they still feel like they're flying blind.

That's not a bookkeeping problem. It's a financial clarity problem. And there's a difference.

CHAPTER 1

Profit is not cash.

(And Nobody Explained This to You)

HERE'S THE TRUTH MOST BUSINESS OWNERS NEVER HEAR: YOUR FINANCIAL REPORTS ARE DESIGNED TO MEASURE PROFITABILITY. THEY ARE NOT DESIGNED TO TELL YOU WHAT'S SAFE TO SPEND TODAY.

Profit is a calculation. Cash is a fact.

And understanding this distinction — regardless of whether you're on Cash Basis or Accrual accounting — is one of the most important shifts you can make as a business owner.

CASH BASIS VS. ACCRUAL: WHAT'S THE DIFFERENCE?

The vast majority of our clients — about 95% — operate on Cash Basis accounting. That's the norm for small and mid-sized service businesses, and it's perfectly appropriate. But even business owners who know they're on Cash Basis don't always understand what that means for how they read their numbers.

Here's the clearest way I can explain it:

	Cash Basis	Accrual Basis
Records income when...	Cash is received	Invoice is sent
Records expenses when...	Cash is paid	Bill is incurred
Your P&L reflects...	Actual cash activity	Earned revenue & accrued costs
Cash flow visibility	High — mirrors bank account	Lower — timing gaps exist
Who uses it	Most small service businesses	Larger businesses, GAAP-required entities
The risk	Revenue timing can mask true profitability	Profit can mask cash shortages



CASH BASIS SNAPSHOT:

On Cash Basis, your P&L only records income when money hits your bank — and expenses when money leaves it. In theory, this should mean your books closely mirror your bank account.

So Why Is There Still a Gap on Cash Basis?

Great question — and here's the honest answer: **Cash Basis** gets you closer to reality, but it doesn't eliminate the gap between reported profit and available cash. Here's why:



Owner distributions reduce your bank balance but are not a P&L expense — so profit looks higher than your actual cash position



Loan principal payments aren't recorded as expenses on a Cash Basis P&L — yet they drain real cash every month.



Timing of large expense payments (insurance premiums, tax payments, annual subscriptions) hits your cash all at once but your profit report may look stable.



Cash sitting in savings or reserved for taxes may not be available for operations — even though the bank balance looks healthy.

THE BOTTOM LINE: WHETHER YOU'RE ON CASH BASIS OR ACCRUAL, THERE ARE ALWAYS LAYERS BENEATH YOUR P&L THAT NEED A STRATEGIC FINANCIAL EYE — NOT JUST A BOOKKEEPER'S EYE.

Profit tells you where you've been. Cash flow tells you where you're going. You need both — but most small business owners only ever see one.



REAL TALK: WATCHING THE GAP IN ACTION

Here's how this plays out in real life. One of my clients — I'll call her **Denise** — owns a four-attorney family law practice. Like about 95% of the business owners I work with, she's on Cash Basis.

In June, Denise's P&L showed \$21,000 in profit. A solid month, on paper. **But her bank balance had dropped by \$11,000 over that same period.** Payroll cleared. Nothing bounced. But she was staring at a \$32,000 gap between what her books said she earned and what her bank account said she had — with no idea why.



This is the exact disconnect from Chapter 1. **Profit is a calculation. Cash is a fact.** And on Cash Basis, four specific things create that gap: owner distributions, loan principal, tax payments, and big one-time purchases. Denise's June had all four.

Where Denise's \$32,000 Went

01

Owner distribution — \$12,000. Denise pays herself a distribution most months. It never touches her P&L as an expense, so her profit report never "sees" it — but her bank account feels every dollar.

02

Loan principal — \$4,500. She's paying down the loan she took out to renovate her office. Only the interest portion — about \$300 — hit her P&L. The other \$4,500 came straight out of cash with no P&L trace at all.

03

Quarterly estimated tax payment — \$13,500. Denise hadn't set aside a reserve during the quarter, so when the payment came due, it hit like an ambush — and like the distribution, it's not a P&L expense either.

