



CERINI & ASSOCIATES, LLP | CERTIFIED PUBLIC ACCOUNTANTS
PRESENTS

BOTTOM LINE

VOL. 30
FALL 2025

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**AGILE MANAGEMENT VS.
TRADITIONAL MANAGEMENT:
FINDING THE RIGHT BALANCE
FOR TODAY'S ORGANIZATIONS**

BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING YOUR BUSINESS

FROM THE EDITOR - EDWARD MCWILLIAMS, CPA



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As we move through another dynamic year in the business community, the challenges and opportunities facing organizations continue to evolve. Organizations are navigating a landscape shaped by economic shifts, regulatory updates, and advancements in technology, all while striving to maintain growth and resiliency. Now, more than ever, it's essential to stay proactive—whether that means reviewing financial strategies, adopting innovative processes, or seeking guidance on complex tax and operational matters. This edition of our newsletter is designed to help you navigate the complexities of financial management, strategic planning, and organizational growth in today's ever-changing environment.

In this issue, we focus on several key areas that are top-of-mind for business owners and leaders:

- ▶ **Funding Your Growth:** Our article on Debt vs. Equity Financing explores the pros and cons of each approach, helping you make informed decisions about how to fuel your business's expansion while balancing risk, control, and flexibility.
- ▶ **Budgeting and Tax Planning:** Effective budgeting and proactive tax planning are essential for compliance, reducing liabilities, and improving financial health. We share practical strategies to help you organize your finances and maximize your resources.
- ▶ **Agile vs. Traditional Management:** Discover how agile management practices can help your business adapt quickly, foster collaboration, and drive continuous improvement—while understanding where traditional approaches still have value.

- ▶ **Modernizing Your Accounting Systems:** As your organization grows, so do your accounting needs. Learn what to expect when switching accounting systems, including tips for a smooth transition and how to avoid common pitfalls.

The business landscape remains vibrant but unpredictable. Whether you're considering new financing options, upgrading your technology, or rethinking your management style, our team is here to provide guidance and support. We understand the unique challenges facing local businesses and are committed to helping you thrive—no matter what the future holds. As you look ahead and make decisions for your organization, remember that staying informed and adaptable is key to long-term growth. By leveraging the insights and resources shared in this newsletter, you can take proactive steps to strengthen your financial strategies, streamline operations, and foster a culture of innovation within your company. Our commitment extends beyond simply offering advice—we're dedicated to partnering with you as you navigate change and seize new opportunities in the months to come.

If you have questions about any of the topics covered in this edition, or if you'd like to discuss your business's specific needs, please don't hesitate to reach out. Together, we can chart a course for continued success.





DEBT VS. EQUITY FINANCING

While some business owners are able to fully fund their business' startup or expansion with their own funds, many others do not have the cash on hand to do so and need to explore alternate funding methods. Of these, the two most prevalent methods are via debt or through the sale of equity interests. Each has its own pros and cons and what works best for one business may not necessarily work well for another, so it is important to evaluate each unique situation.

DEBT FINANCING

When most people are faced with a purchase they do not have the immediate funds available for such as a house or car, their first thought is to contact a bank for a loan. Loans, or debt financing, can also be a great way to get the funds needed to start or expand a business. Similar to a mortgage or car loan, the terms of the loan including the amount, interest rate, and repayment term will be based upon the bank's evaluation of credit history as well as income and future earnings potential. Prior to finalizing a loan, it is important to understand what the repayment schedule looks like so that cash flow can be effectively managed around the required payments.

The biggest pro for debt financing is that no equity is required to be given up in exchange for funding. For business owners who would prefer not to relinquish control or future profits of their business, this is often the more attractive option. Additionally, the interest on the loan is tax deductible which helps to offset some of the cost. The downsides to debt financing are the costs, both closing costs and regular interest, as well as the fact that this option requires regular repayments and thus does not offer the same cash-flow flexibility as equity financing.

It is also essential to keep in mind the risks associated with taking on debt, particularly if your cash flow is unpredictable or seasonal. For some entrepreneurs, leveraging debt can accelerate growth without diluting their stake, but it also introduces the obligation to meet repayment schedules regardless of business performance. Ultimately, the decision to pursue debt financing should be guided by a careful analysis of a company's ability to service the loan and the impact of fixed payments on overall financial health.

