ClinicAxis CFO
Clinic Financial Advisors

What Can Make a Physician Practice's Financial Statements Inaccurate?

A monthly P&L can be produced and still fail to reflect what actually happened in the practice.

REVENUE ISSUES

Cash collections recorded as revenue.
Cash received this month may relate to care provided weeks or months earlier.

Revenue not reconciled.
Recorded revenue should make sense when compared with billing, collections, adjustments, and A/R.

Missing revenue.
Payments may be deposited or posted in billing systems without being properly reflected in the general ledger.

Patient responsibility.
Copays, deductibles, and patient balances may collect later—or not at the same rate as insurance balances.

A/R overstated.
Old, denied, or uncollectible balances can make the financial picture look stronger than reality.

EXPENSE / CASH OUTLAY ISSUES

Every cash payment recorded as expense.
Cash leaving the bank does not automatically mean an expense occurred in that month.

Payments that are not current expenses.
Equipment purchases, loan principal, owner distributions, deposits, and prepaid costs may belong elsewhere.

Expenses incurred but not yet recorded.
Bonuses, professional fees, supplies, or other costs may belong in the current month even if paid later.

Expenses recorded in the wrong period.
A payment made today may relate to prior months or several future months.

Owner or capital activity mixed into operations.
This can make true operating profitability difficult to see.

TIMING ISSUES

Expenses often come first.
Payroll, rent, supplies, and vendors must be paid while related claims are still being processed and collected.

Cash timing can distort profit.
If cash received is treated as revenue and cash paid as expense, the P&L may measure when cash moved—not performance.

Strong collections can hide current weakness.
A good collection month may reflect older activity while current-period costs are already being paid.

Collections arrive later.
The cash received this month may reflect patient care from earlier periods.

The result.
Practice can appear profitable while its bank balance keeps declining.

THE QUESTION PHYSICIAN OWNERS SHOULD ASK

"Do these financial statements reasonably reflect what actually happened in the practice during this period?"

If the answer is unclear, the issue may not be the format of the report. It may be the financial foundation underneath it.

Unsure if your financial statements are accurate? Let's talk about it! | clinicaxiscfo.com

Jay Tripp | mailto:jay@clinicaxiscfo.com