04

New office equipment — \$2,000. Two laptops for new hires. The purchase drained cash immediately, but only a small depreciation amount will ever show up on the P&L, spread out over years.

\$12,000 + \$4,500 + \$13,500 + \$2,000 = \$32,000 — exactly the gap between Denise's profit and her change in cash. Every dollar accounted for. No mystery left.

THE DECISION THIS MADE POSSIBLE

Once Denise could see the \$32,000 broken into these four pieces, she stopped asking "where did my money go?"

She started asking better questions: Should this month's distribution be smaller? Could the tax payment have been smoothed out with a monthly reserve instead of a quarterly shock? Is it time to renegotiate the loan?

None of those questions are visible from the P&L alone. They only show up once you separate profit from cash — line by line.

Your Cash Reality Checklist

Run this every month, right after you review your P&L, to check reported profit against what's actually available in the bank:

- ☐ **PULL THIS MONTH'S NET PROFIT FROM YOUR P&L**
- ☐ **PULL YOUR BEGINNING AND ENDING BANK BALANCE, AND CALCULATE THE CHANGE**
- ☐ **LIST EVERY OWNER DISTRIBUTION TAKEN THIS MONTH**
- ☐ **LIST LOAN PRINCIPAL PAID THIS MONTH — CHECK YOUR LOAN STATEMENT, NOT YOUR P&L, SINCE PRINCIPAL WON'T BE THERE**
- ☐ **LIST ANY TAX PAYMENTS MADE THIS MONTH — QUARTERLY ESTIMATES, SALES TAX, A PRIOR-YEAR BALANCE DUE**
- ☐ **LIST LARGE ONE-TIME PURCHASES — EQUIPMENT, SOFTWARE, INSURANCE PREMIUMS, DEPOSITS**
- ☐ **ADD THOSE FOUR CATEGORIES TOGETHER**
- ☐ **COMPARE THAT TOTAL TO THE GAP BETWEEN YOUR PROFIT AND YOUR CHANGE IN CASH**
- ☐ **IF THE NUMBERS DON'T MATCH, CHECK UNPAID CLIENT INVOICES AND UNPAID BILLS NEXT — TIMING IS PROBABLY THE DIFFERENCE**
- ☐ **DECIDE, BASED ON REAL CASH AND NOT JUST PROFIT, WHAT YOU CAN SAFELY SPEND, DISTRIBUTE, OR INVEST NEXT MONTH**

Run this checklist every month. The gap between profit and cash doesn't close itself — but once you can see exactly where it comes from, it stops being a mystery and starts being a plan.

CHAPTER 2

The 5 Places Your Cash Is Hiding Right Now

**Owner
Distributions**



**Loan
Principal
Payments**



**Tax Reserves
You Haven't
Set Aside**



**Accounts
Receivable
(Even on Cash
Basis, This
Matters)**



**Large, Lumpy
Expenses**



Every business owner has experienced the phantom cash problem. You know it exists — you've earned it — but you can't find it.

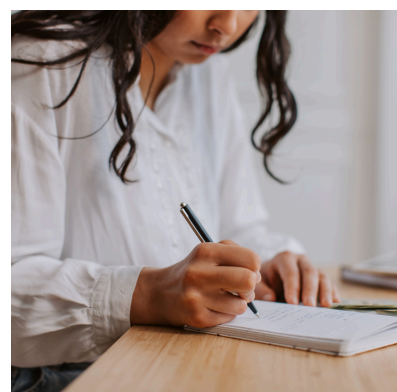
Here are the five most common places it hides, whether you're on Cash Basis or Accrual:

01 Owner Distributions

This one is personal — and I say it with complete respect: the way you pay yourself can quietly drain your business.

Many business owners take distributions informally — a little here, a little there — because the business looks like it's doing well. On a Cash Basis P&L, those distributions don't show up as an expense. So your profit report looks fine while your bank balance shrinks.

I recommend establishing a clear monthly distribution threshold based on cash on hand after all obligations are covered — not based on what the P&L shows.



02 Loan Principal Payments

Loan principal payments are not a P&L expense on Cash Basis — only the interest portion is recorded. This means you could be paying \$3,000/month on a business loan and your profit report barely reflects it. Your bank account, however, knows exactly where that \$3,000 goes every single month.