EQUITY FINANCING

In contrast, equity financing involves selling a portion of ownership in the business to investors in exchange for capital, which does not need to be repaid like a loan. Instead, investors receive equity shares and a potential claim on future profits, often through dividends or appreciation in the business's value. Similar to a loan, the terms of the equity financing will be dictated by the amount of risk the investment is to the investor. For very early-stage companies (*perhaps those just with an idea and a dream*), the risk to investors is very high and thus the cost of equity will be very high as well. In these scenarios, investors will likely want a high percentage of equity in exchange for their funding to help mitigate their risk. Conversely, a well-established business will likely find the cost of equity financing to be lower – as the business is established and operating, it is less risky to investors, and they will not require as high a percentage of equity in exchange for their investment.

Pros of equity financing involve greater cash-flow flexibility as unlike a loan, equity investments do not need to be repaid regularly. Additionally, investors often provide value to the business outside of their funding alone including their knowledge and contacts which can greatly aid a business' future success. The downside to equity financing is that it requires relinquishing some control of the business as well as future profits. Depending on the maturity of the business, investors may need to seek high amounts of equity to mitigate their risk.

When considering equity financing, it's crucial for business owners to reflect not only on their present financial needs but also on their long-term ambitions and willingness to collaborate with external stakeholders. For instance, equity investors may push for rapid growth or new initiatives, and these can have ripples throughout the business impacting everything from efficiency to business culture. By carefully examining their business's cash flow patterns, risk tolerance, and growth trajectory, entrepreneurs can make a more informed decision that positions them for sustainable success while maintaining the level of control and flexibility they desire.

WHICH METHOD IS BEST?

In the end, there is no one clear winner and each business owner will need to evaluate their situation individually to determine which method may work best for them. Debt financing requires regular repayments and may restrict cash flow, but it does not require giving up any control or future profits of the business. Equity financing can provide more flexibility, but it also means sharing decision-making authority and future profits with others. Choosing between debt and equity financing depends on factors such as the owner's risk tolerance, the business's cash flow and growth prospects, and the willingness to give up some control in exchange for funding. Ultimately, carefully weighing the advantages and disadvantages of each method is essential for finding the best fit for a particular business's needs and strategic goals. As business owners weigh their options, it's also worth considering hybrid approaches that blend debt and equity financing, which can offer a balanced solution tailored to specific needs. **For example**, some may opt for a small business loan to cover immediate expenses while simultaneously bringing in strategic equity partners who can help drive long-term growth. By diversifying funding sources, businesses can potentially minimize risk, preserve cash flow, and access valuable expertise without sacrificing too much control or incurring excessive debt. Ultimately, the decision should align with both short-term operational requirements and long-term vision, ensuring that the chosen financing mix supports sustainable expansion and the overall success of the enterprise.

JACOB LUTZ, CPA
DIRECTOR

BUDGETING AND FINANCIAL PLANNING

Whether it comes to planning for a business or individually, budgeting and tax planning are key to ensuring compliance, reducing tax liabilities, and improving financial health. Developing a strong foundation for budgeting and tax planning early will help you and your company grow financially.

Budgeting involves putting together a plan to manage and track your money. Being able to identify areas where you can potentially save money by cutting expenses and/or monitoring income patterns is important to create a strong foundation for the business.

A FEW BENEFITS FROM BUDGETING ARE:

1. *Helping achieve financial goals*
2. *Preparation for unexpected emergencies*
3. *Organization of personal/business financial situation*
4. *Preventing unnecessary debt*
5. *Understanding and mitigating risk*

HOW TO CREATE A BUDGET:

1. TRACK INCOME

Whether it's tracking your personal deposits or business income, making sure you are aware of frequency and patterns will help you understand your limits.

2. RECORD EXPENSES

Understanding all your expenses, whether it be car payments, mortgage, utilities, being aware of all of this is important to know how your income is being spent. Be honest with yourself. If you are preparing a personal budget, factor in vacations, eating out, clothing, and any other things you do to maintain your sanity.

3. SET SPENDING LIMITS

Being able to put money aside for retirement, vacations or business growth will allow for long-term financial growth and health. There is an old adage... "pay yourself first." This means putting money on the side to provide for the future before you factor in the resources you have available to spend.

