



MPHCA 2017 Annual Conference Sessions

Managing Cash Flows

▶ Purpose of a Cash Flow Statement:

1. To plan for transactional cash requirements in support of Business Plans
2. To plan for borrowings and repayment for short term operational needs.
3. To validate budgetary assumptions. (outcome measurement in \$\$)

▶ Includes Projected volumes, revenue and expenditures from Budget, Budget plan, and Capital budget.

▶ Capital Budgeting financing

Managing Cash Flows

▶ Sources of Cash

1. Net patient revenue
2. Grant income
3. Other revenue
4. Borrowings

▶ Uses of Cash:

1. Payroll
2. Key expenses – committed/priority payment listing
3. Debt obligations
4. Capital acquisitions

Managing Cash Flows

- ▶ Assumptions:

1. Revenue recognition is from last day of period (month)
2. Expense recognition is from 1st day of period (month)

- ▶ Supporting AR/AP management action plans (Current Assets and Current Liability – Working Capital determination)
- ▶ Medium Term revenue enhancements
 - ▶ Most business development activities take about 6-9 months to develop, implement, and a further 6 months to be a source of funds.
- ▶ Long term debt/liabilities