If you're not reconciling your cash position against your debt schedule, you have a blind spot. A cash flow statement — separate from your P&L — is what makes this visible.



03 Tax Reserves You Haven't Set Aside

On Cash Basis, taxes are recorded when you pay them. But the obligation is building all year. If you haven't been setting aside a reserve for quarterly estimates or year-end taxes, a large payment can hit your bank account like an ambush — even if your books look great right up until that moment.

This is one of the most preventable cash crises we see. A simple monthly tax reserve calculation changes everything.



04 Accounts Receivable (Even on Cash Basis, This Matters)

On Cash Basis, outstanding invoices don't show up on your P&L — they haven't been "earned" yet in your books. But you still did the work. You still incurred the cost of delivering that service. And until that client pays, the cash isn't there.

Tracking what's owed to you — even informally — is critical for understanding your actual cash position versus what's still pending.



05 Large, Lumpy Expenses

Annual insurance premiums. Quarterly tax payments. Equipment purchases. Software renewals. These aren't monthly expenses — they hit all at once, in big chunks, and can surprise business owners who are only looking at their monthly P&L averages.

The fix is a simple 90-day cash flow outlook. When you can see what's coming, you can plan for it instead of reacting to it.





**Ask yourself: if you added up
all five of these categories right
now, how much cash would
you uncover — or realize you're
about to lose?**

Most owners are surprised by
the answer.

CHAPTER 3

What Your Bookkeeper Is (and Isn't) Responsible For



WHAT BOOKKEEPERS DO

Bookkeepers are responsible for accuracy. Their job is to:

- Record transactions correctly and consistently
- Reconcile your bank and credit card accounts
- Categorize expenses according to your chart of accounts
- Maintain clean, organized financial records
- Produce reports like your P&L and balance sheet

This is critical work. Without it, nothing else in your financial system functions properly. Clean books are the foundation of every good financial decision.



WHAT BOOKKEEPERS DON'T DO (AND SHOULDN'T BE EXPECTED TO)

Bookkeeping is a record-keeping function. Advisory is a separate function. Your bookkeeper is generally not responsible for:

- Analyzing cash flow trends and flagging risk before it becomes a problem
- Advising you on how to structure owner distributions safely
- Building cash flow projections or 90-day outlooks
- Recommending a tax reserve strategy
- Identifying when your debt service is putting pressure on your operations
- Helping you plan for growth, hiring, or major financial decisions



I want to be clear about something: this chapter is not an attack on bookkeepers.

A skilled, diligent bookkeeper is one of the most valuable people in your business ecosystem. But understanding the boundaries of their role is essential — because when business owners expect bookkeepers to fill a gap that isn't in their job description, everyone loses.

A woman with blonde hair, wearing a light-colored blazer with a colorful floral pattern and a gold necklace, is smiling. She is standing next to a white bookshelf. On the shelf, there are several books, including one with the 'AWBO' logo and a photo of a woman. A green plant is also visible on the shelf. The background features a colorful abstract painting.

Think of it this way:

Your bookkeeper is like a skilled photographer — they capture everything accurately and completely. But they're not your marketing strategist. You wouldn't blame the photographer for not growing your brand.

The same logic applies to financial roles. Accuracy is not advisory. Both matter — and both need to be in place.

The Gap Is Real — and It's Costly

WHEN BUSINESS OWNERS DON'T KNOW THIS DISTINCTION EXISTS, THEY EITHER UNDER-UTILIZE THEIR BOOKKEEPER BY NOT ASKING ENOUGH QUESTIONS — OR THEY OVER-RELY ON THEM BY EXPECTING STRATEGIC ADVICE THAT ISN'T PART OF THE ENGAGEMENT.

Either way, they end up making financial decisions without the full picture.

A fractional CFO bridges this gap — bringing high-level financial strategy to businesses that don't need (or can't yet afford) a full-time CFO. Think of it as getting the financial leadership your business deserves, at a fraction of the cost.