4. MONITOR YOUR BUDGET REGULARLY

Monitoring expenses and income regularly allows you to adjust spending as certain circumstances occur. It is important to understand your actual expenditures in comparison to your budget. It will help you to determine if you're living within your means.

Tax Planning for businesses or personally is where you analyze financial situations to ensure tax efficiency. Making sure you are up to date with tax filings, keeping up to date with tax changes, and strategies to minimize tax liabilities.

BENEFITS OF TAX PLANNING:

1. *Reduces overall tax burden*
2. *Ensures compliance with tax laws*
3. *Maximizes eligibility for deductions and credits*
4. *Improves cash flow and investment potential*

Budgeting and Tax planning are interconnected. A well-organized budget plan provides accurate financial data that helps simplify tax preparation. Additionally, smart tax planning can allow for more disposable income, improving your overall budget.

A COUPLE OF EXAMPLES ARE:

1. Contributions to a retirement plan can help lower taxable income and help achieve long-term retirement goals.
2. Tracking business expenses closely through budgeting can lead to a better understanding of your expenditures resulting in increased tax deductions.

FOUR EFFECTIVE TIPS FOR BUDGETING AND TAX PLANNING:

1. START EARLY

The earlier you plan the more you can save. This concept applies to investing also.

2. STAY ORGANIZED

Keep documents (*tax and business*), invoices, receipts, and any financial statements. Track business expenses through an accounting software application such as QuickBooks.

3. REVIEW REGULARLY

Update your budget and review tax strategies annually to address any major life changes.

4. USE YOUR RESOURCES

A financial planner or tax advisor can offer tax planning and projections based on your situation or requests.

If you take the steps necessary to properly plan, you will be in a better position to control your future.

THOMAS LETTICH, MBA
SENIOR ACCOUNTANT

AGILE MANAGEMENT VS. TRADITIONAL MANAGEMENT: FINDING THE RIGHT BALANCE FOR TODAY'S ORGANIZATIONS

In today's fast-changing world, organizations can't rely solely on long-term plans or rigid systems. Priorities shift, community needs evolve, and technology develops faster than traditional management models can adapt. To stay effective and resilient, organizations are increasingly turning to agile management — a flexible, collaborative approach that helps teams deliver results faster, respond to change, and continuously improve.

WHAT IS AGILE MANAGEMENT?

Agile management is built around adaptability, teamwork, and ongoing learning. Rather than creating one long, fixed plan, projects are divided into smaller, manageable stages known as sprints. Each sprint produces a specific, measurable result, allowing teams to review their progress, gather feedback, and make adjustments before moving forward.

This approach encourages open communication and collaboration at every level. Teams, leaders, and stakeholders hold regular check-ins and planning discussions to stay aligned, share updates, and identify what's working well — and what needs to change. Decisions are guided by ongoing feedback from those the organization serves, helping ensure that every action remains meaningful, mission-driven, and responsive to real needs.

Agile management also views change as an opportunity rather than a setback. By testing ideas and improving in small steps, organizations can adapt quickly to new priorities or challenges. This cycle of reflection and improvement reduces risk, increases efficiency, and builds a stronger, more resilient culture where learning and flexibility are part of everyday work.

When agile management becomes part of an organization's routine, it transforms how work gets done. Projects move forward in short, focused cycles that remove bottlenecks and speed up delivery. Regular testing and feedback help teams catch mistakes early and improve quality. Because the process centers on delivering real value, it naturally strengthens trust, engagement, and collaboration across the organization.

WHAT IS TRADITIONAL MANAGEMENT?

Traditional management follows a more structured, top-down approach. Plans are made far in advance, roles are clearly defined, and success is measured once a project or program is completed. Decisions often flow from leadership downward, and teams are expected to follow established processes and timelines.

While this approach can provide stability and predictability, it also makes it harder for organizations to respond to change. When priorities shift or new challenges arise, traditional systems can be slow to adjust because approvals, reporting, and rigid plans take time. In fast-moving environments, this can lead to delays, missed opportunities, and frustration among staff and stakeholders.

Traditional management tends to work best in situations where goals are clear, the environment is stable, and there is little uncertainty — for example, in compliance-driven or procedural areas that require strict consistency. However, when creativity, flexibility, and collaboration are needed, agile management provides more room to adapt and innovate.

Agile management represents a shift in how organizations plan, work, and deliver results. It replaces rigidity with responsiveness, hierarchy with collaboration, and long timelines with continuous progress. By embracing agility, organizations can stay better aligned with their mission, respond faster to change, and create lasting impact.