CHAPTER 4

The Questions You Should Be Asking Every Month

One of the most powerful things I do for my clients is ask them questions they've never thought to ask themselves. Not because they aren't smart — they're incredibly smart — but because no one ever handed them a financial leadership framework for running their business.

Consider this your framework.

THE MONTHLY FINANCIAL CHECK-IN: 7 ESSENTIAL QUESTIONS

01 What is my current cash position, and how many days of operating expenses does it cover?

This is your starting point. Know your number. If you have \$80,000 in the bank and your monthly operating expenses are \$40,000, you have roughly 60 days of runway. Is that comfortable? Tight? It depends on your industry and growth plans — but you need to know the number to make good decisions.



02 What do I owe in the next 30–90 days, and do I have the cash to cover it?

Payroll, vendor payments, loan installments, tax estimates, insurance — list them out. This single exercise, done monthly, prevents most cash crises before they start. On Cash Basis, this is your primary planning tool.



03 **Are my owner distributions sustainable based on cash — not just on how profitable I look?**

Before you take a distribution this month, look at cash on hand after all obligations are covered. Then decide. This one question alone has saved more than one of my clients from a cash crisis they didn't see coming.

04 **Have I set aside a tax reserve this month?**

On Cash Basis, taxes hit when you pay them — not when you earn the income. So a reserve strategy isn't built into your books automatically. Setting aside a percentage of revenue monthly for estimated taxes is one of the highest-leverage habits a business owner can build.

05 **Is my revenue trending in the right direction?**

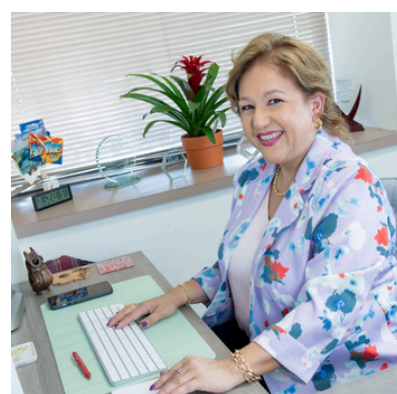
Compare this month to the same month last year, and to your last three months. Are you growing? Plateauing? Seasonally dipping? Understanding your revenue pattern helps you plan — not just react.

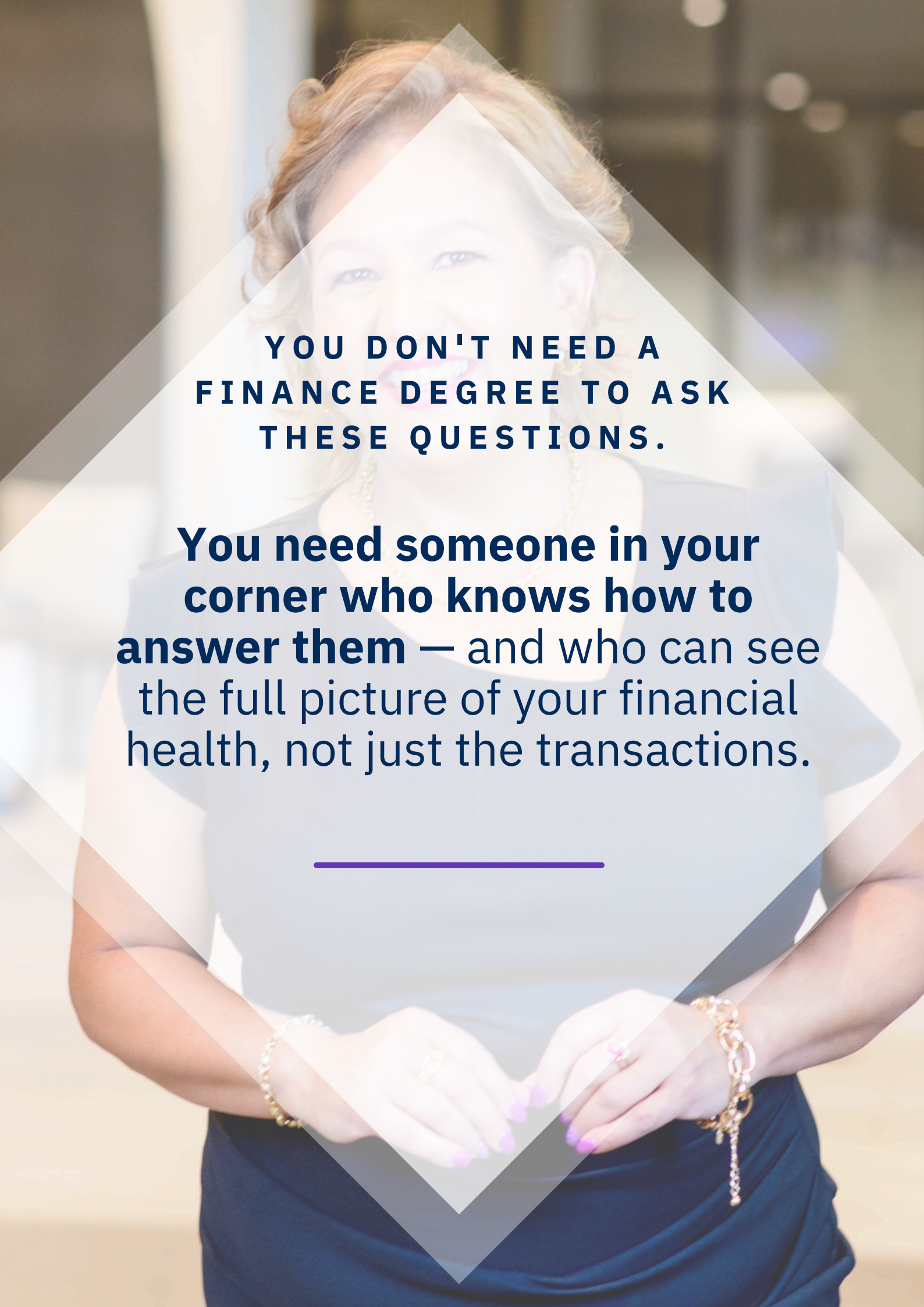
06 **What is my gross profit margin, and is it healthy for my industry?**

Revenue without margin context is meaningless. If you're generating \$500K in revenue but your margins are thin, growth might actually make your cash problem worse. Know your margin. Protect it.

07 **What financial decisions do I need to make this month — and what do I need to know to make them well?**

Revenue without margin context is meaningless. If you're generating \$500K in revenue but your margins are thin, growth might actually make your cash problem worse. Know your margin. Protect it.





**YOU DON'T NEED A
FINANCE DEGREE TO ASK
THESE QUESTIONS.**

**You need someone in your
corner who knows how to
answer them — and who can see
the full picture of your financial
health, not just the transactions.**

Conclusion

What Would Change If You Finally Had Clarity?

I've worked with business owners who felt like they were always one bad month away from crisis — even when their businesses were objectively doing well. The problem wasn't their revenue. It wasn't their team. It was the gap between the information they had and the insight they needed.

Closing that gap changes everything.

When you understand that profit and cash aren't the same thing — even on a Cash Basis system — you stop making decisions based on a number that doesn't tell the whole story. When you know where your cash is hiding, you can plan around it. When you understand what your bookkeeper is responsible for versus what requires a strategic financial lens, you can build the right team.



And when you start asking the right questions every month, you stop reacting and start leading.

That's what financial clarity feels like. And it's available to you — regardless of whether your business is at \$500K or \$5M.

Your Next Step

**AT CAJA HOLDINGS, WE
SPECIALIZE IN BRINGING
FRACTIONAL CFO SERVICES
AND BOOKKEEPING SUPPORT
TO SERVICE BUSINESSES
THAT ARE READY TO STOP
FLYING BLIND.**

**Whether you need clean books, a
strategic financial partner, or both —
we're here.**

If you read this guide and found yourself nodding — if the cash flow disconnect is real for you, if you've been relying on your bookkeeper for answers they're not equipped to give, or if you're simply ready to lead your business with more confidence — let's talk.

**Book your complimentary 30-minute discovery call:
cajaholdings.com | info@cajaholdings.com | (980) 825-0048**

NO PRESSURE. JUST REAL TALK.