Traditional management still has value, but in a world where uncertainty is constant, agile thinking gives organizations the edge they need to stay effective, resilient, and focused on what matters most.

IWONA SORNAT, CPA
MANAGER

WHAT TO EXPECT WHEN SWITCHING ACCOUNTING SYSTEMS

As an organization grows an often overlooked but critical factor in their growth will be the ability for their accounting system to support the business. What worked in the past may not work in the future as like with all other business processes and systems these need to scale and mature. Modernizing or replacing your accounting system may seem like a daunting task—but it is often essential for growing organizations. Whether it is to improve efficiency, strengthen internal controls, enable better reporting, or comply with new regulatory or industry demands, a systems upgrade can offer long term dividends. Success is not automatic and knowing what to expect and preparing carefully makes all the difference.

The First Step – What Problem are you trying to solve The first step in determining if your accounting software system needs to change is to identify the goals of undertaking such a big process. Often we see organizations who want to get the “merit badge” of saying they are too big to use the most common accounting software packages. We have found that the below are often the most common reasons for changing:

1. MULTIPLE CONSOLIDATED ENTITIES

If your organization has multiple distinct legal entities with needs for separate books and records for each then a more robust accounting system is generally required. The entry-level software packages like Quickbooks can only currently moderately handle consolidations and intercompany transactions.

2. FOREIGN ENTITIES

Similar to consolidated entities, a foreign entity in your business hierarchy can result in the need for a more sophisticated accounting system which can handle multiple currencies.

3. INVENTORY

Having inventory managed in an **Enterprise Resource Planning (ERP)** environment that integrates with your accounting records is crucial for businesses with inventory, particularly those in manufacturing. Most standard off the shelf entry level packages do not have a strong inventory management tool, which can end up being one of the biggest risks in financial reporting.

4. INCREASED DATA DIMENSIONS

Most standard entry level accounting packages are able to provide a degree of dimensionality (*e.g. business unit*) but can often not provide the necessary dimensions for much deeper analysis.

While there can be other reasons to change the most important first step is determining and making that business case for WHY you are changing – because the process can be very time consuming.

WHAT'S CHANGING – AND WHY IT MATTERS

When changing accounting systems a great implementor said to us on the first day “*Expect everything to change and all of those changes to go awry*” – it was her way of preparing us for the seismic shift that was about to occur. While on the surface it feels like it can be just a change in software, the truth is so much more beyond the software will be changing.

► **Processes & Procedures:** Standard workflows may need to be redefined or improved. What used to be manual or informal may need documentation, approvals, or automation. Many mid-level and higher systems are designed with internal controls in mind which may require more approvals than previously thought. The trade off is many of these systems also were designed to have import functions integrated for transactional data, thereby helping to minimize manual entries.

► **Data Migration:** *One of the biggest tasks* — moving existing financial records, customer/vendor data, historical transactions, etc., from one system to another. This will often start with a re-organization of the chart of accounts to fit the new goals under the software system as well as having to pull reports from the legacy system and help format with necessary dimensions for the new system.

► **Training & Change Management:** Your team will need to learn new software, new terminology, and adapt to new routines. Don't worry – *everyone will feel lost at first* – that's part of every new system. But learning to work together and find the right tools for the

► **Integration:** New software often needs to integrate with other systems such as payroll, inventory, CRM, reporting tools, etc. These should be scoped out at the start of implantation and further during the discovery process to see which of your existing systems will “*play nice*” with your new system.

► **Timing & Disruption:** Expect some temporary slowness, errors, or learning curves. Planning ahead can minimize disruptions, but patience is key. Your prior system wasn't built in a day either.

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KEY PHASES OF AN ACCOUNTING SYSTEM CHANGE

1. DISCOVERY & PLANNING

What Happens: Define your goals. Assess current processes, user roles, and data sources. Decide what features and functionality matter (e.g., *integration, cloud based, dashboards*). Select vendor or system. Create project timeline and budget.

What to Watch Out For: Scope creep. Hidden costs (*customizations, training, data migration*). Under estimating time needed for change management. Hardware concerns – *including your current staff* – should be evaluated during this process.

2. DATA CLEANUP & MIGRATION

What Happens: Extract legacy data. Clean up historical records (*eliminate duplicates, obsolete accounts, incorrect categorizations*). Map data fields to the new system structure. Test migration with sample data. Ensure backups.

What to Watch Out For: Poor data quality causing delays. Loss of integral historical data if mappings are wrong. Data security and privacy concerns.

3. CONFIGURATION & CUSTOMIZATION

What Happens: Configure the chart of accounts, user permissions, and workflows. Customize reports, dashboards. Set up integrations with payroll, banking, inventory, etc. Determine access controls and approval chains.

What to Watch Out For: Over customization leading to complexity and cost. Neglecting the needs of key stakeholders or power users. Integrations that do not work as expected.

4. TESTING & TRAINING

What Happens: Run parallel tests: old vs new. User acceptance testing with real business scenarios.

Train Staff: Accounting, operations, management. Develop user guides and documentation.

What to Watch Out For: Resistance to change. Insufficient training or support. Testing that does not cover worst case scenarios or month / year ends.

5. GO LIVE & POST IMPLEMENTATION SUPPORT

What Happens: Switch over. Monitor performance closely. Be ready to troubleshoot; adjust workflows or reports as real usage uncovers unexpected issues. Collect feedback. Plan for periodic reviews.

What to Watch Out For: Business disruption if issues occur during mid close periods. Cash flow or compliance problems if reports are inaccurate. User frustration if the system is not intuitive or if support is delayed.

TIPS FOR A SMOOTH TRANSITION

The process of transition is going to be difficult – anyone who says it will be easy is lying or trying to sell you something. However that does not mean this process needs to be like pulling teeth. Some times for a smooth transition:

- ▶ **Engage stakeholders early:** Involve all departments that touch accounting data—finance, operations, IT, and leadership. Having more minds involved as appropriate can help to flesh out potential issues and bottlenecks early on.
- ▶ **Set realistic expectations:** Systems are not magic. Some tasks may be slower initially; processes may change. If you are expecting turn-key results you are failing to plan and frankly planning to fail.
- ▶ **Prioritize change management:** Communicate frequently. Provide good training. Have “*super users*” and internal champions. Above all—your implementation partner is key. A good implementation team is the most important part of the change.
- ▶ **Maintain data integrity:** Clean data before you migrate. Verify with test runs. Keep backups. Even if you are migrating years of detailed data to the new system, it's crucial to keep access to the old data available.
- ▶ **Plan for ongoing evaluation:** The transition doesn't end at go-live. Schedule structured check-ins at 30, 60, and 90 days to assess performance, gather feedback, and refine workflows. This iterative approach helps optimize system usage and ensures long-term success.

POTENTIAL RISKS & HOW TO MITIGATE THEM

As with any other process, there are significant risks when changing accounting systems. The worst case is to spend time and human capital for a half launched or worst case a failure to launch with the system – **both outcomes we have seen.**

- ▶ Implementation costs can escalate due to scope creep, underestimating internal resource needs, or unexpected customization requests. To avoid this, establish a realistic budget with a contingency buffer and require a detailed proposal from the vendor. Also – while the customized bells and whistles may seem nice, make sure you are only doing the mission critical customizations.
- ▶ Delays in implementation can disrupt financial reporting cycles, impact compliance deadlines, and erode stakeholder confidence. While some of these are going to be (*or should be!*) expected growing pains – a delay to go live can severely hamstring the project and the team. In order to avoid this, develop a phased rollout plan with clear deliverables and dependencies, with executive level sponsors to ensure accountability and like with the monetary budget, allow for buffer periods.

- ▶ Employees may resist change due to fear of job disruption, lack of understanding, or perceived complexity. There will always be one or two “*that's not the way we've always done it*” folks in the group, but involving key users in system selection and design decisions to build ownership is a great start, along with townhalls and feedback sessions to listen to the concerns of the daily users.

Making an accounting systems change is a major undertaking—but when done thoughtfully, it can unlock efficiencies, improve transparency, and support better decision making. That all said—*you are not going to make this omelet without breaking some eggs* – this process will be one that is very time consuming and can push the stress level of your accounting and finance team. Walking in with a clear expectation of what you want to accomplish and understanding that this process will likely take longer than you expect and have growing pains is vital to a successful implementation. With strong planning, stakeholder involvement, and ongoing support, the transition does not have to be painful; it can be transformative for the whole business.



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